

44856



Pension Lending and Analytical Work at the World Bank: FY2002-2007

Richard Hinz, Melike Egelmelzer and Sergei Biletsky

May 2008

**Pensions in World Bank
Lending and Analytical Work**

FY2002–2007

Richard Hinz, Melike Egilmezler and Sergiy Biletsky

May 2008

Pensions in World Bank Lending and Analytical Work FY02-07

Table of Contents

1. Introduction.....	1
A. Objectives.....	1
B. The Bank’s Social Risk Management Framework and Pensions.....	1
C. Evolution of the Bank’s Pension Work and Policy Framework	2
2. Methodology	4
A. Updating the Database on Bank Lending Operations through FY2007	4
B. Analytic and Advisory Activities (AAA) and Research Work	6
3. Review of Pensions Portfolio 1984-2007	7
A. The Level of Pension Lending.....	7
B. Distribution of Lending by Region	12
C. Distribution of Lending by Country Income Level.....	16
D. Distribution of Lending by Type of Lending Instrument	18
E. Distribution of Lending by Sector Board.....	23
F. Distribution of Lending by Pension Pillar	26
G. Quality of Pension Portfolio (FY02-07)	28
H. Analytical and Advisory Work (AAA) and Research Related Pensions	30
I. Results of the Bank’s Pension Work	35
4. Conclusions and Strategies for the Future	43
A. Conclusions.....	43
B. Future Activities and Strategies	45

Table 1: World Bank Lending with Pension Components, FY2002-2007 (\$ in Millions)	8
Table 2: World Bank Lending with Pension Components, FY1984-2001 (\$ in Millions)	10
Table 3: World Bank Lending with Pension Components, FY1984-2007 (\$ in Millions)	11
Table 4: Regional Distribution of World Bank Pension Lending Activities, FY2002-2007 (in Millions of US\$).....	12
Table 5: Number of projects with Pensions components, by region and fiscal year, FY02-07.....	15
Table 6: Lending Commitments for Pensions, by region and fiscal year (in US\$ millions), FY02-07	15
Table 7: Regional Distribution of Pension Lending, FY1984-2007.....	15
Table 8: Distribution of Pension-Related Lending (number of loans), by Lending Instrument and Region (FY02-07).....	19
Table 9: Distribution of pension-related lending (in US\$ million), by lending instrument and region (FY02-07)	20

Table 10: Pension Portfolio by Lending Instrument, FY1984-2007, US\$ million.....	20
Table 11: Pension Related Lending By Country Category.....	23
Table 12: World Bank Pension-Related Lending Classified by Pillar Support (FY2002-2007)	26
Table 13: World Bank Pension-Related Lending Classified by Pillar (FY1984-2001)	27
Table 14: Projected Savings from 1998-1999 Brazil Pension Reforms (% of GDP).....	38
Table 15: Projected Savings from 2003 Brazil Pension Reforms (% of GDP)	38
Table 16: Pensions Lending (FY1983-2001).....	54
Table 17: Pensions Lending (FY1983-2001).....	59
Table 18: Economic and Sector Work (FY2004-2007).....	69
Figure 1. Levels of Pension Related Lending FY2002–FY2007.....	9
Figure 2: World Bank Lending with Pension Components, FY1984-2007.....	11
Figure 3: Projects with a pension component, by region (share of a total of 112 projects and a pensions portfolio of US\$2,037), FY02-07.....	13
Figure 4.: Number of Loans by Income Level (FY2002-2007).....	16
Figure 5: Amount of Allocation (\$ million by Income Level (FY2002-2007).....	17
Figure 6: Number of Pension-related Operations by Income Level (FY1984-2007).....	17
Figure 7: Pension-related Lending Commitments (US\$ million) by Income Level (FY1984-2007)	18
Figure 8: Pension Portfolio by Lending Instrument (FY1984-2007)	21
Figure 9.: Number of Loans by Lending Category (FY2002-2007).....	22
Figure 10: Amount of Allocation (\$ million) by Lending Category (FY2002-2007)	22
Figure 11: Projects Involving pensions, by Sector Board of approval (share of 112 projects and a pension portfolio of US\$ 2.037 billion), FY02-07	25
Figure 12: Frequency of Pension-related Activities by Type of Intervention (FY1984-2007)	28
Figure 13: Pension Project Quality Ratings from ISRs for FY02-07	29
Figure 14: Pension Project Quality Ratings from PSRs for FY02-07	29
Figure 15: Number of Analytic Products Dealing with Pensions, by Region (out of 146 documents), FY2004-2007	31
Figure 16: Analytic Products Dealing with Pensions, by Region and Fiscal Year (FY2004-2007)	32
Figure 17: Types of Pension-related ESWs (share of 146 documents), FY2004-2007....	32
Figure 18: Pension-Related Topics Addressed in World Bank Analytic Work, FY2004-2007.....	33
Figure 19a.: Number of Analytical Products, by Lending Category (FY2004-2007).....	34
Figure 19b.: Number of Analytical Products, by Income Level (FY2004-2007).....	34
Figure 21: Pension System Becomes Sustainable in the Long Term	40
Figure 22: Implicit Pension Debt Falls 25% Initially and 50% in the Long Term.....	41
Figure 23: Comparing Pension Deficits With and Without Reform.....	42
Annex 1: Information Contents of IEG Database.....	50

Annex 2: World Bank Publications Substantially Directed to Pensions,
FY2002-2007 75

Pensions in World Bank Lending and Analytical Work FY02-07

1. Introduction

A. Objectives

This paper presents an overview of the World Bank's lending and knowledge building activities that have improved pension systems in client countries during the past two decades. The objectives of this report are: 1) to describe the policy framework that has guided the Bank's work on pension related issues and 2) to present relevant information about the nature and extent of the Bank's lending and policy advisory work in this area and 3) to discuss some of the results that have been achieved through this work as well as future policy directions.

The overview covers the level and characteristics of all lending operations that included a component related to pensions during FY2002-07, as well as over a longer time period going back to 1984 when the Bank initiated a meaningful level of pension work. Thus, this report updates the portfolio review that was a central element of the Bank's Independent Evaluation Group's (IEG) review of pension work that covered the period from 1984 through early 2004¹. The update provides an overview of the World Bank pension lending trends by region, type of intervention, sector board and type of lending instrument. The review also contains a more general review of the analytical advisory activities (AAA) related to pensions in the period following the IEG review. This report concludes with observations about the results of the pension work and the priorities for the future.

B. The Bank's Social Risk Management Framework and Pensions

The World Bank's approach to pensions and more broadly about old-age income security has developed in parallel with its thinking about the Social Risk Management (SRM) framework. This framework evaluates social protection systems in relation to their capacity to provide risk management capabilities that are best able to address the diverse risks to which individuals or households are exposed in a world characterized by asymmetric information and malfunctioning or nonexistent markets.

Pension and old age income systems assist individuals in addressing the risk of poverty in old age and provide formal means for consumption smoothing and the transfer of income

¹ Independent Evaluation Group (IEG) Publication "Pension Reform and the Development of Pension Systems- An Evaluation of the World Bank Assistance", The World Bank, 2006

from periods of economic activity to periods of old age in which the capacity for earnings and economic support are significantly diminished. They provide risk management capabilities to three main groups: the lifetime poor, non poor informal sector workers, and formal sector workers. These groups require differentiated risk management instruments and for these instruments to function as a cohesive system.

Some individuals have little capacity to participate in formal savings and earnings based pension systems and face a high risk of poverty in old age when they can no longer earn income. Others with greater participation in the formal economy require instruments that enable deferred consumption and income smoothing. These groups require instruments that are able to create sustainable systems of intergenerational transfers. These systems can be in the form of traditional public pay-as-you-go public pension systems, or a means to accumulate financial resources over extended periods and efficiently translate these into sources of old age income. The risks faced by these groups are related to the fiscal sustainability of public systems, the efficiency and security of financial markets and institutions and the consequences of macro economic shocks.

The consideration of these and a variety of other risks that need to be managed to provide effective old age income systems has resulted in the development of the World Bank's multi-pillar policy framework to guide its work on the development of the reform of pension systems. This framework evaluates pension systems in the context of their ability to align the various elements of pension systems with the needs of the relevant populations groups and the capacity of the country environment. Specific risk management characteristics and the overall ability to manage the range of relevant risks through the diversification of the instruments is central to this approach. This results in an overall policy framework that emphasizes the reforming of existing elements of pension systems to better align them with the specific risk toward which they are directed and ensuring their long term stability and sustainability. It also focuses on managing overall systemic risks through diversification among as many elements of a pension system as are deemed feasible within the specific country context.

C. Evolution of the Bank's Pension Work and Policy Framework

Since the early 1980's the World Bank's has been engaged in the provision of policy analysis, advice and a range of lending activities directed to pension systems and pension reforms. This work covered has occurred in an increasingly diverse range of country settings. It includes assessments of the structure, sustainability and outcomes of pensions systems, specific technical assistance and policy analysis for elements of pension systems, and support in the drafting of legislation and actual implementation of reforms. The World Bank has now worked in pension reforms in more than 80 countries, and the demand for its support continues to grow.

Over the course of the two decades of this work the Bank has developed a policy framework based on extensive country experience with reform, an ongoing dialogue with academics and partner organizations, and evaluation of pension reforms worldwide.

The Bank has developed a conceptual framework that is based on the importance of individual country conditions and the flexible application of a diversified five pillar model for pension systems in formulating its analysis and policy recommendations. The framework starts with the *initial conditions*, which establish both the motivation for reform and the constraints on feasible reform options. Initial conditions include *inherited systems*, the *reform needs* of such systems, and the *enabling environment* which may or may not be conducive to a reform process. Having determined the initial conditions, the framework identifies the core *objectives* of country pension systems--*protection against the risk of poverty in old age* and *smoothing consumption* during one's work life and into retirement. In setting out the objectives of pension systems, policymakers also need to consider broader questions of social protection and social policy towards the poor in the society as a whole.

The past decade of experience has reinforced the need in nearly every circumstance to move away from the single-pillar design. Experience has demonstrated that the multi-pillar design is better able to deal with the multiple objectives of pension systems—the most important being poverty reduction and income smoothing—and to address more effectively the kinds of economic, political, and demographic risks facing any pension system. The proposed multi-pillar design is much more flexible and better addresses the main target groups in the population. Advance funding is still considered useful, but the limits of funding in some circumstances are also seen much more sharply. The main motivation for the Bank to support pension reform has not changed. The need for reform is still strong. Most pension systems in the world still do not deliver on their social objectives, they create significant distortions in the operation of market economies, and they are not financially sustainable when faced with an aging population.

The Bank's multi-pillar framework includes: (i) a *non-contributory "zero pillar"* that extends some level of old-age income security to all of the elderly where social conditions warrant and fiscal circumstances can sustain such a system and; (ii) an *appropriately sized mandatory "first pillar"* with the objective of replacing some portion of lifetime pre-retirement income through contributions linked to earnings, and which is either partially funded or financed on a pay-as-you-go basis; (iii) a *funded mandatory defined-contribution "second pillar"* that typically provides privately-managed individual savings accounts establishing a clear linkage between contributions, investment performance and benefits, supported by enforceable property rights and which may be supportive of financial market development; (iv) a *funded voluntary "third-pillar"* taking many forms, such as individual savings, occupational pension funds; and (v) a *non-financial "fourth pillar"* that includes access to informal support such as from families, other formal social programs such as health and housing, and individual assets.

The Bank continues to support pension reforms in client countries through a wide range of mechanisms. These include direct financial support through lending operations, as well as analytical and advisory services through a number of different studies including economic and sector work, working papers, sector reports, etc.

2. Methodology

The foundation for review is the database of World Bank pension related projects developed for the IEG publication “Pension Reform and the Development of Pension Systems- an Evaluation of the World Bank Assistance” that was published in January 2006. This review was based on a comprehensive data set of bank projects covering the period between Fiscal Year (FY) 1984 through early FY04. This database was supplemented through a review of bank pension related projects in the subsequent period, covering the time frame from late FY 2004 through the end of FY 2007 (June 30, 2007) to provide a comprehensive set of information on Bank activities over the extended period.

The information on Bank lending activities is discussed for two time periods. The focus of the discussion is on the most recent six year period, FY2002 through FY2007 to provide information on a common basis with the presentation for the other major areas of Social Protection. The discussion of Bank lending is supplemented with comparable data from the IEG review.

The information is presented for two groups of activities. The main presentation for which it is possible to compile relatively comprehensive data addresses the Bank’s lending activities. This is then supplemented with information and analysis of some of the extensive Analytical and Advisory (AAA) and other research work that has been completed in recent years. Because pension analytical and research work is often included within a variety of other activities, and because there has not been a consistently applied means of coding this work for later identification, it is challenging to develop a comprehensive inventory of these activities. This is a limitation of the analysis, even though the work that can be identified through coding is substantial, is representative of the Bank’s activities in this area, and is a useful addition to the analysis. Additional listings of the major types of analytical and research work by the Bank are contained in several attached annexes.

A. Updating the Database on Bank Lending Operations through FY2007

(1) Identifying the Inventory of Bank Operations. As with the IEG study, information to identify the projects was taken from the Bank’s Business Warehouse system. All of the projects that were approved by the Board during the period were screened on the basis of the sector and thematic codes assigned to projects in this system. The sector codes used to identify potential pension related lending projects were **BE “Compulsory Pension and Unemployment Insurance”** and **FD “Non-compulsory pensions, insurance, and contractual savings”**. The Bank’s project coding system requires that the BE code be used for family benefits, other social insurance benefits (except health

insurance), pensions (social security)–old age, disability, survivors insurance, sick-pay benefits and unemployment benefits. The FD code is assigned to operations related to contractual savings; insurance (including reinsurance) of non-life; business, except health insurance (e.g., accident, fire, property, motor, marine, aviation, transport, pecuniary loss, and liability insurance); life insurance, and noncompulsory private pensions.

The **Theme code 87 “Social Risk Mitigation”** was also used to capture projects that might have a pension related component. Thematic Code 87 is defined as *“Activities aimed at mitigating the impact of risks that individuals and households are likely to face in the future, including diversification, insurance, and risk exchange. Includes: income support for the elderly, the disabled, and survivors; other risk mitigation activities.”*

To identify possible errors of exclusion, where pension-related activities were not reflected in the Bank’s coding system, and to achieve a more accurate and complete representation of the portfolio, all projects mapped to the Social Protection Sector Board were also reviewed for a possible pension component that should be included in the review. In addition, a word search for “pension” was conducted in the World Bank Imagebank website for Project Appraisal documents (PADs), Program documents, Implementation Status Reports (ISRs) and Implementation Completion Reports (ICRs) to find any other pension related work.

This process identified 175 projects from FY2004 to FY2007 that had some indication of containing pension related elements and thus were potential candidates to be added to the previous IEG developed database to provide the complete inventory of pension lending work from FY1984 through FY2007.

The project documents for these 175 loans and credits were then manually reviewed to determine whether they included any meaningful pension elements. For investment lending, the detailed project description section of the PADS were reviewed to identify any pension related components. For adjustment lending, the policy matrices of the Program documents were reviewed to see if any pension related conditionality was present. This manual review concluded that from among the overall sample of 175 projects, slightly more than one third, 61, were deemed to have a pension related component. The characteristics of these lending projects were then mapped into the framework of the existing database to provide a comprehensive set of data on pension lending covering the period from FY 1984 through the end of FY 2007.

The Value of Project Attributed to the Pension Components. For investment lending, the US\$ amounts allocated to pension specific components are given in the detailed project description in the PADs. For adjustment lending, the pension-specific reform actions/conditions as a percentage of total number of reform actions/conditions was used to calculate the pension lending amounts for each project. For instance, if the policy matrix of a program document has 2 pension-related prior actions out of a total of 10 prior actions, pension component cost as percentage of Bank commitment is indicated to be 20 percent and that percentage of the loan amount is allocated to pension component cost in the database.

B. Analytic and Advisory Activities (AAA) and Research Work

Identification of the Inventory of AAA Work—Due to the inherent difficulty and complexity of developing a comprehensive database of information on the Bank’s pension-related AAA, an attempt was not made to address this work in a similar depth to the lending operations. This review was limited to providing a representative sample of the work that has been completed since the IEG review.

Similar to the methodology used for the lending analysis, the **Business Warehouse** was utilized to provide a list of all Bank-generated official ESWs with sector code BE. Two separate lists were created for the ESWs with the sector code FD and the theme code 87. The numbers of ESWs for each sector and theme code apply to the period FY2004-07 and are listed below:

- ESWs coded as sector BE: 87 reports
- ESWs coded as sector FD: 37 reports (only 23 of these were not present on the list with BE code)
- ESWs coded with theme code 87: 73 reports (all the reports concerning pensions on this list were already included in the list generated by sector code BE)

The list of ESWs with the BE sector code was taken as the main list and compared with the other two lists to identify and capture other reports on pensions. As a result, 110 reports were identified. However, only 34 of these reports were available in Imagebank for further analysis. This subset of the identified ESW work was then used to formulate this element of the review, and they constitute part of this review.

Imagebank was also used to search for relevant ESW documents on pensions. A word search was conducted for “pensions” and “social security” for FY2004-07 for the following report types:

- Economic Reports
- Sector Reports
- WBI Working Papers
- Policy Notes
- Country Economic Memorandums
- Public Expenditure Reviews
- Country Economic Memorandums
- Other Social Protection Studies

This exercise produced an additional 341 documents for potential inclusion in the inventory. These 341 reports were manually reviewed to determine if they included meaningful treatment of pension issues. The reports that are part of the final database are selected based on the presence of pension related analytical work. The reports that mentioned pensions only in a few instances or in only a tangential manner were excluded from the database.

The combination of the list derived from BW (34 reports) and the review of reports from the word search in Imagebank (112 reports) resulted in 146 reports for the FY04-07 period. 126 reports focus on specific countries and 20 deal with general or regional pension reform issues. This compares to the data set for the 1984 to 2003 period that includes 335 reports of which 237 were country-specific and the rest regional or thematic in scope.

3. Review of Pensions Portfolio 1984-2007

This section provides an overview of the World Bank's pension lending operations since 1984. The overview is based on the overall database developed by combining the earlier IEG developed information with the project from the subsequent time period. The review presents the material, first by providing an analysis of the more recent 2002 – 2007 period and, second, by combining this with the data from the earlier period to provide a longer term overview of lending. The presentation includes a broad overview of lending, as well as a more detailed breakdown of lending by region, sector board, country income level and type of lending instrument.

A. The Level of Pension Lending

The Most Recent Period (FY2002–2007)

From July 1, 2001 (the beginning of FY2002) through June 30, 2007, there were a total of 112 Bank projects in 56 countries in which some aspect of the lending was associated with pensions. The total value of these loans was US\$13.2 billion representing 10.3 percent of the total of \$128.1 billion of World Bank lending approved during this six year period. Of these loans, which cover a range of sectors and issues, it is estimated that approximately \$2.04 billion or 15.4 percent, was directly related to pensions. Thus, about 1.6 percent of overall World Bank lending during the period was directly related to pensions.

Pension lending was widely distributed among bank client countries during the recent period. Among the 56 countries receiving loans that involve pensions in the FY02-07 period, the majority, 63 percent, had only one loan with a pension component. Among those with multiple pension-related loans, Columbia had the highest number at 6, followed by India and Turkey with 3 loans each. The aggregate figures for this period are shown in Table 1 below.

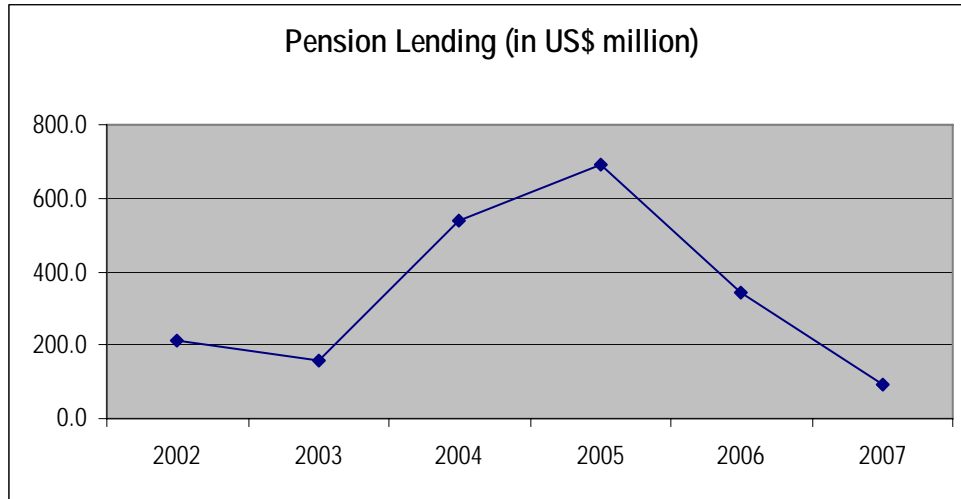
<i>Fiscal Year</i>	<i>Number of Loans with a pension component</i>	<i>Value of the Pension Component</i>	<i>Total Bank Lending with Pension Component</i>	<i>Total Bank Lending</i>	<i>Pension Component as a Percentage of Total Bank Lending</i>	<i>Pension Component as a Percentage of Loans with Pension Component</i>
2002	23	214.3	2,687.7	19,519	1.1	8.0
2003	18	158.1	1,158.9	18,513	0.9	13.6
2004	23	540.0	2,793.8	20,080	2.7	19.3
2005	20	691.0	2,784.1	21,893	3.2	24.8
2006	16	342.2	2,826.7	23,581	1.5	12.1
2007	12	91.4	958.0	24,536	0.4	9.5
Total	112	2,036.9	13,209.1	128,123	1.6	15.4

There is considerable variation in the level and proportion of the Bank’s pension-related lending during these years. The peak was \$691 million (3.2 percent of the overall value of lending) in FY2005. The lowest level of lending was in FY2007, \$91.4 million, representing only about 0.4 percent of lending. The relative level of the pension-related proportion of the loans also has a high degree of variation ranging from 24.8 percent of loans in FY2005 to 9.5 percent in FY2007.

This year to year variation is very similar to the pattern observed over the longer period as discussed below. It is likely due to the fact that, in some years there are large loans with pension components, and in other years, smaller operations. There is also a “pipeline” effect. This creates considerable “lumpiness” in the year-to-year distribution when the total amount of the loan is recorded on the Board approval date. A notable example of this pipeline effect is the Brazil Programmatic Fiscal Reform Loan that was approved in June at the very end of FY2005. This loan had a total value of \$658 million of which 80 percent was allocated to reform of the pension system, a loan that represents a very large share of pension lending for that year². Unfortunately, allocating the total loan amount by the loan approval date is the only feasible way to categorize lending. The available data on lending does not readily facilitate an analysis of disbursements that could be assigned to specific themes of the loans. If such a loan disbursement method were feasible, it is possible that year-to-year variations in lending would be smaller.

² Approximately 80 percent of Brazil Programmatic Fiscal Reform Loan (Social Security Reform Project-P086525) is utilized for reforming the pension system for public sector (RPPS) workers and private sector workers (RGPS).

Figure 1: Levels of Pension Related Lending FY2002–FY2007



Pension Lending Over the Longer Term, FY1984–FY2007

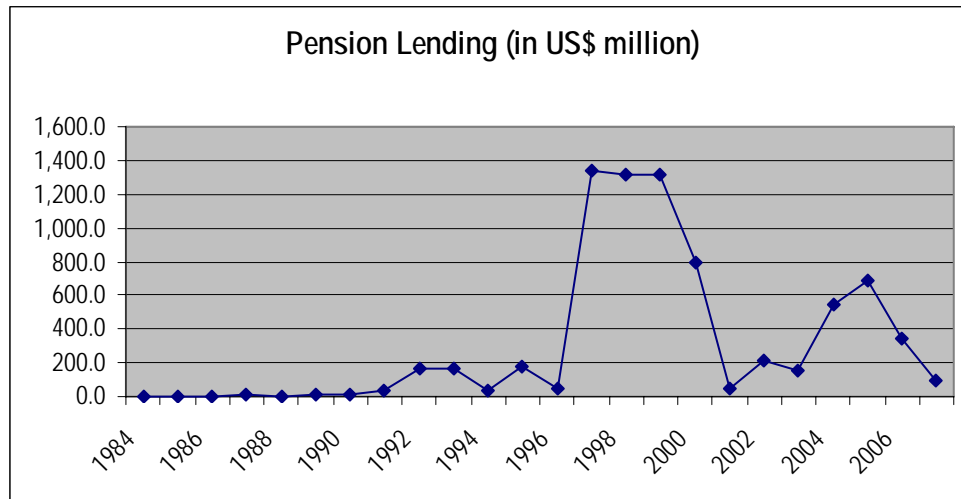
In the earlier period from 1984 through FY2001 that is included in the IEG database of pension lending (which as noted above also includes the lending for FY2002 through most of FY2004) there were a total of 154 loans that were determined to have some pension-related component. These loans had an aggregate value of \$29.9 billion of which the pension components was determined to be \$5.5 billion or about 18.3 percent of the value of these loans as shown in Table 2 below. Although there was some pension activity in the mid 1980's, this analysis indicates that pension lending by the Bank did not begin in earnest until 1990, prior to which there had been only \$28.5 million of pension-related lending. By the mid-1990's the Bank had significantly increased its pension work reaching a peak during FY1997-2000 when pension lending averaged over \$1 billion annually, and ranging from 4.5 to 7 percent of overall Bank lending. In the more recent period pension lending was typically combined into larger loan packages with the pension components averaging 15.4 percent of the value of the relevant loans (Table 3). A somewhat different pattern however is seen in the peak years in which pension components were a much larger part of the relevant loans. In 1997, for example, pension lending represented nearly one half of the lending in the projects in which they were included and reached the highest overall share of bank lending at nearly 7 percent.

Table 2: World Bank Lending with Pension Components, FY1984-2001
(\$ in Millions)

<i>Fiscal Year</i>	<i>Total Bank Lending</i>	<i>Total Bank Lending with Pension Component</i>	<i>Value of the Pension Component</i>	<i>Pension Component as a Percentage of Total Bank Lending</i>	<i>Pension Component as a Percentage of Loans with Pension Component</i>
1984	15,484	5.0	0.4	0.0	7.2
1985	14,337	0.0	0.0	0.0	
1986	16,347	0.0	0.0	0.0	
1987	17,621	80.0	11.4	0.1	14.3
1988	19,171	0.0	0.0	0.0	
1989	21,337	181.1	16.7	0.1	9.2
1990	20,702	295.2	14.2	0.1	4.8
1991	22,622	654.3	36.9	0.2	5.6
1992	21,703	1,777.2	163.6	0.8	9.2
1993	23,524	1,003.1	169.9	0.7	16.9
1994	20,792	929.0	41.0	0.2	4.4
1995	22,522	2,237.0	172.7	0.8	7.7
1996	21,326	947.4	50.8	0.2	5.4
1997	19,147	2,731.2	1,336.9	7.0	49.0
1998	28,592	8,500.8	1,316.8	4.6	15.5
1999	29,147	7,013.0	1,310.8	4.5	18.7
2000	15,276	2,342.5	789.9	5.2	33.7
2001	17,251	1,184.5	50.1	0.3	4.2
Total	366,899	29,881.3	5,482.2	1.5	18.3

Combining this earlier data with data from the most recent period shows that total World Bank pension-related lending totaled \$7.5 billion for the 24-year period, an average of \$310 million per year over for 1984-2007. This represents 1.5 percent of the value of total World Bank loans that have been approved since 1984. The wide variation in lending levels is shown in Figure 2 below.

Figure 2: World Bank Lending with Pension Components, FY1984-2007



There have been three distinct periods of Bank pension lending (Figure 2 and Table 3). During the 1980's and early 1990's there was an extended period during which there was a low level of pension lending. There was negligible lending for pensions prior to 1990 with no loans approved in three of the seven years. In those years during this early period when there was any activity the amounts involved were no more than \$17 million during any year. The total amount of pension lending during this decade was only \$454 million representing, on average, 0.2 percent of overall bank lending during the period

Table 3: World Bank Lending with Pension Components, FY1984-2007 (\$ in Millions)

<i>Time Period</i>	<i>Total Bank Lending</i>	<i>Total Bank Lending with Pension Component</i>	<i>Value of the Pension Component</i>	<i>Pension Component as a Percentage of Total Bank Lending</i>	<i>Pension Component as a Percentage of Loans with Pension Component</i>
1984-1994	213,638	4,924.9	454.2	0.2	9.2
1995-2001	153,261	24,956.4	5,028.1	3.3	20.1
2002-2007	128,123	13,209.1	2,036.9	1.6	15.4
Total	495,021	43,090.4	7,519.1	1.5	17.4

Pension-related lending began to accelerate in 1991 as a number of countries in Latin America initiated reforms. As countries in the ECA region sought to undertake major reforms of their pension systems, this acceleration was strongly reinforced. The pension reforms were in conjunction with the major structural transitions during this era and, later, in response to the financial crises of the late 1990's. During FY1995 through

FY2001, the level of pension related lending increased to \$5.0 billion representing 3.3 percent of total bank lending.

This surge of activity began to abate beginning in 2001 with recent years being characterized by a lower, but relatively constant level of pension lending. Over this later period the aggregate value of pension related loans was \$2.04 billion, less than one half of the annual average level of the proceeding period.

B. Distribution of Lending by Region

During FY2002-2007, pension lending continued to be concentrated in the LCR and ECA regions in terms of both the number of operations and the value of the lending as shown in Table 4 below.

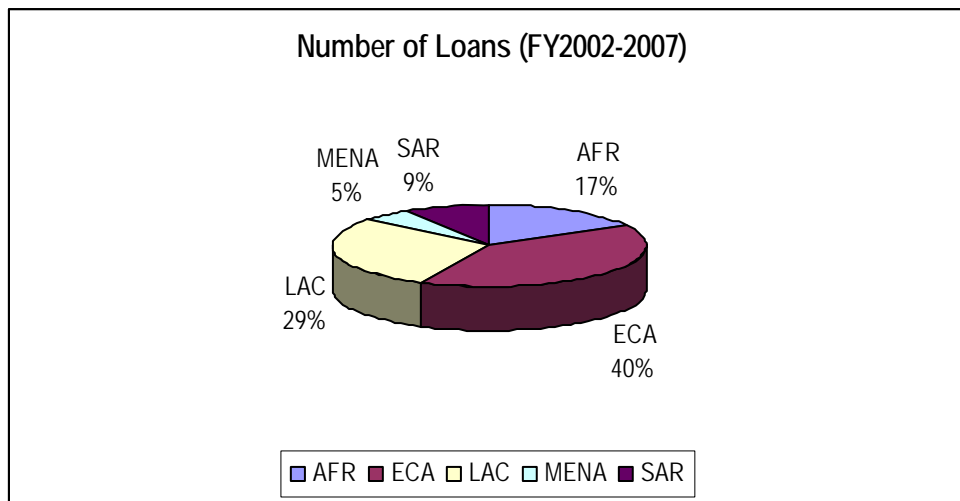
<i>Region</i>	<i>Number of Countries with Pension-related Loans</i>	<i>Number of Pension-related Loans</i>	<i>Total Bank Lending with Pension Component</i>	<i>Value of the Pension Component</i>	<i>Pension Component as a Percentage of Loans with Pension Component</i>
AFR	10	19	796.3	55.7	7.0
ECA	19	45	5,004.1	690.5	13.8
LCR	16	32	4,411.2	993.1	22.5
MNA	6	6	902.5	65.3	7.2
SAR	5	10	2,095.0	232.3	11.1
Total	56	112	13,209.1	2,036.9	15.4

The Eastern Europe and Central Asia (ECA) region had the greatest number of pension related lending operations with 45 projects in 19 countries, accounting for more than a third of all of the pension lending operations during this period. The Latin America and Caribbean (LCR) region had a similar proportion of the projects with 32 loans in 16 countries. Together these two regions account for two thirds of the number of loans with a pension component. Other regions, however, continued to emerge within the pensions lending portfolio. The Sub-Saharan Africa (AFR) region had a significant number of operations with 19 loans in 10 countries, followed by South Asia (SAR) with 10 loans in 5 countries. Pension related lending remained at very low levels in the Middle East and North Africa region (MNA) with only six loans in six countries and East Asia (EAP) which did not have any pension related lending during the period.

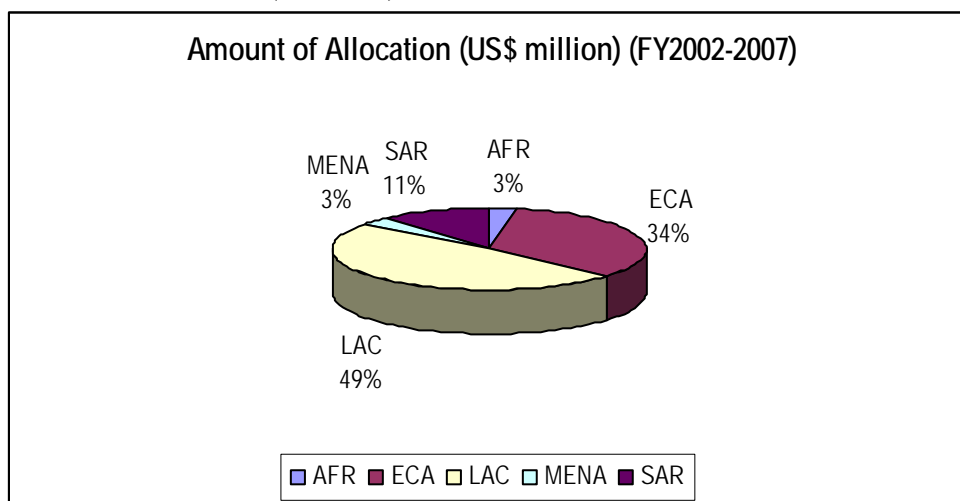
The LCR region received the largest proportion of pension lending with \$993 million or nearly half of the total amount in the period. As noted earlier, this difference is the result of a single large loan to Brazil approved in late 2005 that accounts for the majority of the region's pension related lending. The ECA region received \$690 million in loans. Together these two regions accounted for 82.6 percent of the value of the pension lending during the period. Among the other regions, pension lending was \$65.3 million in MNA, \$55.7 million in AFR and \$232.3 million in SAR. The proportion of operations and lending values for the various regions and the distribution over the four year period are shown in Figures 3 a and b below.

Figure 3: Projects with a pension component, by region (share of a total of 112 projects and a pensions portfolio of US\$2,037), FY02-07

a) Number of projects



b) Amount of allocation (\$ million)



An analysis of the regional distribution of lending during the six-year period indicates considerable year-to-year variation. In FY2002 and FY2003, when overall pension lending had fallen to comparatively low levels the ECA and LCR regions experienced similarly modest (by comparison to many other years) levels of pension lending. The other regions had minimal levels of lending activity during these two years.

In more recent years, there has been far greater fluctuation in relative lending levels between the ECA and LCR regions. In FY2004 ECA accounted for both the largest number and highest value of pension operations with more than half of all of the relevant operations and a similar proportion of the value of the loans (Table 5). Turkey's Third Programmatic Financial and Public Sector Adjustment Loan contributed significantly to this high share of pension commitments with a pension related value of \$200 million which is 80 percent of the ECA pension lending for the year and 37 percent of overall pension lending in FY2004. LCR accounts for most of the remaining pension portfolio (26 percent), followed by SAR and MNA, respectively. All FY04 projects in LCR that have a pension component are adjustment lending operations with an emphasis on improving fiscal sustainability and efficiency of social protection programs and pension systems through parametric reforms or institutional/supervisory capacity building.

FY2005 sees a shift in trends with LCR dominating more than 85 percent of the portfolio, mainly due to a large social security reform loan to Brazil. There is a decrease in the share of ECA lending for this period, however Africa picks up in this period mostly because of Poverty Reduction Support Credits and an Economic Growth and Management Credit extended to countries such as Uganda, Zambia and Cape Verde, which contain modest pension reform components.

Despite the comparatively high number of projects in the Africa region in FY2006, most of these projects were investment lending that were focused on public service and financial sector support and had only small components that could be attributed to pensions and which account for only 3 percent of pension lending in FY2006. The relatively larger pension proportions in ECA are because of the region's strong emphasis during this period on strengthening administrative capacity building in the relevant institutions and ministries. This capacity was necessary implement major structural reforms that were undertaken in the preceding decade.

LCR dominates the small pension portfolio in FY2007. Highlights for this year include India's Third Andhra Pradesh Economic Reform Credit, which introduced a defined contribution (fully funded) pension scheme as part of the pension reform. In FY2007 in the MNA region, a project in Iraq was implemented to strengthen the policy, management and administrative capacity in the Ministry of Labor and Social Affairs and the Ministry of Finance geared to developing, managing, and monitoring pension reforms.

Table 5: Number of projects with Pensions components, by region and fiscal year, FY02-07

<i>Region</i>	<i>FY2002</i>	<i>FY2003</i>	<i>FY2004</i>	<i>FY2005</i>	<i>FY2006</i>	<i>FY2007</i>	<i>Total</i>
AFR	2	3	2	4	6	2	19
EAP	0	0	0	0	0	0	0
ECA	10	7	12	7	6	3	45
LAC	6	6	6	7	2	5	32
MENA	2	1	1	0	1	1	6
SAR	3	1	2	2	1	1	10
Total	23	18	23	20	16	12	112

Table 6: Lending Commitments for Pensions, by region and fiscal year (in US\$ millions), FY02-07

	<i>FY2002</i>	<i>FY2003</i>	<i>FY2004</i>	<i>FY2005</i>	<i>FY2006</i>	<i>FY2007</i>	<i>Total</i>
AFR	5	6	18	17	9	0	56
EAP	0	0	0	0	0	0	0
ECA	101	85	252	62	173	16	691
LAC	86	62	82	601	100	62	993
MENA	7	4	3	0	50	1	65
SAR	14	0	185	11	10	12	232
Total	214	158	540	691	342	91	2,037

The longer term distribution by region of pension lending is shown in Table 7 below. The experience of the most recent six-year period is essentially a continuation of the pattern of lending over the longer term, although at the lower overall levels (than in the peak years). The longer term trend also indicates that the other regions, notably EAP in FY1998 and FY1999, SAR in FY2004 and to a lesser extent, MNA in FY2006 had substantial lending in some years through a few large operations.

Table 7: Regional Distribution of Pension Lending, FY1984-2007

	<i>AFR</i>	<i>EAP</i>	<i>ECA</i>	<i>LCR</i>	<i>MNA</i>	<i>SAR</i>
1984	0.0	0.0	0.0	0.4	0	0.0
1987	0.0	0.0	0.0	11.4	0	0.0
1989	0.2	0.0	0.0	16.6	0	0.0
1990	0.0	0.0	5.6	0.0	0	8.7
1991	1.6	0.0	35.0	0.3	0	0.0
1992	2.4	0.0	16.7	119.5	25	0.0
1993	2.9	0.0	154.5	3.1	0	9.4
1994	0.0	0.0	26.4	14.7	0	0.0
1995	0.0	13.5	156.1	1.9	1	0.0
1996	24.0	5.7	6.7	14.4	0	0.0
1997	5.3	0.0	370.3	944.4	13	4.1
1998	2.0	301.9	453.4	527.2	25	7.2
1999	6.1	206.3	76.9	1,021.5	0	0.0
2000	56.5	0.8	192.1	533.9	0	6.3
2001	0.0	0.0	26.6	14.8	0	8.6
2002	4.9	0.0	101.4	86.3	7	14.3

2003	6.0	0.0	85.4	62.0	4	0.3
2004	18.3	0.0	252.3	81.8	3	184.8
2005	16.8	0.0	61.9	601.4	0	10.9
2006	9.2	0.0	173.3	99.5	50	10.2
2007	0.5	0.0	16.2	62.1	1	11.8

C. Distribution of Lending by Country Income Level

The analysis of lending in relation to the characteristics of the recipient countries indicates that the Bank's pension operations have been highly concentrated among middle income countries. This is consistent with the nature of pension reforms that tend to be primarily an issue in countries that have achieved sufficient income levels to be able to afford to establish a formal pension system. It also explains the high lending shares in the ECA and LCR regions, which are composed mainly of middle income countries. During the past six years the largest number of lending operations (43 percent), occurred in countries that are classified as lower middle income. The others are approximately equally divided between upper middle income and low income countries (29 percent and 28 percent respectively). Overall the middle income countries account for three of every four lending operations. In terms of the pensions lending commitments the concentration in the higher income groups is even greater with, upper middle income countries receiving by far the greatest share of lending at 66 percent of the value of loans compared to 17 percent for the lower middle income group. Sixteen percent goes to low income countries (See Figures 4 and 5).

Figure 4: Number of Loans by Income Level (FY2002-2007)

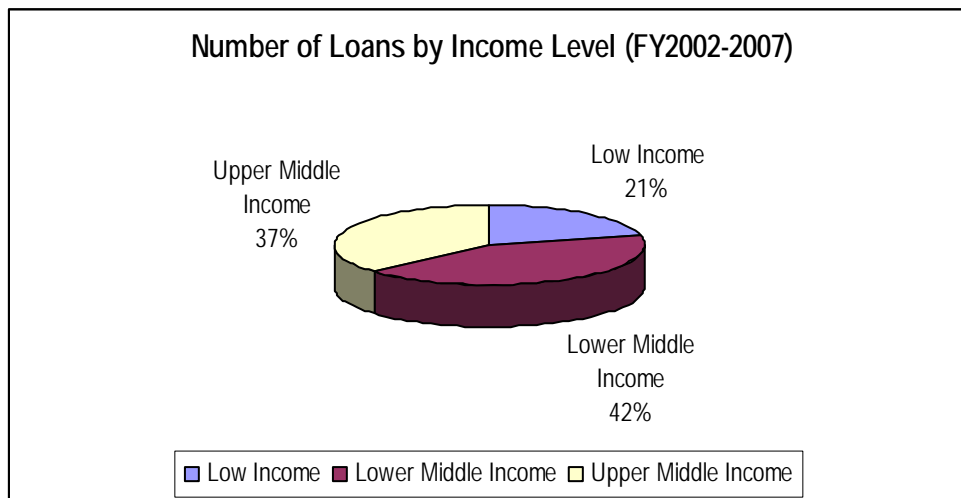
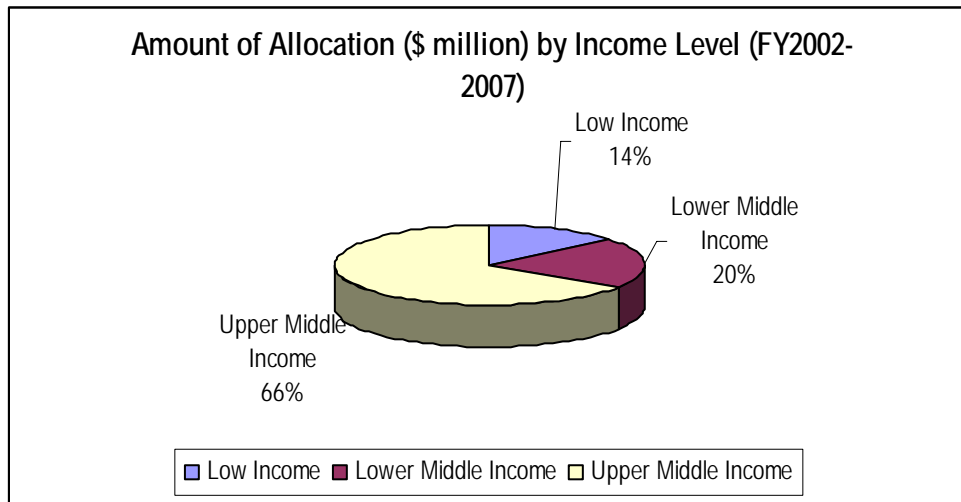


Figure 5: Amount of Allocation (\$ million by Income Level (FY2002-2007)



As with many of the other characteristics of lending recipients this pattern is consistent with that of the previous decades. The only years when the amount of pensions lending extended to lower middle income countries was higher than to upper middle income countries were FY1992, FY1995 and FY1996 and FY2007. For all of the other years, upper middle income countries received the highest levels of pension related lending.

Figure 6: Number of Pension-related Operations by Income Level (FY1984-2007)

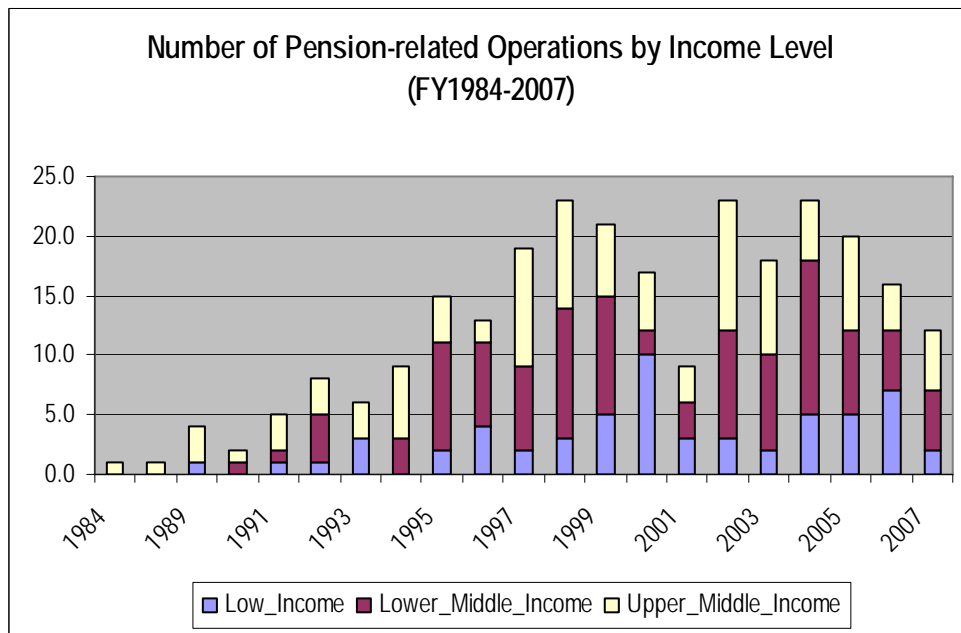
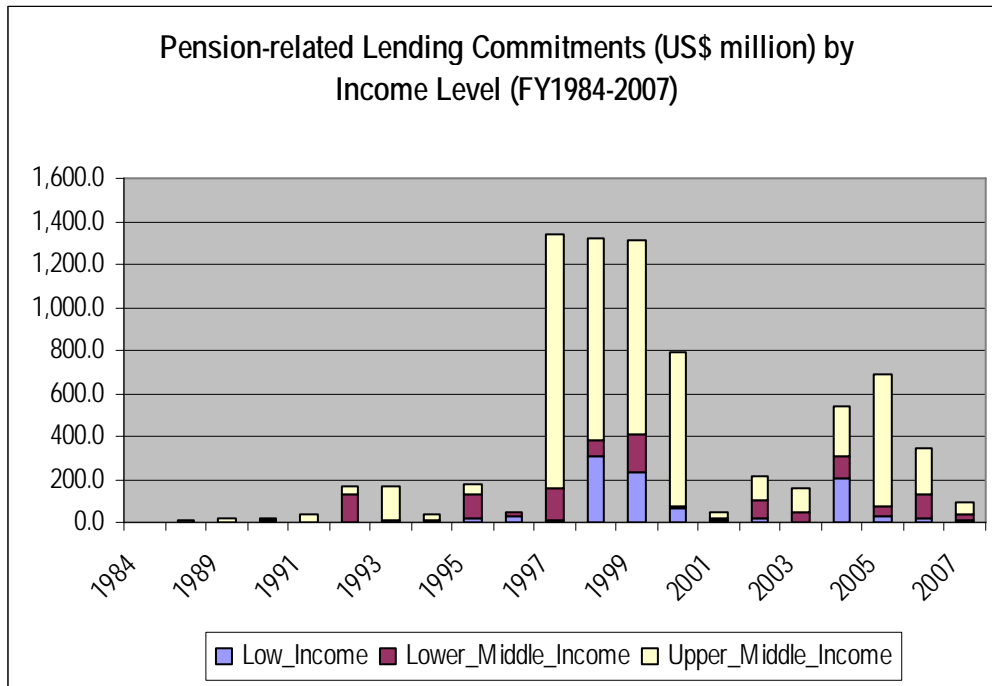


Figure 7: Pension-related Lending Commitments (US\$ million) by Income Level (FY1984-2007)



D. Distribution of Lending by Type of Lending Instrument

Lending activities can be distinguished by the type of instrument and in relation to the eligibility of the country for subsidized lending through the International Development Associations (IDA).

Types of Lending Instruments

Lending for pensions generally involves three basic types of operations: Development policy loans, investment loans and technical assistance loans. The most prevalent are the Development Policy Loans, previously called “adjustment” lending. These loans provide general revenue support based on the commitment to meet certain conditions or undertake specified reforms. In the context of pensions these usually support basic structural reform of pension systems, which are typically a major re-design of the system or major changes to the parameters of an established pay as you go public system to enable it to remain fiscally viable over the longer term. Reforms involving major design changes have usually involved the transition to a multi-pillar structure in order to diversify risks and better align the country’s pension system with a market oriented economy, or to improve the capacity of the system to accommodate significant demographic change. This approach often involves introducing fully funded second pillars or moving toward a notional defined contribution design.

The second less prevalent type of lending are investment loans that typically involve support for institutional reform. This often includes a significant focus on capacity building to enhance a country's ability to implement reforms. Investment lending may build capacity to support reforms either before or after the introduction of the reform. Technical assistance loans that provide specific technical support for a reform are a subset of investment lending.

Among the 112 loans approved during FY2002-07 that had a pension component, approximately two-thirds were development policy/adjustment loans and one-third were investment loans, including technical assistance loans. Although there are wide differences in the level of lending within the regions, policy lending was most prevalent in all of the regions with the exception of AFR which had 8 adjustment type loans and 9 investment loans. The policy/adjustment lending was even more dominant when considered in relation to the dollar value with 78 percent of the lending during the period within this category. This is due to the fact that the pension components in investment loans were valued at \$15 million on average over the period, while the others averaged about \$30 million.

The notable exception to the greater utilization of investment lending was a single large loan in the SAR region which represented the majority of the lending in that region. This however is an atypical type of pension lending in that the loan was used to fund severance pay to settle some of the pension liabilities associated with an "Enterprise Growth and Bank Modernization" loan in Bangladesh. Although coded as a pension related activity this type of lending is not directed toward broader pension reforms. As discussed above, the smaller size and greater fragmentation of investment and technical assistance lending is likely related to the characteristic of many investment loans that combine many different aspects related to pensions and other social protection and financial sector development issues.

<i>Region</i>	<i>Investment Loans</i>	<i>Technical Assistance</i>	<i>Policy /Adjustment Loans</i>	<i>Number of Total Loans</i>
AFR	9	2	8	19
ECA	15	2	28	45
LCR	4	5	23	32
MNA	1		5	6
SAR	2	1	7	10
Total	31	10	71	112

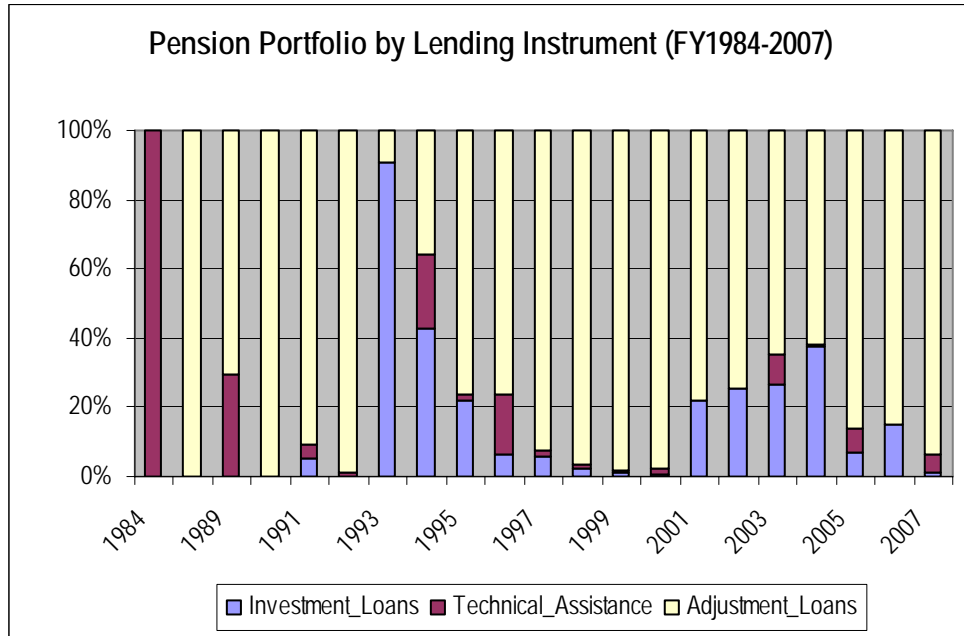
Table 9: Distribution of pension-related lending (in US\$ million), by lending instrument and region (FY02-07)				
<i>Region</i>	<i>Investment Loans</i>	<i>Technical Assistance</i>	<i>Policy/Adjustment Loans</i>	<i>Total</i>
AFR	15.1	8.6	32.0	55.7
ECA	193.5	7.2	489.8	690.5
LCR	11.8	51.9	929.4	993.1
MNA	0.8		64.5	65.3
SAR	180.1	0.3	51.9	232.3
Total	401.3	68.0	1,567.6	2,036.9

Review of pension lending over the longer term reveals that the more recent period is consistent with the pattern that has prevailed over the full period in which the majority of the pension lending has been in the form of policy-type loans. The aggregate values of the different types of loans during FY1984-FY2007 are shown in Table 10 below. This table shows that in the peak period of lending in the late 1990s more than 90 percent of the lending was policy-based. The pattern by loan type over the period is illustrated in Figure 9.

Table 10: Pension Portfolio by Lending Instrument, FY1984-2007, US\$ million

	<i>Investment_Loans</i>	<i>Technical_Assistance</i>	<i>Adjustment_Loans</i>
1984	0.0	0.4	0.0
1987	0.0	0.0	11.4
1989	0.0	4.9	11.8
1990	0.0	0.0	14.2
1991	1.9	1.6	33.4
1992	0.0	2.0	161.6
1993	154.5	0.0	15.4
1994	17.6	8.8	14.6
1995	38.0	2.5	132.2
1996	3.2	8.7	38.9
1997	78.4	24.4	1,234.1
1998	28.4	14.8	1,273.6
1999	12.6	8.0	1,290.2
2000	4.2	16.2	769.5
2001	11.1	0.0	38.9
2002	54.2	0.0	160.1
2003	41.6	14.4	102.0
2004	203.2	3.4	333.4
2005	49.4	45.2	596.4
2006	52.0	0.0	290.2
2007	0.8	5.0	85.6

Figure 8: Pension Portfolio by Lending Instrument (FY1984-2007)



IBRD vs. IDA Lending

The analysis of Bank pension lending by category in relation to the eligibility of the borrower for IDA, IBRD, or blended rate lending is consistent with the fact that the pension reform work has remained concentrated in middle income countries. During FY2002-07 about 60 percent of pension lending operations took place in IBRD countries, whereas IDA countries constituted 26 percent of these loans. However, the majority, 14 percent out of this 26 percent, were in HIPC countries. IBRD countries received a higher average value of loans, accounting for 85 percent of the dollar commitments. In contrast, IDA countries received only 12 percent of the value of the pension lending. The number of operations in blend countries constituted 14 percent of all operations with a pension component, but only 3 percent of the lending amount (See Figure 9 and 10).

Figure 9: Number of Loans by Lending Category (FY2002-2007)

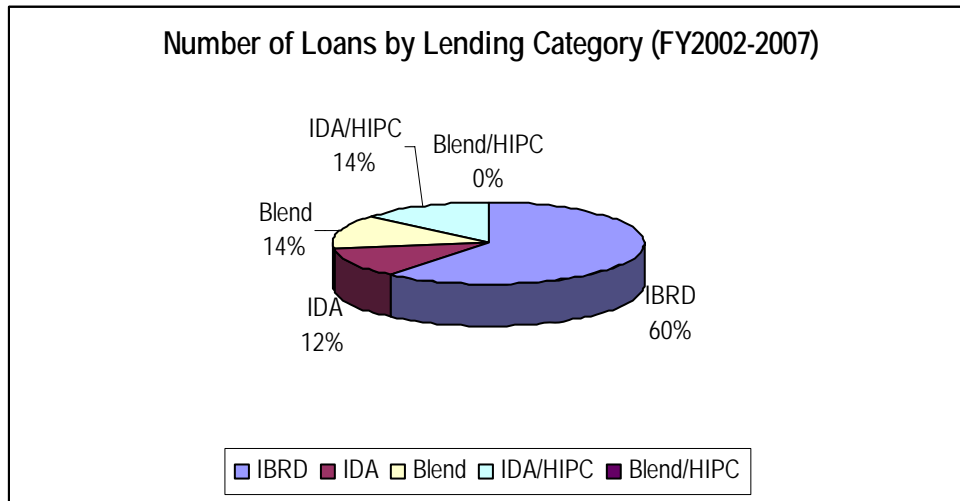
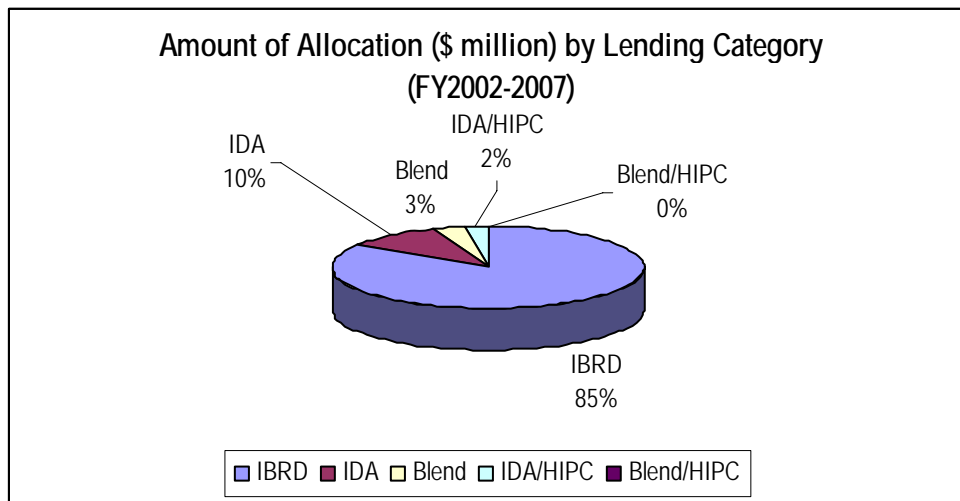


Figure 10: Amount of Allocation (\$ million) by Lending Category (FY2002-2007)



Pension-related lending commitments over the longer period indicate a pattern consistent with recent years with the majority of the value of loans going to IBRD countries although there are some exceptions (Table 11). In FY1991, where there was no pension lending to IBRD countries; it is divided between IDA and ‘not assigned’ (only Hungary as part of a Structural Adjustment loan.) Similarly in 1993 and 1994, the ‘not-assigned’ category had a larger share of pension-related commitments compared to the previous period. The reason is that Hungary constituted a big portion of the total pensions lending commitments with 78 percent in 1993 through the Pensions Administration and Health Insurance project and Slovenia with 19 percent in 1994 through Enterprise and Financial Sector Adjustment Loan. The later period, where the non-assigned category increased (especially in 1998 and 1999), was because of three structural adjustment loans extended to Republic of Korea (with total loan amounts of US\$7 billion) during the Asian Financial Crisis.

Table 11: Pension Related Lending By Country Category

	<i>IBRD</i>	<i>IDA</i>	<i>Blend</i>	<i>IDA/HIPC</i>	<i>Blend/HIPC</i>	<i>Not_assigned</i>
1984	0.4	0.0	0.0	0.0	0	0.0
1987	11.4	0.0	0.0	0.0	0	0.0
1989	16.6	0.0	0.0	0.2	0	0.0
1990	0.0	8.7	0.0	0.0	0	5.6
1991	24.7	0.0	0.0	1.6	0	10.3
1992	160.0	0.0	0.0	2.4	1	0.0
1993	25.6	0.0	9.4	2.9	0	132.0
1994	29.0	0.0	4.2	0.1	0	7.7
1995	143.0	8.4	13.8	7.5	0	0.0
1996	2.8	10.6	0.0	24.1	13	0.0
1997	1,269.4	0.0	19.8	0.0	0	47.8
1998	867.8	26.5	24.3	2.3	1	394.8
1999	1,048.6	15.6	13.7	31.9	1	200.0
2000	715.8	1.1	6.3	64.5	0	2.2
2001	25.7	0.0	11.2	0.0	0	13.1
2002	190.5	8.0	15.8	0.0	0	0.0
2003	141.1	2.6	9.1	3.7	0	1.6
2004	318.6	180.0	12.9	25.6	0	2.9
2005	661.6	11.3	8.3	9.8	0	0.0
2006	320.8	0.4	10.2	10.8	0	0.0
2007	77.9	1.6	11.8	0.0	0	0.0

E. Distribution of Lending by Sector Board

The Pension work within the Bank is distributed among several Sector Boards. The Sectors Boards serve as the basic governance and authorizing process for the lending projects. Review of the mapping of pension lending among the various Boards indicates that the pension work has been primarily distributed among four sectors within the Bank, Social Protection, Economic Policy, Financial Sector and Public Sector Governance.

For the period of FY2002-07, the distribution of pensions lending portfolio in terms of Sector Board indicates that the Economic Policy (EP) and Social Protection (SP) Sector Boards account for the highest number of projects involving pensions with 21 percent each. All EP-mapped projects are policy lending (DPLs) and Poverty Reduction Support Credits (PRSCs). The pension component of most adjustment loans mapped to the EP Sector Board aim at: a) improving the efficiency of social security administration; b) redesigning financing structure; and c) implementing parametric reforms to ensure long term financial sustainability of pension systems.

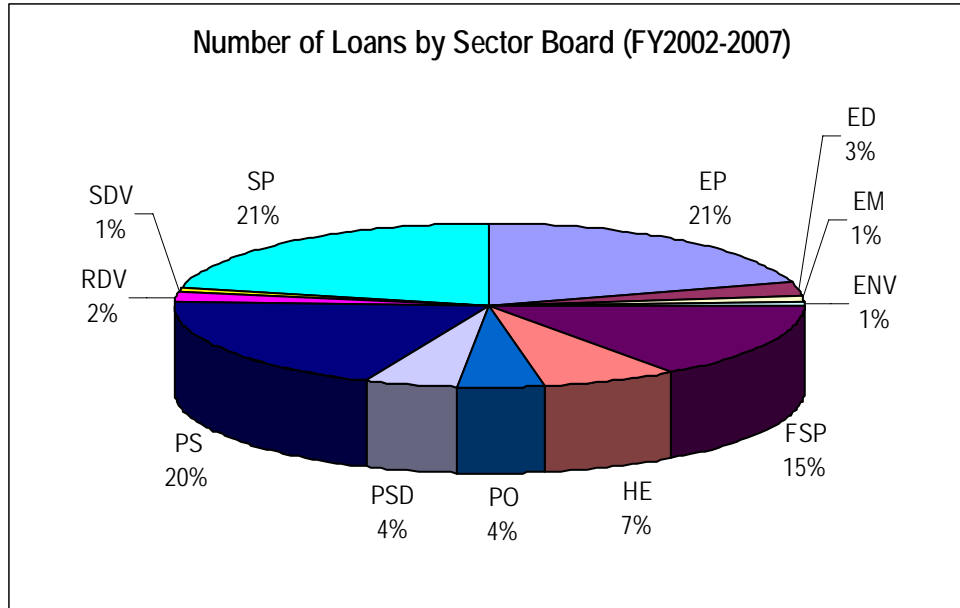
The SP-mapped operations are divided equally between investment and adjustment lending. They focus mainly on improving the efficiency and transparency of social

security systems through institutional modernization. This modernization consists of; a) developing unified contribution collection and reporting systems; b) establishing central registries that are based on modern information technology and processes; and c) developing capacity for better policy analysis and evaluation of the pension systems. Though the number of SP- and EP-mapped projects are nearly the same, the spending on pension activities according to the Sector Board to which loans are mapped varies (See Figure 11-b). SP-mapped projects account for 39 percent of the portfolio in terms of allocation, whereas EP-mapped projects cover only 25 percent. Other SBs that have pension-related projects are the Public Sector Governance (PS) Sector Board and Financial Sector (FSP), where the pension related projects amount to 20 percent and 11 percent, respectively. The amount of allocation to pensions in FSP is 11 percent and 9 percent in PS.

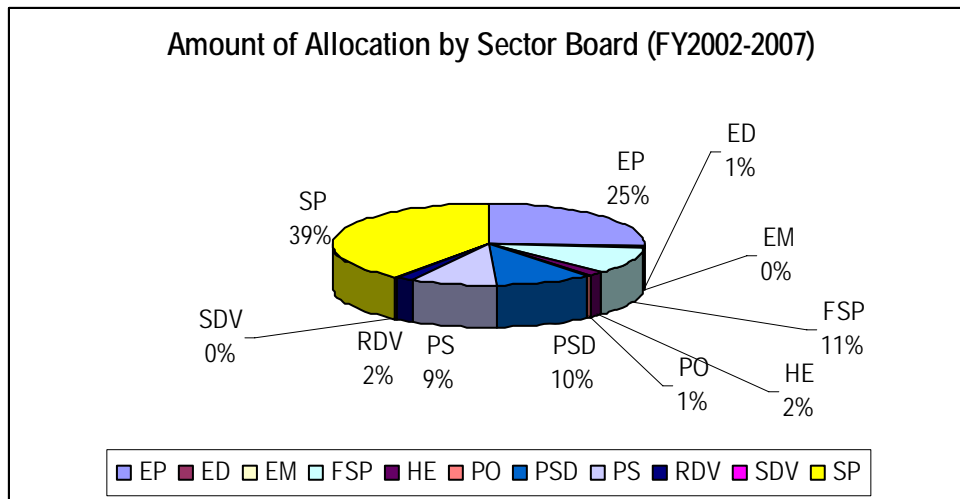
The projects mapped to PS Sector Board include more second and third pillar reform design and implementation, and development of regulatory and supervisory framework than do the other sector boards. Development of policies and establishment of mechanisms to eliminate pension arrears and actuarial deficits are also among the main issues tackled in projects mapped to PS Sector Board. On the other hand, most projects mapped to FSP are financial/banking sector development support/reform credits or technical assistance projects, where pension issues are part of the larger financial sector reform agenda. Some issues are the development of legislation for the establishment of private pension funds, providing capacity building to Ministries to strengthen the regulatory/supervisory frameworks, and to improve the capacity of pension funds to undertake actuarial analysis and investment decisions to ensure risk diversification.

Figure 11: Projects Involving pensions, by Sector Board of approval (share of 112 projects and a pension portfolio of US\$ 2.037 billion), FY02-07

a) Number of Projects



b) Amount of allocation (\$ million)



For the earlier period, 1984-2001, the number of operations with a focus on pension issues by SB is as follows: EP has the highest number of operations with a pension component with 34 percent, followed by the SP sector board-mapped operations with 19 percent. PS and FSP are other sector boards that manage operations with pension components. In terms of the lending commitments by sector board, SP sector board mapped operations have the highest share with 50 percent, despite a relatively low share of number of operations (20 percent) for the same period. The EP sector board,

on the other hand, has a higher share of number of operations, yet lower lending commitments for the pension cost of the projects (19 percent). PS and FSP lending commitments for pensions are more or less consistent with the number of operations managed by each sector board.

F. Distribution of Lending by Pension Pillar

A key issue in assessing the nature of the Bank's pension work and the degree to which the multi-pillar policy framework has guided the lending operations is an assessment of the architecture of the pension systems for which lending was provided. In constructing the database of pension lending, the IEG reviewed the relevant documents and assigned each operation to one of several categories of pension systems, depending on the number of pillars. Originally, the three pillar framework was used, which included mandatory public systems operating on a pay as you go basis assigned to the first pillar, mandatory funded defined contribution system to the second and complementary private systems to the third pillar. This system was essentially the same as the later five pillar framework, minus the 'Zero' and fourth pillars. To provide comparability to the earlier work the subsequent operations were categorized in a similar manner.

Table 12 summarizes the distribution of Bank lending during FY2002-FY2007 among three of the five pillars within the multi-pillar model, which represents most of the work over the past two decades. The data show the continuing Bank support for a wide range of pension system designs in different countries. The majority of the loans (60 out of 112) and the value of lending operations (55%) supported system designs with more than one pillar. About 40 percent of the lending value supported three pillars of pension system. Only 24 percent of pension loans were associated with a single pillar. The projects not associated with any pillar supported mainly institutional reforms related to social security systems.

**Table 12: World Bank Pension-Related Lending
Classified by Pillar Support (FY2002-2007)**

<i>Type of Pension Project</i>	<i>Number of loans</i>	<i>Total Bank Lending with a pension component (US \$ million)</i>	<i>Value of the pension component (US \$ million)</i>	<i>Pension-related lending as a percentage of total lending</i>
Loans associated with a single pillar	46	4,945	488	24.0
First pillar	37	3,884	440	21.6
Second pillar	4	323	13	0.6
Third pillar	5	739	36	1.8
Loans associated with more than one pillar	60	5,988	1,130	55.5

First & second	13	1,635	146	7.2
First & third	10	493	65	3.2
Second & third	7	1,003	94	4.6
All three	30	2,858	824	40.5
Loans not associated with any pillar	6	2,275	419	20.6
Total	112	13,209	2,037	100.0

A similar analysis of the pension lending for 1984-2001 shown in Table 13 below indicates that loans associated with a single pillar constituted a much higher proportion (46 percent) of pension related lending than in the later period, indicating the shift of the Bank's pension work away from single pillar reforms. The focus of the early work was on parametric reforms of mature single pillar systems facing severe solvency issues. The Bank's work now focuses more on system reforms and a broader restructuring of pension systems.

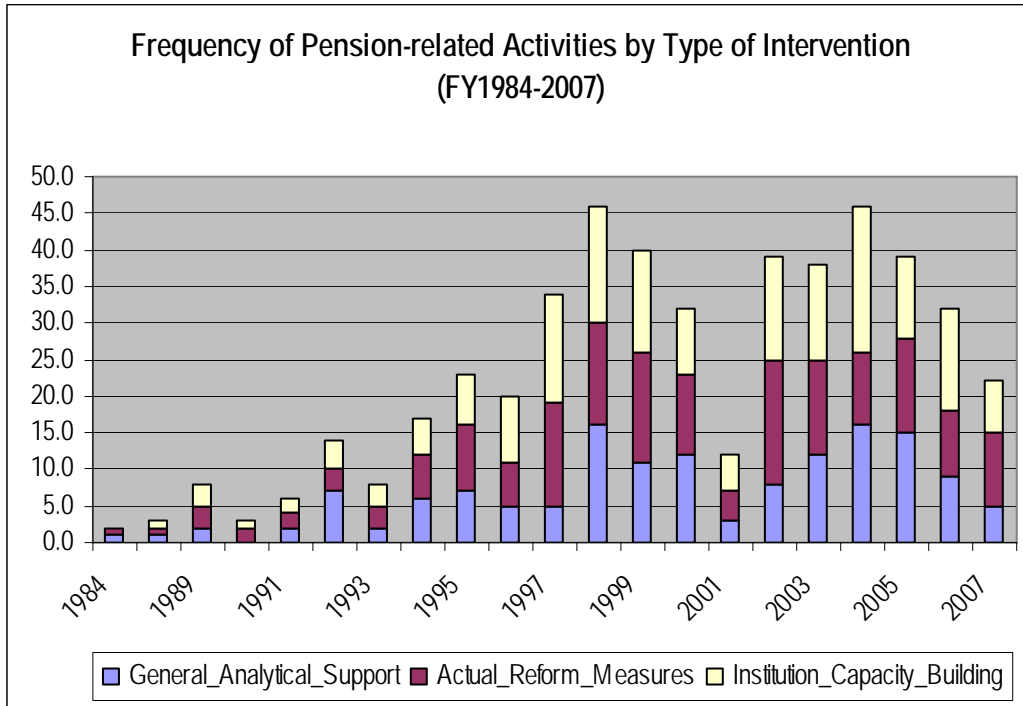
Table 13: World Bank Pension-Related Lending Classified by Pillar (FY1984-2001)

<i>Type of Pension Project</i>	<i>Number of loans</i>	<i>Total Bank Lending with a pension component (US \$ million)</i>	<i>Value of the pension component (US \$ million)</i>	<i>Pension-related lending as a percentage of total lending</i>
Loans associated with a single pillar	92	15,926	2,545	46.4
First pillar	71	11,135	2,260	41.2
Second pillar	7	263	127	2.3
Third pillar	14	4,528	158	2.9
Loans associated with more than one pillar	57	12,263	2,936	53.6
First & second	15	3,142	1,358	24.8
First & third	29	7,982	1,486	27.1
Second & third	0	0	0	0.0
All three	13	1,139	93	1.7
Loans not associated with any pillar	5	1,692	1	0.0
Total	154	29,881	5,482	100.0

Types of Interventions

The nature of pension lending can be further delineated in terms of the specific types of interventions involved (Figure 12). In this regard, support has been roughly equally divided among three main categories, institutional capacity building, general analytical support and actual reform measures over the extended time period.

Figure 12: Frequency of Pension-related Activities by Type of Intervention (FY1984-2007)

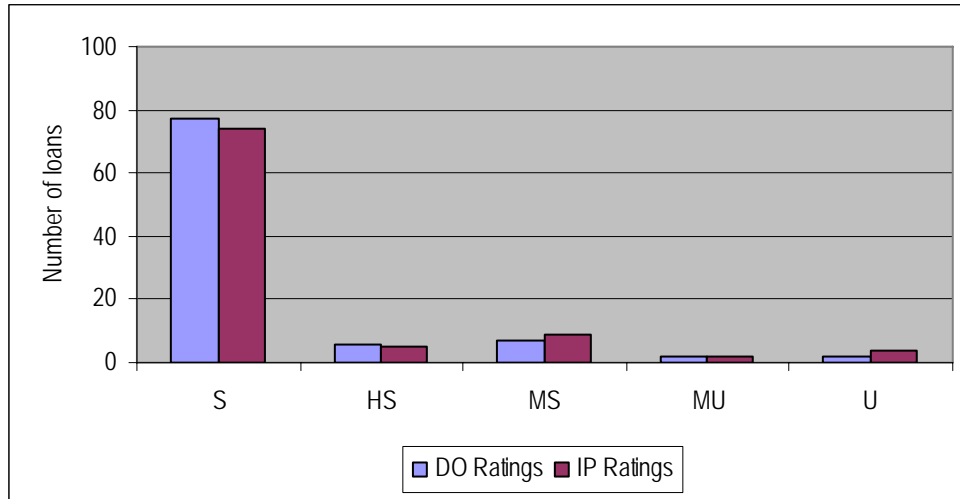


G. Quality of Pension Portfolio (FY02-07)

ISR/PSR Review

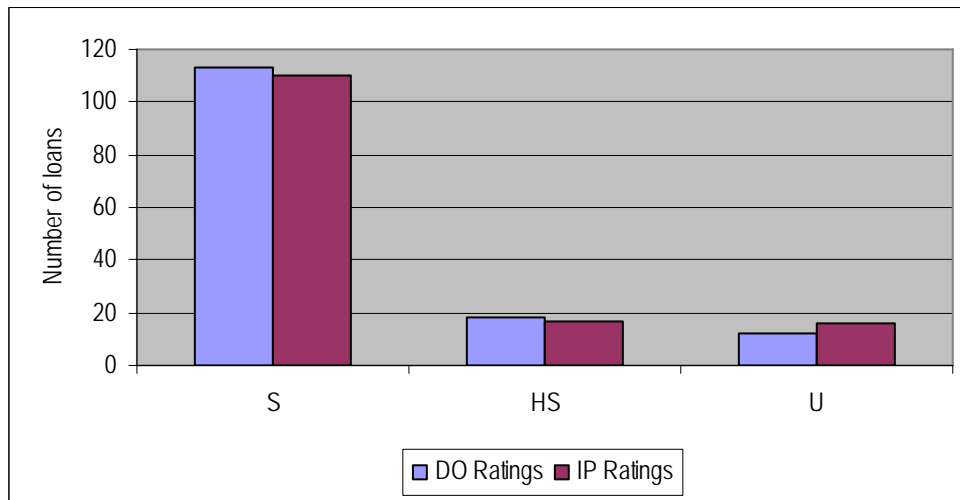
An indication of the quality of the pension operations can be derived from the Bank's regular review operations. Ninety-four of the 112 loans and credits for pension reform, approved between FY 2002 to 2007, were rated in ISRs on their achievement of development objectives (DO) and implementation progress (IP). Seventy seven (77) projects out of 94 (82 percent) were rated as satisfactory for the DO rating and 74 (79 percent) projects were rated as satisfactory for the IP rating (Figure 13). Only two projects were rated as marginally unsatisfactory for both the DO and IP ratings, whereas two were rated as unsatisfactory for DO and four were rated as unsatisfactory for development outcome.

Figure 13: Pension Project Quality Ratings from ISRs for FY02-07



During the earlier period (1984-2001), 143 out of 154 loans and credits related to pension issues were rated in the PSR. Of the 143, 113 (79 percent) are rated as satisfactory for DO and 110 (77 percent) as satisfactory for IP ratings. Eighteen are rated as highly satisfactory for development outcome (12 percent) and 17 are rated as highly satisfactory for implementation progress (11 percent). Only 8 percent (12 projects) are rated as unsatisfactory for DO and 10 percent is rated as unsatisfactory for implementation progress (16 projects).

Figure 14: Pension Project Quality Ratings from PSRs for FY02-07



ICR Review

ICRs were available for only 21 of the 112 loans and credits in the recent period at the time of the review. The pension component was rated as satisfactory by all of the ICRs. Only one ICR states that the sustainability of the pension reform effort is in doubt because of several measures taken after the closing of the operation.³ The overall outcome ratings for these 21 projects are as follows: 85 percent (18 projects) are rated as satisfactory, 10 percent marginally satisfactory (2 projects) and 1 as highly satisfactory. The sustainability rating is “highly likely” for 6 (28 percent) and “likely” for the rest. Institutional development impact is evaluated as ‘substantial’ for all projects except 2, which are evaluated as having ‘modest’ institutional development impact.

H. Analytical and Advisory Work (AAA) and Research Related Pensions

In addition to its lending activities, the World Bank undertakes a variety of Analytical and Advisory (AAA) work that has a direct influence on pension reforms in client countries. The analytical work that is directly related to client requests or specific projects is coded as Economic and Sector Work (ESW). The inventory of ESW can be identified through a review of projects maintained in the Bank’s business warehouse. However, unlike lending, the documentation for this work is less structured and therefore less amenable to a comprehensive review. In addition to ESW, there are a range of other analytical and research products that provide general analysis or specific policy advice on pension issues. The IEG review developed a database of this body of work based on the review of more than 1,000 documents available in the Bank’s Imagebank document system.

An attempt was made to replicate this dataset for the subsequent period through the end of FY2007. Although it is possible to identify the ESW projects through the Business Warehouse, the relevant documents are in some cases not readily available for review. As in IEG review this was supplemented with a search for other relevant work using the key word “pensions” in the Imagebank systems. This process yielded several hundred additional documents that were reviewed for a significant pension element. A substantial portion of the large inventory of potential pension related AAA work was obtainable through the Bank’s Imagebank. Since there was no indication of any pattern of documents that were unavailable, this was assumed to be a representative sample and used to represent the AAA work in the ensuing period that is on a comparable basis to the earlier IEG review.

The review of the AAA and research work for FY04-07 for which the documents were readily accessible in Imagebank includes 146 reports, 126 of which focus on specific countries and the rest dealing with general or regional pension reform issues. The IEG

³ West Bank and Gaza’s “Public Financial Management Reform Structural Adjustment Operation Project”- P088754

review of the earlier period included 335 reports, of which 237 were country-specific and the rest either regional or thematic. Review of the documents from the sample of work in the latest period indicates that it addressed pension issues in 60 countries. Of these 60 countries, 9 countries account for about one-third of the studies that focus on specific countries. The highest number of studies concerning pensions have been directed towards Chile (9 reports), followed by China, Mexico and Serbia with 5 reports each. Colombia, Ukraine, Peru and Poland have 4 reports each. Some of the work focuses exclusively on pensions and social security systems; whereas pension issues are covered in other, more comprehensive reports focusing on social protection policy, fiscal sustainability, economic growth and poverty alleviation, public governance and public expenditure and labor reform.

Regional Distribution

World Bank analytical and research work on pensions mirrors the high level of lending program in ECA and LCR (Figure 15). ECA and LCR are the only two regions, which have undertaken multi-pillar pension reforms. They also have the highest number of studies including technical advice on pension reform. The ECA region has the highest number of analytic products (34 percent of all the work) in this period, followed by LCR (30 percent). Twenty-one countries in ECA and 13 countries in LCR were covered. There was also a considerable volume of work undertaken in the MNA region (11 percent of the pension analytical work) that is notably out of proportion to the lending levels during FY04-07. The MNA sample addressing pension issues in nine countries including Iran, Iraq, Egypt, Djibouti, Afghanistan and Jordan. MNA has therefore made a strong effort to engage on the pension reform policy dialogue in the regions, which may lead to increased lending in the future. The EAP region also has undertaken a level of analytical work. The region had no pension related lending during the period.

Figure 15: Number of Analytic Products Dealing with Pensions, by Region (out of 146 documents), FY2004-2007

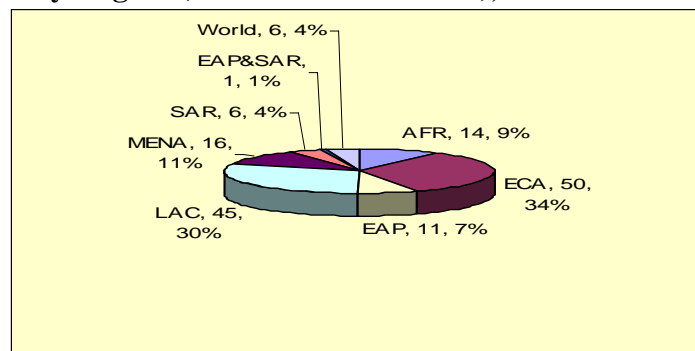
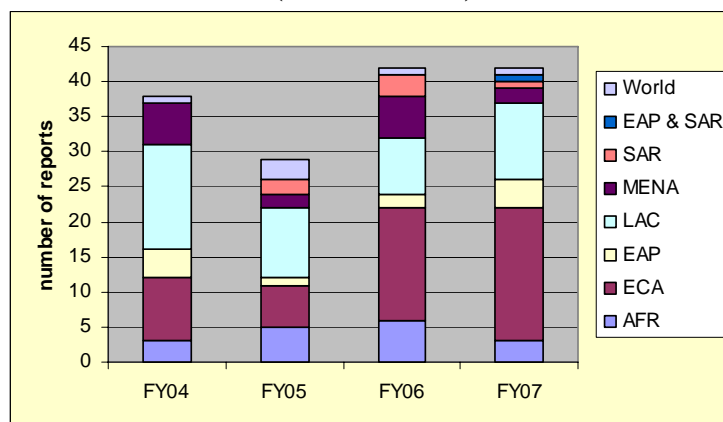


Figure 16 represents the distribution of analytic products based on region and fiscal year. World Bank analytic work reached a high in FY2006 and FY2007 (42 studies in each year). The increase in the number of studies on ECA region in FY2006-07 period was the main reason. This total, however, includes several studies commissioned in conjunction with the IEG review.

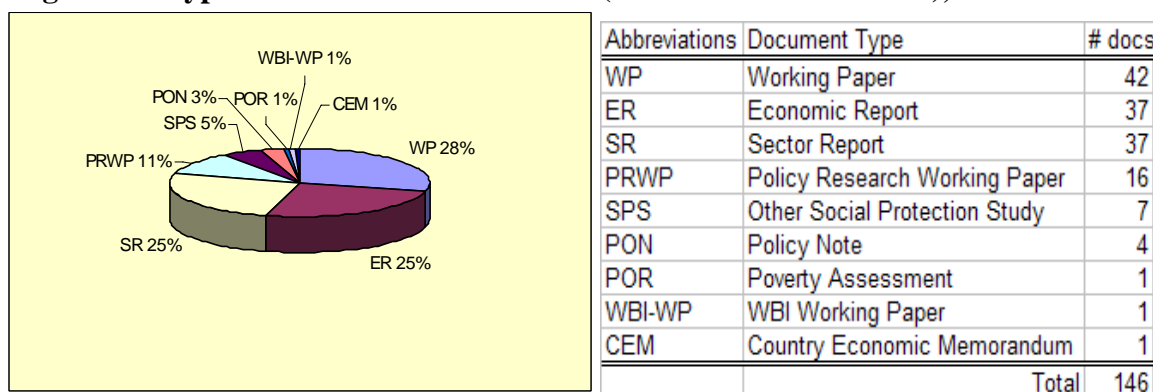
Figure 16: Analytic Products Dealing with Pensions, by Region and Fiscal Year (FY2004-2007)



Distribution by Type of Product

Analytic work on pensions takes many different forms. The figure below gives a snapshot of the share of different types of analytical products that deal with pension issues in the last four years. The largest category is working papers with 28 percent, followed by Sector Reports and Economic Reports with 25 percent each. If combined with Policy Research Working Papers and WBI Working Papers, the share of Working Papers in pension analytic work increases to 40 percent.

Figure 17: Types of Pension-related ESWs (share of 146 documents), FY2004-2007



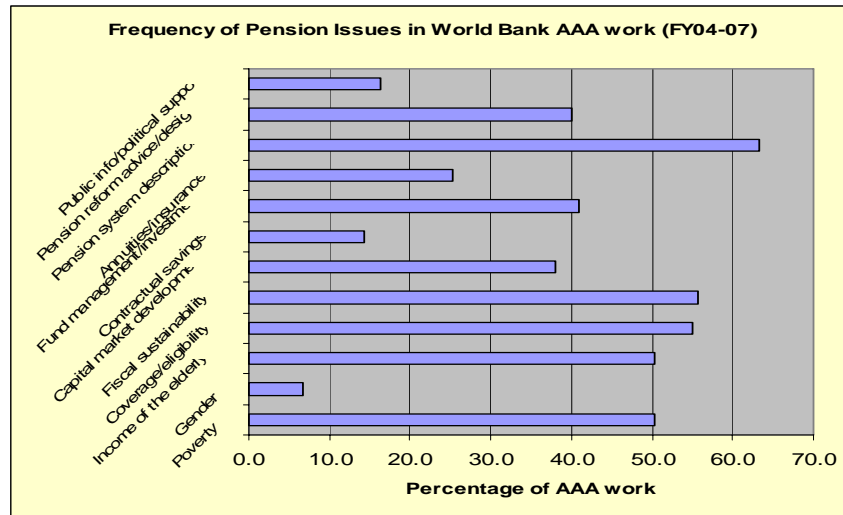
Diversity of Pension Reform Issues in Bank Analytic Work

World Bank AAA for the period of FY2004-07 includes analysis of specific issues pertaining to pensions, descriptions of pension systems and advice on improving the functioning and sustainability of pension systems and reform options. Of the 146 documents mentioned above, 51 (35 percent) specifically focus on pensions/social

security systems. The majority of the remaining studies concern poverty reduction, public expenditure and institutional reviews, financial systems development/reform studies, corporate governance country assessments, etc. These reports include analyses of pensions and therefore are included.

Figure 18 represents an analysis of the frequency of pension topics in World Bank analytical support in FY04-07. The most frequent topics include fiscal sustainability, targeting/coverage/eligibility of pension systems, old age income and poverty. These issues are covered by 50 to 60 percent of all pension-related AAA work. Since one of the purposes of pension policy reforms is poverty reduction among the elderly and improved consumption smoothing for old age, there is a great deal of overlap with nearly all analytic work. The gender dimension of poverty or social security is not an issue commonly dealt with in Bank AAA (7 percent).

Figure 18: Pension-Related Topics Addressed in World Bank Analytic Work, FY2004-2007



Income Level and Lending Category

IBRD countries were the subject of 64 percent of the analytical work reviewed, whereas IDA countries accounted for 19 percent, with 8 percent directed to IDA/HIPC countries. Blend countries and 'not assigned' share the rest of analytical work 10 percent and 7 percent, respectively.

Figure 19a: Number of Analytical Products, by Lending Category (FY2004-2007)

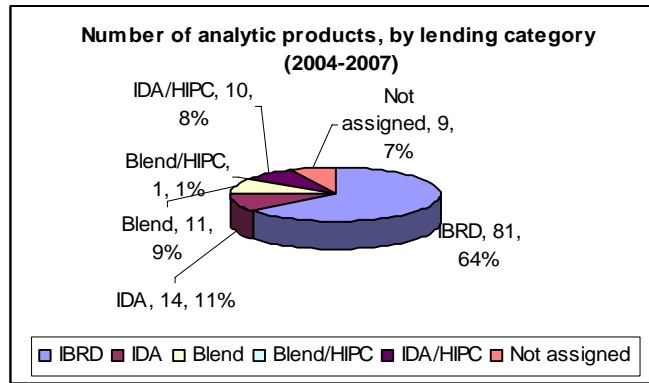
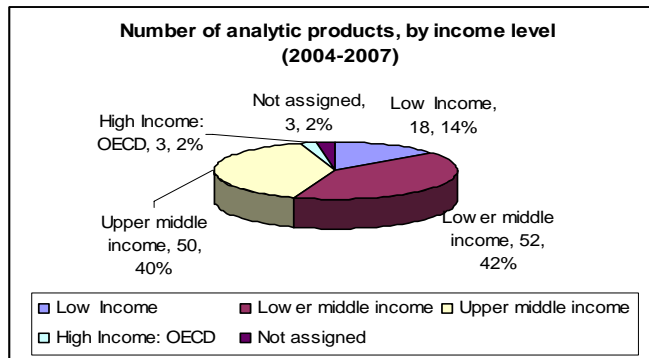


Figure 19b.: Number of Analytical Products, by Income Level (FY2004-2007)



The Bank’s Pension Primer Series

The Bank’s Social Protection Unit has also produced policy advice and research work essential for countries establishing or reforming a pension system. This information is maintained in the Pension Primer Series that is available in hard copy and through the Pensions Website of the Bank. This series includes Primer Notes that provide short summaries of key topics and Primer Papers that provide a more in depth treatment of a broader range of relevant issues.

The series now contains 16 Primer notes and 47 Primer papers with 5 of the Primer Notes and 16 of the Primer Papers having been added to the series since the beginning of FY2002. The new Notes and Papers address a range of emerging issues including those related to Notional Defined Contribution (NDC) systems, pensions for veterans, the reform of civil service pensions, life course planning and financial literacy, the measurement of pension debt and the management of public pension reserves. In addition, the Notes and Papers provide in-depth case study reviews of a broad range of pension reforms throughout the world.

Supplementing the Primer Series are publications within the Bank's Social Protection Discussion paper series. In addition to the Primer Papers that are also included in this series there are an additional 23 pension related papers included in this broader series, 15 of which have been added over the past six years. There are also a number of pension-related papers in Bank's Policy Research Working Paper Series.

Major Publications on Pensions

In addition to the analytical products, research reports and working papers the Bank has produced 13 publications in book form during the FY2002-07 period. These books have been published by the staff of the Social Protection sector, as well as the Private and Financial Sector Development staff. These products represent an important and one of the most highly visible elements of the Bank's pension-related work. Some of these publications are the compilation of papers that provided the basis for major conferences sponsored by the Bank. Others are major country specific work on topics such as the development of annuity systems or evaluation of the performance of funded pension systems in specific countries. The major publications also include a book developed by a cross sectoral team of Bank staff working on pensions that provides an overview of the Bank's current policy framework on pension systems and reform and review of the key issues that will guide the work going forward that was published in mid 2005. A listing and short summary of these publications is contained in Annex 2.

I. Results of the Bank's Pension Work

The typical engagement of the Bank in pension reforms has been characterized by work on developing the policy and analytical capacity of staff engaged in the reform effort through the provision of background materials, training and analytical tools followed by participation and support for a diagnostic study to identify key problems and identify reform options. Due to the highly sensitive nature of the political process associated with a reform Bank lending has typically not been directly involved in the reform process although in some cases there has been follow up investment lending to support some of the capacity building required for implementation of a reform.

The nature of this policy-oriented engagement and the preponderance of policy/adjustment lending that is linked with the commitment to undertake a reform rather than the results achieved by the reform makes it very challenging to explicitly link specific results with the Bank's work. In addition much of the results of the Bank's efforts in this area are exerted in a rather indirect manner, through increased understanding and acceptance of the issues and options for pension reform derived from the considerable body of policy analysis and research and the increased utilization of the multi-pillar policy framework.

Making the attribution process even more problematic for pensions is that the key outcomes for pension systems are significantly intertwined in a wide range of other macro-economic and developmental factors. Key outcomes such as improvements in the

fiscal sustainability of systems or the contribution of pension systems to the development of financial systems and overall capacity for growth are virtually impossible to distinguish from the many other factors that affect these results. Moreover, the discrete effects of a pension reform that could possibly be directly measured, such as improvements in the economic status or poverty rates of the elderly or the long term fiscal effects of a reform are not realized until many years after the reform making outcomes virtually impossible to measure in a timely or accurate manner.

Therefore, one of the most significant challenges facing the Bank in relation to its pension work is to establish a framework to consider and measure the projected and actual results of its work in this area that is able to overcome these formidable limitations. Developing a reasonable and measurable set of indicators to monitor and evaluate the intended outcomes and results of the Bank's continuing engagement on pension issue will need to be a primary focus for the Bank if it is to effectively incorporate pensions work into the results base framework. However, at present, although some indicative information of results can be derived from the review of recently completed lending operations, outcomes are likely best considered from a broader policy perspective and in the context of the discussion of the experience of several countries in which the Bank has had a significant involvement in the pension reform process.

Outcomes from Recent Operations

In a review of the Implementation Completion Reports from pension related lending operations that were completed during FY 2002-06 period, the following types of results were reported:

Thirty-three pension projects were completed during in 22 countries. Twelve of these countries indicated improvement in their implicit pension debt; 13 have increased their financial sustainability through improvements in the ratio of the net present value of financing flows; seven have added pillars to their public pension systems.

Seventeen of the projects focused on institutional strengthening through either establishment of new institutions and capacity building in existing ones. Twelve of these operations supported the establishment, restructuring or modernization of institutions responsible for social security and pensions to complement ongoing reform efforts, increase operational efficiency or improve governance and supervision. Eight of the projects provided training programs to staff from various ministries and institutions through seminars and workshops and three provided training related to pension system development/modeling and information management.

Nineteen projects supported changes in the legal framework through new legislation or a decree. Approval of new legislation as well as amendments to existing legal framework mainly aimed to reform/consolidate existing pension systems, regulate the additional pillars and/or establish transparent and financially viable indexation rules to contribute to fiscal sustainability. Five projects financed Technical Assistance that entailed advisory services on proposed pension reforms and outlined reform implementation steps. Some

included design of processes for the restructuring of the pension system or preparation of the draft legal framework for the introduction of new pillars. Seven projects produced studies, strategic planning materials as well as statistical/ actuarial reports reviewing various aspects of pension reform.

Ten projects enhanced the centralized record keeping merger of decentralized pension funds into a national system, installation of new MIS, compilation of databases and/or upgrading IT systems. Five contributed to increasing timeliness or accuracy of benefit determinations by developing single registry systems for pension funds, and establishment of mechanisms to incorporate information about beneficiaries and five supported design and implementation of an automated administrative system.

The Experience of Three Illustrative Countries Pension Reforms

Understanding the nature of the outcomes of the Bank's engagement with clients on pensions is best illustrated through several important country cases that provide representative examples.

A typical pension reform engagement by the Bank is triggered by the emergence of major problems with the financial sustainability of a country's pension system that leads to lending for general budget support. This lending is closely followed by some combination of technical assistance lending and advisory work by the Bank to help develop the capacity within the country to evaluate the pension system and develop feasible reform options. The analytical work is then used to support an internal reform process which often does not have direct bank involvement or lending due to political sensitivities and other related factors. To support the transition following reform there is often additional lending in the form of policy/adjustment operations or through investment loans that support implementation. The reform process in some cases is multi-stage in which the initial reform is followed by further policy work by the Bank that leads to extensions or refinements of the reformed system.

Case Study 1: Brazil

The Bank's recent engagement in the pension reform in Brazil over the past decade provides a good example of this process and the kinds of outcomes that pension reform has achieved. In 1988 amendments to the Constitution of Brazil created large new pension entitlements for broad groups of the population. Within a decade it had become apparent that the anticipated financing would be insufficient to support these and the pension system had become a major contributor to large fiscal deficits that had created a macro-economic crisis. A reform was undertaken to adjust the benefit formulas, retirement ages and constrain some of the special pension regimes to lay the foundations for a broader reform effort in 1998. This reform was supported through a major policy lending operation by the Bank in 1998.

Building on this initial engagement the Bank provided two technical assistance loans in 1999 to strengthen the administration of pensions at the State and Municipal level and undertook a major ESW project to provide an overall evaluation of the pension systems and the analytical basis for further reforms. These measures helped to support a second stage of reform in 1999 in which benefits were adjusted in one of the major parts of the pension system to provide a more direct link to contributions. The Bank's analytical work contributed to the analysis of options and provided the analytical tools to reliably the project the fiscal effects of the reform. The 1999 reforms resulted in substantial savings projected to be as great as 6.5 percent of GDP by 2050 as shown in the Table 14.

**Table 14: Projected Savings from 1998-1999 Brazil Pension Reforms
(% of GDP)**

2004	2010	2020	2030	2040	2050
-0.6%	0.1%	2.0%	4.3%	5.9%	6.5%

The pension reform process continued in the ensuing years with active World Bank involvement. In 2003 a major reform of pensions for civil servants was undertaken for which the Bank continued to provide analysis and policy advice. The Bank continued to provide support for the evaluation of outcomes of this reform that is projected to result in an additional 3.3 percent of GDP reduction in the deficits of the pension system by 2050 as shown in Table 15.

**Table 15: Projected Savings from 2003 Brazil Pension Reforms
(% of GDP)**

2004	2010	2020	2030	2040	2050
0.3%	0.9%	1.3%	1.6%	2.4%	3.3%

The Bank's engagement has continued after the 2003 reforms with a major Development Policy Loan linked to the pension reform process approved in late 2005. Another major ESW effort to define further reform options and a Technical Assistance Loan was completed in FY 07. The pension reform effort with significant support from the Bank has now extended to the sub-national level in Brazil with direct policy work and the consideration of future lending at the state level. Overall the Bank has provided significant lending and policy development support that has been an integral part of supporting a sequence of major reforms that have significantly improved the long term fiscal sustainability of the pension systems in the country and continues to perform that role at present.

Case Study 2: Turkey

The Turkish government passed a significant pension reform in 1999 which instituted a minimum retirement age for all Turkish workers, but given the previous absence of a minimum age and the prevalence of very early retirement in Turkey, the minimum age was phased in very slowly, beginning with age 38 for women and age 43 for men for the first cohorts retiring under the new law, and culminating with age 58 for women and age 60 for men, effective only for those entering the labor force after the new law took place. The law also changed the benefit structure for the private sector workers and the self-employed and raised the contribution ceiling applicable to private sector workers. The Emergency Reform Loan provided to the Government by the Bank in 1999 supported these changes in the pension system, but a CEM chapter produced shortly after the reform suggested that the reforms while significant were insufficient to lead to fiscal sustainability. The Government agreed with the assessment, but felt that there were political constraints to making additional short term changes.

By 2002, the initial revenue increase, which came from the rise in the contribution ceiling, had leveled off, and the pension system again began running deficits. At this point the Bank again began working with the Government on policy reforms that would move the system to fiscal sustainability. The proposed reforms maintained a single public pillar and included

- i) a long-term rise in the retirement age from 58 for women and 60 for men to 65 for both men and women;
- ii) a lowering and flattening of the accrual rate so that the pension system would no longer reward the first 10 years of contribution at a much higher rate than later years and thus provide incentives for shorter working careers;
- iii) a move away from revaluing wages used for pension calculation by growth in nominal GDP, and, most importantly;
- iv) a unification of the pension system for all Turkish workers which substantially reduced the indexation post-retirement for civil servants.

These reforms were passed in May 2006, but were then rejected by the Constitutional Court in December 2006. The Government has now presented a variant of the 2006 law to the Parliament, but which maintains most of the fiscal savings of the original law. The passage of the May 2006 law was supported by the PPDPL, and the implementation was to be supported by a second DPL in the same series. The restructuring of the law has been supported both by preparation work on this second DPL and by formal TA provided to the Turkish government.

The savings in the pension system from undertaking these reforms can be measured in two ways, by the projected drop in the fiscal deficit, and by the drop in pension system liabilities. The benefits can be seen in Figures 20 and 21. The pension system reaches fiscal sustainability in the long term, with sustainability defined as a deficit less than 1 percent of GDP. Further increases in the retirement age that keep pace with higher life expectancies would be completely sufficient to reduce the deficit further, if required. It

will take a long time for the reform to reach sustainability due to the grandfathering of current workers' rights. In terms of implicit pension liabilities, given that the future rights of current workers are being accrued under the new system, there will be an immediate drop of almost 25 percent in the implicit pension debt, to be followed by a longer term drop of more than 50 percent as the new retirement ages become applicable.

Figure 20: Pension System Becomes Sustainable in the Long Term

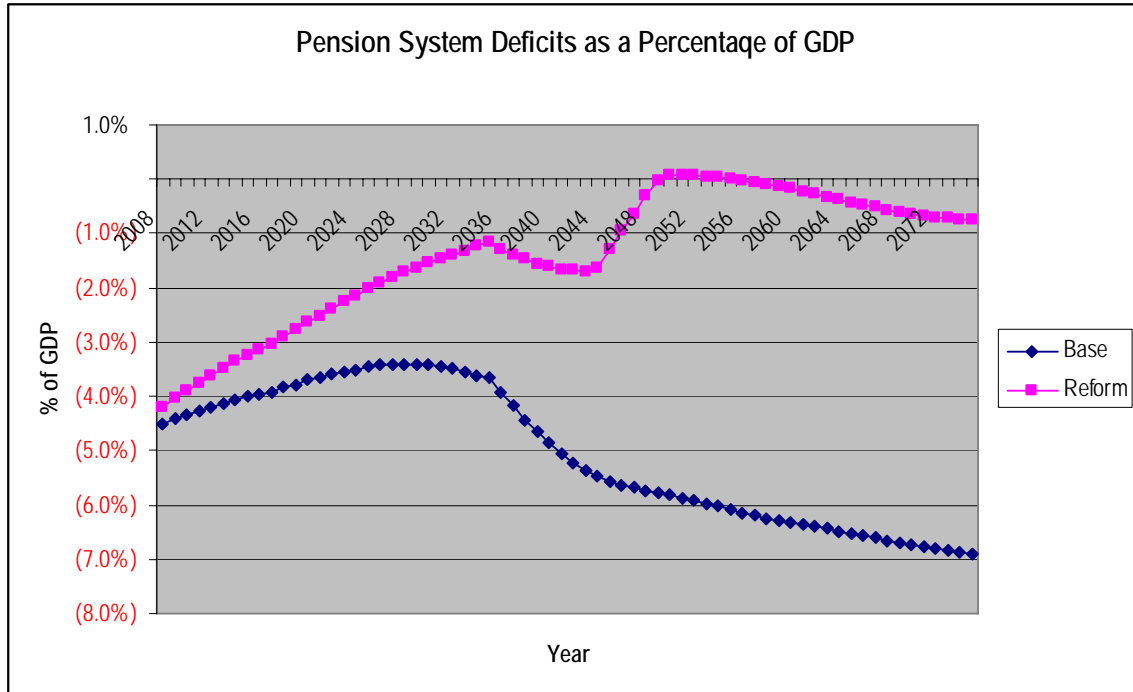
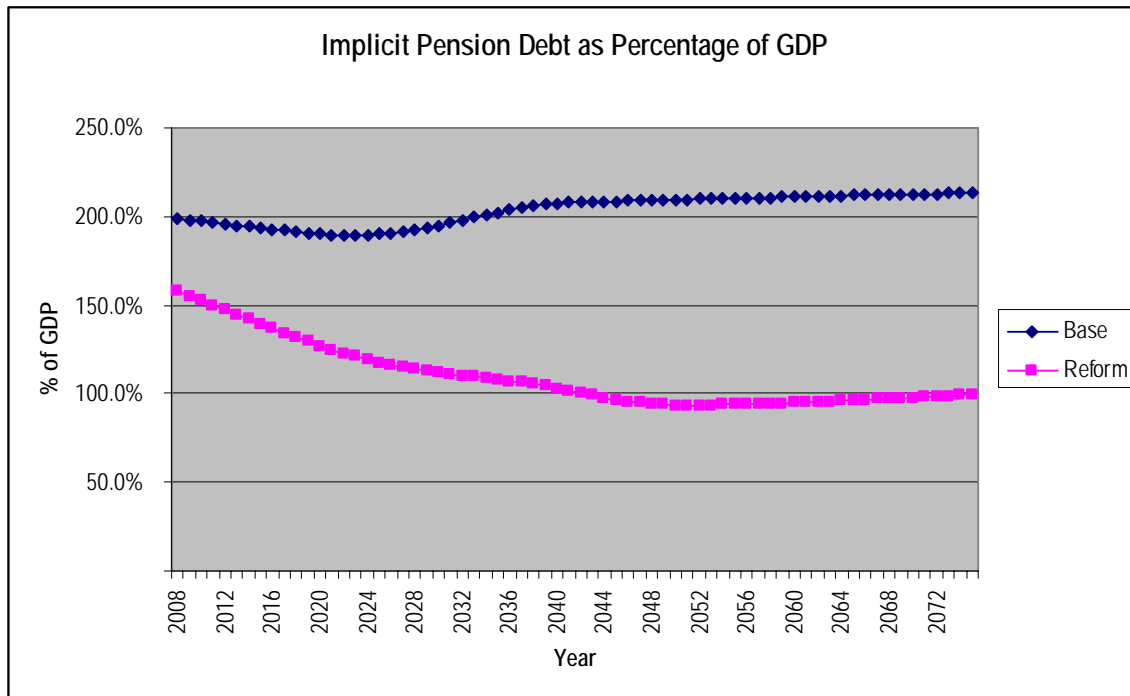


Figure 21: Implicit Pension Debt Falls 25% Initially and 50% in the Long Term

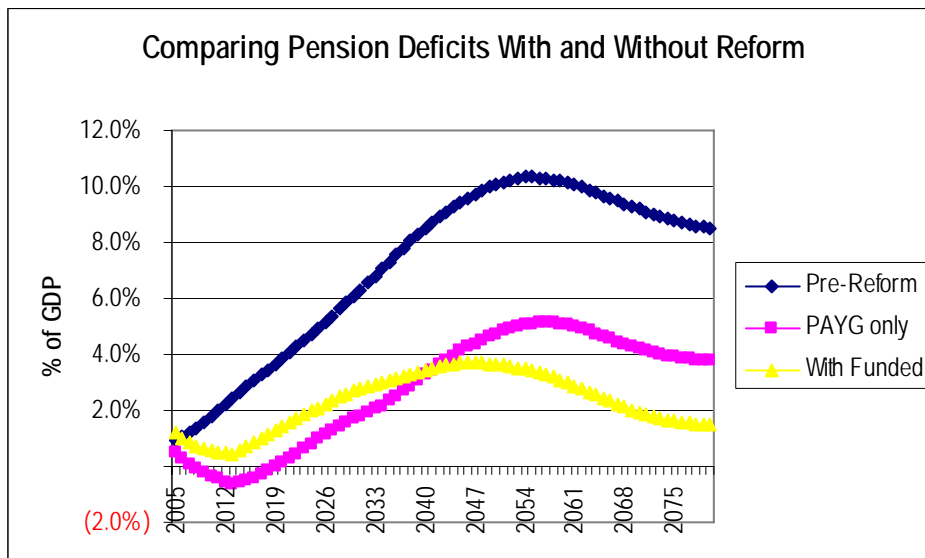


Case Study 3: Slovak Republic

The Slovak Republic undertook an ambitious pension reform agenda supported by the World Bank *Social Benefits Reform Administration Loan*. In 2003, a comprehensive reform of the public PAYG pillar was enacted. Implementation began in January 2004. The pension system was transformed from a highly redistributive, conventional, defined benefit system into a point system where contributions were tightly linked to benefits, and all social assistance components were consolidated into a separate social assistance benefit. This was followed by legislation enacting a second pillar beginning in January 2005. Current workers were given a choice of remaining with their public pension system only or of splitting their contribution between the public system and their own private accounts. New workers were automatically enrolled in the split contribution system.

Figure 22 shows the change in the deficit of the pension system following the reform. In the absence of reform the deficit would have peaked at above 10 percent of GDP and with a long run deficit at about 8 percent of GDP. The parametric reform of the first pillar, by itself, halved the projected deficits, both at the peak and in the long. The introduction of a second pillar initially raises the deficit by as much as 1 percent of GDP, but ultimately lowers the deficit to less than half of what the parametric reform alone could achieve, resulting in a reduction of more than 75 percent of the deficit. The remaining deficit is still close to 2 percent of GDP even in the long run, which is not financially sustainable, but small parametric changes, such as a rise in the long run retirement age from the legislated age 62 for men and women, and a move to inflation indexation from the current practice of indexing to 50 percent of nominal wage growth and 50 percent of inflation would be sufficient to make the system to fiscally sustainable in the long run. Both of these long run changes are in line with international best practice and are being considered by the government as future changes.

Figure 22: Comparing Pension Deficits With and Without Reform



Policy-makers understand that pension reform is typically an extremely difficult and politically sensitive type of reform. Governments often find it difficult to move to a fiscally sustainable position with parameters at international best practice level in one pass, particularly in cases where the current system deviates significantly from the optimal. Even where the Government agrees in principle on the measures which need to be taken, the implementation of reform still faces political constraints, and requires settling time before the next phase of the reform can be legislated. The realization of results from reforms is correspondingly slowed.

4. Conclusions and Strategies for the Future

A. Conclusions

The Bank's approach to work on pension and the associated strategy has evolved considerably since the inception of this work in the mid-1980s. The evolution of the Bank's work is driven by the experience and lessons learned through diverse country engagements and by considerable research and policy analysis undertaken over this period on both a cross-country and individual country basis. A concerted effort has been made to coordinate the Bank's approach at a country level and leverage the Bank's strengths with those of other development partners. The 2001 *Social Protection Strategy (Strategy)* has been supplemented by the framework presented in the 2005 report *Old Age Income Support in the 21st Century*.⁴ The Bank's thinking about pensions and old-age income security has moved in parallel with the development of the social risk management framework developed in the *Strategy*. The *Strategy* provides the conceptual underpinnings for dealing with the diverse risks to which individuals and households are exposed to asymmetric information and malfunctioning or nonexistent markets.

The approach taken in the *Strategy* is differentiated according to country characteristics based on assessments of prospective vulnerability of the elderly population in relation to other vulnerable groups. The social risk management (SRM) framework in *Strategy* spells out how public policies can create an enabling environment by which communities, businesses and individuals can cope with, mitigate, or prevent the risks that increase a population's vulnerability to poverty. It supports flexible multi-pillar pension reform while ensuring adequate retirement income for informal sector workers and the lifetime poor. Moreover, it has weighed the fiscal resources and institutional capacity necessary to provide additional support for vulnerable populations.

⁴ See World Bank, *Social Protection Sector Strategy, From Safety Net to Springboard*, 2001. http://www-wds.worldbank.org/servlet/WDS_IBank_Servlet?pcont=details&eid=000094946_01011705303891. Although the 1994 publication, *Averting the Old Age Crisis* was an essential part of the Bank's thinking in the 1990s, it never was suggested as a sector strategy.

Since 1984 the World Bank has made 266 loans that have had components that were directed to the establishment or reform of a pension system. The aggregate value of the elements of these loans that can be attributed to pension related projects has been more than \$7.5 billion over this period which represents about 1.5 percent of total World Bank lending during this period.

The lending for pensions began slowly during the 1980s and then exhibited two major peaks of activity during which pension lending represented about 5 to 7 percent of overall Bank lending in the 1995 to 2001 period and 3 to 5 percent of lending in the 2004 to 2005 period. Lending for pension can be viewed as essentially divided into three distinct periods. In the early stages of the Banks engagement on pensions from 1984 through 1995 lending for pensions was in the early stages of development and acceptance by clients. This was a period characterized largely by policy development within the bank and advisory work with clients. By the mid 1990's the Bank had formulated an approach to pensions and developed an internal capacity and expertise. This coincided with a rapid spike in demand as the countries of Central and Eastern Europe were faced with immediate fiscal crises during the early years of the transition. These fiscal crises involved unfunded and unsustainable liabilities from their inherited pension systems and rapidly aging populations.

This led to considerable lending activity through the inclusion of pension reforms in a number of the large policy and adjustment lending operations during this period. At the same time, many of the systems of Latin America faced similar crises as they began to mature and their unsustainable liabilities began to come due. This fiscal stress was exacerbated by the financial crisis of the late 1990's leading to the Bank's period of peak lending, which was concentrated in the LCR and ECA regions, as well as East Asia. Following this period pension work became more diverse as it evolved to address implementation issues in the countries that had enacted reforms and the initiation of policy development and reform other regions. This latest period has been characterized by more geographical dispersion of the work and a greater focus on investment lending and capacity building. During the FY2002-06 period, pension lending has remained at roughly the long term average of about 1.5 percent of overall Bank lending.

Consistent with the characteristics described above, over the several decades in which the Bank has been engaged in pension work, the majority of lending has been to Middle income and IBRD countries. Pension lending continues primarily as components of much larger policy loans. In recent years, there has been an increasing level of investment lending for pensions. Pension-related work has been broadly distributed among the sectors with most of the lending mapped to Social Protection, Economic Policy and Financial Sector Boards, which reflects the cross sector nature of pension issues. These patterns are likely to continue in the near future, although there is a gradual evolution of pension work in other regions.

Since the mid 1980s the Bank has undertaken hundreds of AAA related to pensions. These represent an important contribution to the global knowledge base on pension reform, and have been the foundation for much of the Bank's work in this area. The Bank continues to play a key leadership role in the development of pension policy and

contributor to global knowledge through the publication of its research work and the provision of specific analytical work that has guided pension reform efforts in many countries. In many respects, the Bank's contribution to research, policy development and the analysis of specific country reform options represents its most significant contribution to pension reforms during the period. The AAA address many key issues in the development of social protections systems, the role of pension in economic and fiscal stability and the many issues related to the development and operation of financial services and markets that are associated with the development of funded pension systems

B. Future Activities and Strategies

The nature of the Bank's engagement on pension issues continues to evolve as pension work moves beyond the initial focus on unsustainable systems in several regions toward supporting the establishment of multi-pillar systems in a much wider range of settings. In considering the priorities and challenges of this expansion, the Bank's approach to pensions and its assessment of future directions was recently discussed with the Bank's Board of Directors. This discussion focused on the following issues.

The issue of *fiscal affordability and sustainability* remains of primary importance for the Bank and client countries. *Civil service pension schemes* often pose important and specific challenges for ensuring fiscal sustainability while maintaining strong incentives to employ and retain public servants. Additional reform measures are needed in many client countries where employment in the civil service and in parastatal authorities has been an important proportion of the formal labor force.⁵ A medium- and longer-term fiscal framework that recognizes the implicit pension liabilities associated with civil service and other mandatory pension schemes is an important ingredient for moving forward with a pension reform program that is consistent with a balanced fiscal position. Where reforms have included the introduction of a privately-managed, funded pillar, returns have been higher than the implicit returns in existing pay-as-you-go schemes.⁶

The Bank has partnered with academics and practitioners to develop innovative ways to reform and operate a first pillar in the form of Non-financial Defined Contribution (NDC) schemes.⁷ This design offers a promising alternative approach to

⁵ A recent report found that separate pension schemes exist for civil servants or other public-sector workers in about half of the world's countries and those schemes tend to be more generous and less financially viable than those covering the rest of the formal sector. Further, most available projections show that the situation will worsen without reform. See Robert Palacios and Edward Whitehouse, "Civil Service Pension Schemes around the World," Social Protection Discussion Paper No. 602, The World Bank, May 2006,

<http://siteresources.worldbank.org/SOCIALPROTECTION/Resources/SP-Discussion-papers/Pensions-DP/0602.pdf>

⁶ One exception is Kazakhstan where the implicit returns on the existing pay-as-you-go scheme would have been higher.

⁷ Under such schemes, individuals accrue account balances but such accumulations are "notionally" funded. All or part of current contributions are used to finance the benefits of existing retirees as is the case in most pay-as-you-go defined-benefit schemes. Individual accounts earn interest at a rate broadly equivalent to the growth of the payroll tax base and, when employees retire, their notional capital is converted into regular pension annuities, paid out of the contributions of current workers and not their own retirement savings. See Robert Holzmann and Edward Palmer, *Pension Reform: Issues and Prospects for Non-Financial Defined Contribution (NDC) Schemes*, The World Bank, 2006.

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALPROTECTION/EXTPENSIONS/0,,contentMDK:20811726~pagePK:148956~piPK:216618~theSitePK:396253,00.html>.

parametric pension reforms by substantially improving the relationship between contributions and benefits while at the same time avoiding the need for financing the transition costs associated with moving from unfunded to funded schemes that arise when the contributions of younger workers are directed toward funded accounts while the benefits accrued by retirees still need to be paid. This comes at a time when many developing countries are wondering how to relieve the demographic and economic pressures on their pension systems, while avoiding the creation of additional burdens for future workers.

The measurement of *poverty prevalence, trends and vulnerability amongst the elderly population* is an important element for determining pension policies and instruments and a primary means of benchmarking performance. Informal support systems have been breaking down and cannot meet the challenge of poverty among the elderly in many developing countries. In some countries, the burden on the elderly has risen enormously due to rural-to-urban migration, the dissolution of traditional extended family structures and mortality among working-age adults resulting from the HIV/AIDS pandemic. Moreover, traditional family support systems, while reasonably reliable during normal times, can break down when faced with the covariate shocks experienced in developing countries. Country-level evaluations of the prevalence of poverty and vulnerability amongst the elderly are needed to help measure the potential impact of different pension policies and instruments. Focused poverty assessments will therefore be an essential part of our work in pension reform going forward.

In the Bank and in client countries, there has also been an increasing recognition of the *impact of the pension governance framework on sustainability and benefit adequacy.* Governance affects not only the returns on reserves of pension schemes; it also can affect the size of real and contingent fiscal liabilities, adequate and efficient provision of benefits, and, most important, public credibility. The latter is important for achieving compliance and meaningful coverage for mandatory schemes as well as voluntary participation in occupational and individual savings schemes. More work is needed to develop a methodology for a baseline assessment of the governance of publicly-managed pension schemes and a toolkit of best-practices for such governance and guidance on reform measures for achieving them. Similarly, principles are needed for more effective pension regulation. Financial markets need adequate supervision to prevent possible fraud or excessive risk taking, a need that is heightened in mandatory schemes and those with the provision of public guarantees. Pension administration systems are a necessary condition for most pension reform efforts and so increasing attention has been given to collection, reconciliation, benefit payments and information technology systems when providing advice on pension reforms.

The effect of management and administrative costs on sustainability and benefit adequacy has also been recognized to be critical to the performance of pension systems. Recognizing that many public and privately managed mandatory pension schemes have relatively high management and administrative costs, a number of countries are reviewing their design and supervision to strengthen administration and improve efficiency and risk management. Greater attention is needed by the Bank and its counterparts in designing competitively-managed schemes that reduce costs while at the

same time reasonably managing risks. Further work on approaches appropriate to the need of small states is required in order to address the large economies of scale and therefore high costs of administration as well as investment risks arising from volatility.

The level of coverage of mandatory and voluntary pension schemes in many settings must be expanded to achieve overall pension adequacy in order for the vast majority of the population receive benefits sufficient to prevent old-age poverty and have a reliable means to smooth lifetime consumption. Even countries that have introduced reforms since the 1980s are believed to have had limited success in expanding coverage of the labor force under formal pension schemes. More analysis is needed of poverty mitigation provided by informal support and risk management systems and options for strengthening such systems. The Bank is working to identify the best practice characteristics of voluntary savings schemes to develop policy options that better utilize informal channels to mobilize savings. The Social Protection anchor has placed substantial importance on developing further guidance on mechanisms for increasing coverage and, with support solicited from other development partners, aims to provide guidance to staff and country policymakers.

Additional efforts are needed by the Bank to assist developing countries to improve the performance of funded pension pillars including remedying weaknesses in the financial sector that have constrained reform efforts. The mixed *savings and capital market effects* of pension reforms suggest additional efforts by the Bank to assist developing countries in their efforts to improve the structure and performance of funded pension pillars, through Financial Sector Assessment Programs (FSAPs) and focused sector work. Recent and more focused FSAPs and AAA made on request have involved an in-depth review of the performance of recently established second and third pillars and the broader relationship between pension reform and financial market development.

Strategies

The Bank recognizes that *design options suitable to the enabling environment and inherited systems* may be limited in many, particularly low-income, countries. The Bank is therefore developing diagnostic criteria for assessing the conduciveness of country conditions to funded pension schemes, including second pillar reforms. These criteria include: macroeconomic and fiscal conditions; the capacity and oversight of financial markets; systems for data management and disclosure; other systems of oversight to ensure consumer protection and the accountability of participating public and private institutions not regulated under financial markets. Greater attention is needed to developing reform options for those countries facing substantial reform needs where macroeconomic and fiscal conditions and institutional capacity limit the range of options. Equally important are related initiatives to improve the enabling environment in order to increase the range of viable reform options.

The Bank has undertaken substantial recent analysis of the withdrawal phase of funded pension systems including annuities markets that is designed to identify best regulatory practices and institutional arrangements. This includes the examination of several countries with large pension systems that have developed markets for annuities.

Filling this knowledge gap will enable Bank staff to provide sound advice in this area, helping these countries build efficient and transparent annuities markets and institutions capable of managing effectively the risks of the withdrawal phase.

The experience in many countries suggest that the Bank needs to tailor the pace of pension policy reforms to the development of the management and administrative aspects of pension systems, including institution and capacity building and for the Bank to provide additional support in these essential areas. This is an increasingly important source of demand for Bank advice and support. As a result, the Bank will need to continue to focus its attention on implementation issues in order to maintain its intellectual and operational usefulness to its clients.

Proposed Approach

The unifying objective of the Bank's pension strategy for the future is to work with client countries to establish pension systems that manage the risk of old age poverty and efficiently provide lifetime consumption smoothing in a manner that is supportive of growth and development. Country-specific objectives for pension systems should be jointly-determined by applying the Bank's multi-pillar framework and evaluation criteria to country needs and priorities and reflect a joint assessment of realistic outcomes. Achieving this requires a focused effort on the key substantive issues in conjunction with an effective organization and management process through which the work is undertaken. To accomplish this:

Central anchors should be responsible for providing regional and counterpart staff with: (i) the analytical framework and toolkits for pension policy analysis, (ii) common measurement methods that are linked to outcome and results indicators supported by global benchmarks and a database of cross country information; (iii) metrics for determining the efficacy of policy and institutional development approaches pursued; (iv) relevant research and knowledge management products that support the policy agenda (v) training of regional staff, counterparts and other development partners in the techniques and policy frameworks developed; (vi) inter-sector and inter-institutional coordination at a Bank-wide level; and (vii) ensuring the consistency of the Bank's approach with international best practices.

Core substantive issue areas where central anchors should concentrate would be those that are relevant to the largest number of Bank clients and where the Bank can have the most impact: (i) fiscal affordability and sustainability, including the reform needs of public service pension schemes; (ii) measurement of poverty prevalence, trends and vulnerability amongst the elderly population as a means of establishing core objectives for policymakers and for determining pension policies and instruments; (iii) the governance framework for public and privately-managed schemes including the regulatory and oversight framework; (iv) modalities for improving efficiency and risk management in an effort to reduce costs and therefore improve sustainability and adequacy; (v) approaches to increasing coverage in order to better insulate a broader proportion of the lifetime poor and vulnerable elderly populations; and (vi) complementary reform programs in fiscal management and capital markets development

in order to improve the environment for funded mandatory and voluntary savings. Central anchors will work closely with regional staff to refine these priorities in accordance with changes in the needs and demands of country clients.

Regional staff should be responsible for the process of: (i) identify and organizing country-driven engagements consistent with results-based CASs according to the priorities set out in country-owned plans such as PRSPs; (ii) drawing upon the analytical framework, toolkits, indicators, benchmarks and metrics provided by central anchors to undertake the assessment process to formulate an appropriate policy framework to guide the Banks provision of advice, lending and technical support to the pension reform; (iii) developing and carrying out country and regional knowledge management functions including disseminating country, regional and bank-wide insights to counterparts and other development partners; and (iv) ensuring an internal coordination process which draws upon the best staff expertise appropriate to country needs and external coordination with other development partners on a country and regional basis. As the Bank's policy advice on pensions is generally highly regarded internationally, regional staff will continue strengthening many forms of client engagement including reimbursable technical assistance, sub-sovereign lending where applicable, and leveraging external financial support at a central and a regional level from trust funds, partnerships, etc. for capacity building, knowledge generation and dissemination.

Pension reforms supported by the Bank through this process should continue to emphasize: fiscal sustainability; broad participation to improve the adequacy and equity of outcomes; risk management through diversification of instruments, advance funding and market-based products; financial sector development; and the strengthening of poverty alleviation through appropriately designed arrangements that are able to reach the lifetime poor and the informal sector.

Annex 1: Information Contents of IEG Database

Lending

IEG Database Headings

Data on Bank lending in the IEG database is compiled under the following main headings:

- Project information consisting of project ID and name, region, country, followed by lending instrument type (investment, adjustment, technical assistance) and loan type.
- Lending commitment section providing information on the commitment, cancellation and disbursement and project cost amounts in million US\$.
- Loan dates specify the approval date, approval fiscal year and approval exit fiscal year
- Project status indicates whether the operation is closed or still active. QAG section indicates ratings for the operation at entry and at supervision,
- Pension component cost information presents data on pension cost (in million US\$), pension cost as percentage of Bank commitment, and size of the pension component (on a scale indicating <30 percent, 30 percent to 80 percent and 80 percent to 100 percent of the total loan commitment).
- Sector and sub-sector classification indicates the sector board to which the project is assigned and the five sectors that the operation aims to support.
- Status Report (PSR and ISR) section covers latest evaluation date, development objective rating and implementation progress and risk ratings.
- OED evaluations include evaluation type, ratings on outcome, sustainability, institutional development impact, overall Bank performance, overall borrower performance and evaluation of the pension component.
- Objectives and outcomes presents information on pension related objectives and actions, and, when available, information on the outcomes achieved through the operation.
- Classification by type of activity and pillar within the pension system delineates each operation in regard to three groupings of activities (general analytical support, reform measures and institution building) which of the three main pillars of pension system are addressed for each type of activity.

Characteristics of Individual Lending Operations

The classification methods developed by IEG for the earlier study were used to provide descriptive information on each of the additional operations in the subsequent period.

Project Identification Information including project ID numbers, relevant dates, lending categories, and the country and region involved were derived directly from the loan documents.

Country Classification by lending category (IBRD, IDA, Blend) and by Country Income level were derived by comparing the countries involved against the categorizations contained in World Bank List of Economies in the July 2007 World Development Indicators database.

The Value of Project Attributed to the Pension Components. For investment lending, the US\$ amounts allocated to pension specific components are given in the detailed project description in the PADs. For adjustment lending, the pension-specific reform actions/conditions as a percentage of total number of reform actions/conditions was used to calculate the pension lending amounts for each project. For instance, if the policy matrix of a program document has 2 pension-related prior actions out of a total of 10 prior actions, pension component cost as percentage of Bank commitment is indicated to be 20 percent and that percentage of the loan amount is allocated to pension component cost in the database.

Project Status including information on any quality assessment is derived from the review of ISRs and ICRs taken from both the banks Operations website and others found in Imagebank. In terms of portfolio monitoring and quality, out of the 65 projects covering the period 2004-2007, 58 of them had ISRs available and they contained ratings for the projects. On the other hand, only 16 of these projects had completed ICRs available and 14 of them were rated by OED. The performance ratings in the ISRs, ICRs and OED documents are utilized in this review to measure the portfolio quality.

Summary Descriptions of Project Objectives is taken from the relevant narrative sections of the PAD, in particular Annex 4, the detailed project descriptions. The full PADs were searched for key words and judgment exercised as to the most relevant sections

Classification of the Activity into three major categories (1) analytical support, (2) actual reform measures, and (3) institutional capacity building was developed through manual review of the PADs and other loan documents. This usually involved a review of the detailed project description contained in Annex 4 of the PAD and the exercise of judgments regarding the nature of the objectives described in the loan documents.

Delineation of the Element of the Pension System within the World Bank multi-pillar pension taxonomy⁸ was also done through review of the project descriptions contained in the PADs and other documents. The first pillar is identified as “a public pension plan, publicly managed (defined benefit or notional defined contribution)” with mandated participation and funded through contributions, perhaps with some financial reserves. The second pillar is defined as “occupational or personal pension plans (fully funded defined benefit or fully funded defined contribution)” where participation is voluntary and the funding is through financial assets. The third pillar’ characteristics are similar to the second pillar, i.e. “occupational or personal pension plans (partially or fully funded defined benefit or funded defined contribution)” and funded by financial assets. However the participation in this pillar is voluntary not mandated.

Analytical and Advisory Services (AAA)

IEG Database Headings

Data on Bank AAA in the IEG database is compiled under the following main headings:

- General AAA information consisting of report number, specific region, and specific country, document title, date, fiscal year, report type, and author/task manager name.
- Classification by issues addressed made according to the type of areas the report provides analytical support in. The headings of classification include common pension-related topics including:
 - Poverty
 - Gender impact
 - Income of the aged
 - Targeting/coverage/ eligibility
 - Fiscal sustainability
 - Capital market development
 - Contractual savings
 - Fund management/investment
 - Annuities and insurance
 - Pension system description
 - Pension reform design
 - Public information/political support
 - Public administration/costs
 - Transition costs.
- Classification by pillar is divided into two sections that determine whether the AAA has any component related to three different pillars. This section is divided

⁸ “Introduction and Executive Summary” of in Old Age Income Support in the 21st Century, Robert Holzmann and Richard Hinz, The World Bank, Washington DC, 2005, p. 10

into two parts, which is “mention of the pillar” and “recommendation of pillar” that aims to clarify the scope of the analytic program.

Characteristics of Each AAA

- a) In addition to the classification developed by IEG, the recent list is extended to include a column named “summary/explanations” to give a brief overview of the pension component in the report.
- b) Regional analysis: The reports that specifically identified the region/country were classified as such, whereas solely thematic reports were classified as “world”.
- c) Analysis by instrument type: The reports were classified according to the document type listed next to them under Imagebank.
- d) Classification by issues/topics: The pension agenda addressed in each report was reflected in the database through a classification system used for the IEG review and listed above. The documents identified were manually reviewed to determine whether each specific issue (such as poverty, gender, income of the aged, etc.) is part of the discussion.
- e) Income level and lending category: Two additional columns were inserted in the IEG database to facilitate an analysis of AAA work by income level and lending category. The same list used for the lending categorization (World Bank List of Economies in the July 2007 World Development Indicators database) was used for this classification.

Table 16: Pensions Lending (FY2002-2007)

No	Project Name	Country	Approval Year	Project ID	Loan Type	Total Commitment (US\$ million)	Pension Cost (US\$ million)
1	Andhra Pradesh Economic Reform Program Project	India	2002	P073113	Adjustment	250.0	6.1
2	Second Private Sector Adj Loan Project	Romania	2002	P067575	Adjustment	300.0	24.0
3	Third Structural Adj Credit Project	Moldova	2002	P065163	Adjustment	30.0	1.8
4	Second Programmatic Structural Adjustment Loan Project	Latvia	2002	P069890	Adjustment	20.2	1.6
5	Second Programmatic Social Reform Loan Project	Peru	2002	P073817	Adjustment	100.0	8.9
6	Municipal Pension Reform Project	Brazil	2002	P074777	TA	5.0	5.0
7	Health System Reform Project	Honduras	2002	P053575	Investment	27.1	3.6
8	Structural Adj Credit Project	Serbia and Montenegro	2002	P076764	Adjustment	15.0	1.8
9	Structural Adj Loan Project	Uruguay	2002	P077172	Adjustment	151.5	25.3
10	MX Technical Assistance for Public Sector Social Security Reform (ISSSTE)	Mexico	2002	P074795	TA	8.7	2.9
11	Social Benefits Reform Administration Project	Slovak Republic	2002	P038090	Investment	23.5	40.3
12	Second Structural Adjustment Credit Project	Pakistan	2002	P074968	Adjustment	500.0	8.1
13	Economic Reform Technical Asst Project	Sri Lanka	2002	P077586	TA	15.0	0.3
14	Poverty Reduction Strategy Credit Project	Albania	2002	P069935	Adjustment	20.0	1.6
15	Public Expenditures Reform Loan Project	Mauritius	2002	P075070	Adjustment	40.0	4.7
16	Public Sector Management Adj Credit Project	Macedonia	2002	P066154	Adjustment	15.0	0.8
17	Emergency Public Administration Project	Afghanistan	2002	P077417	Investment	10.0	0.1
18	Pensions System Investment Project	Croatia	2002	P063546	Investment	27.3	35.6
19	Structural Adj Credit Project	Serbia and Montenegro	2002	P074586	Adjustment	70.0	8.3
20	Financial Sector Strengthening	Uganda	2002	P074649	Investment	11.7	0.7
21	Second Public Sector Reform Loan Project	Jordan	2002	P066826	Adjustment	120.0	4.3
22	Growth and Competitiveness Project	Cape Verde	2003	P074055	Investment	11.5	2.3
23	PY Economic Recovery Loan	Paraguay	2003	P086543	Adjustment	30.0	5.3

No	Project Name	Country	Approval Year	Project ID	Loan Type	Total Commitment (US\$ million)	Pension Cost (US\$ million)
24	Second Programmatic Adj Loan Project	Ukraine	2003	P074972	Adjustment	250.0	21.7
25	Programmatic Human Development Reform Loan Project	Ecuador	2003	P082395	Adjustment	50.0	10.0
26	Fifth Structural Adjustment Credit Project	Armenia	2003	P075758	Adjustment	40.0	2.9
27	Social Sector Adjustment Credit Project	Serbia and Montenegro	2003	P078390	Adjustment	80.0	13.3
28	Private Investment Promotion Project	Senegal	2003	P051609	Investment	46.0	3.0
29	Programmatic Social Reform III	Peru	2003	P078951	Adjustment	150.0	20.0
30	Second Poverty Reduction Support Credit Project	Albania	2003	P077739	Adjustment	18.0	0.7
31	CL-Social Protection Adjustment Loan DDO	Chile	2003	P078088	Adjustment	200.0	26.0
32	Social Insurance Technical Asst Credit Project	Bosnia-Herzegovina	2003	P071004	TA	7.0	6.2
33	CO Programmatic FSAL I	Colombia	2003	P078869	Adjustment	150.0	10.0
34	CO 1st PSAL Labor & Soc Ref	Colombia	2003	P079060	Adjustment	200.0	22.0
35	SOC PROT ADMIN	Armenia	2004	P087620	Investment	5.2	1.3
36	PENSION ADMIN (MONTENEGRO)	Montenegro	2004	P087470	Investment	5.0	2.6
37	Enterprise Growth & Bank Modernization	Bangladesh	2004	P081969	Investment	250.0	180.0
38	Public Sector Management Adjustment Loan Project	Macedonia	2004	P074893	Adjustment	30.0	1.7
39	Financial Sector Program Project	Niger	2004	P074316	TA	14.8	1.9
40	AP SAL II	India	2004	P075191	Adjustment	220.0	4.8
41	Financial Sector Technical Assistance	Dominican Republic	2004	P078838	TA	12.5	1.5
42	Public Financial Management Reform Structural Adjustment Operation Project	West Bank and Gaza	2004	P088754	Adjustment	20.0	2.9
43	Fourth Poverty Reduction Support Operation Project	Uganda	2004	P074082	Adjustment	150.0	3.0
44	ZM-Econ Mgmt & Growth Credit (FY05)	Zambia	2004	P040631	Adjustment	40.0	6.8
45	Private Sector Adjustment Credit	Senegal	2004	P080013	Adjustment	45.0	16.4
46	SAC 2 (MONTENEGRO)	Montenegro	2004	P074908	Adjustment	18.0	1.3
47	First Programmatic Adjustment Loan	Romania	2004	P008791	Adjustment	150.0	5.0

No	Project Name	Country	Approval Year	Project ID	Loan Type	Total Commitment (US\$ million)	Pension Cost (US\$ million)
	Project						
48	Payments and Banking System Modernization Project	Kyrgyz Republic	2004	P074881	Investment	9.0	0.4
49	Social Protection Project	Macedonia	2004	P074358	Investment	9.7	8.6
50	Third Programmatic Financial and Public Sector Adjustment Loan Project	Turkey	2004	P082996	Adjustment	1000.0	200.0
51	Second Programmatic Adjustment Loan Project	Bulgaria	2004	P081637	Adjustment	150.0	1.6
52	NG-Econ Reform & Govern SIL (FY05)	Nigeria	2004	P088150	TA	140.0	6.7
53	PE-Programmatic Social Reform Loan IV	Peru	2004	P083968	Adjustment	100.0	13.0
54	Education Sector Dev. Support Credit	Bangladesh	2004	P077789	Adjustment	100.0	4.3
55	Econ Mgt Structural Adj Credit Project	Bosnia and Herzegovina	2004	P071039	Adjustment	34.0	3.4
56	Health Transition Project	Turkey	2004	P074053	Investment	60.6	2.8
57	CO 2nd Programmatic FSAL	Colombia	2004	P082597	Adjustment	100.0	11.0
58	PENSION & SOC ASST	Azerbaijan	2004	P049892	Investment	10.0	7.6
59	Poverty Reduction Support Credit Project	Nicaragua	2004	P082885	Adjustment	70.0	7.0
60	DPL	Ukraine	2005	P079316	Adjustment	251.3	23.8
61	CNSLTD COLLECT & PENS ADM REF (SERBIA)	Serbia	2005	P090418	Investment	25.0	25.0
62	MZ-Financial Sector TA Project	Mozambique	2005	P086169	Investment	10.5	3.9
63	BR 1st PRGM. FISCAL REF - SOC SEC REFORM	Brazil	2005	P086525	Adjustment	658.3	519.0
64	Programmatic Development Policy Loan for Sustainable Development Project	Colombia	2005	P081397	Adjustment	150.0	0.0
65	Uruguay Social Program Support Loan DPL	Uruguay	2005	P095028	Adjustment	75.4	4.2
66	Economic Management Capacity Building Project	Ghana	2005	P092986	Investment	25.0	0.5
67	SOC INS TA SUPPLMT	Bosnia and Herzegovina	2005	P095596	TA	2.0	1.0
68	Programmatic Adjustment Loan Project	Croatia	2005	P082278	Adjustment	184.9	6.3
69	First Poverty Reduction Support Credit	Cape Verde	2005	P078860	Adjustment	15.0	0.3
70	Business Productivity	Colombia	2005	P094301	Adjustment	250.0	28.0

No	Project Name	Country	Approval Year	Project ID	Loan Type	Total Commitment (US\$ million)	Pension Cost (US\$ million)
	and Efficiency Loan						
71	Health and Social Protection Project	Kyrgyz Republic	2005	P084977	Investment	15.0	2.0
72	SV (CRL2) Program. Broad-Based Growth DP	El Salvador	2005	P093133	Adjustment	100.0	16.7
73	Banking Sector Development Policy Support Credit	Pakistan	2005	P083079	Adjustment	300.0	6.6
74	PSSP 2	Turkey	2005	P094167	Investment	465.4	24.4
75	PAL 3	Bulgaria	2005	P078675	Adjustment	150.0	4.5
76	Second Institutional Strengthening of the National Social Security Administration Technical Assistance Loan Project	Argentina	2005	P092836	TA	25.0	37.5
77	PRSC	Azerbaijan	2005	P074938	Adjustment	20.0	0.7
78	Financial Sector Support Project	Tanzania	2006	P099231	Investment	15.0	2.5
79	Second Public Service Management Program Support Project	Zambia	2006	P082452	Investment	30.0	1.6
80	ACC TO FIN SERVS (APL 1)	Ukraine	2006	P076553	Investment	150.0	8.0
81	EG- FINANCIAL SECTOR REFORM DPL	Egypt	2006	P088877	Adjustment	500.0	50.0
82	Second Orissa Socio-Economic Development Program Credit Project	India	2006	P097036	Adjustment	225.0	10.2
83	UY First Prog. Reform Implement. DPL	Uruguay	2006	P083927	Adjustment	100.0	20.0
84	Public Service Performance Enhancement Project	Uganda	2006	P050440	Investment	70.0	0.3
85	CV-PRSC 2 (FY06)	Cape Verde	2006	P090875	Adjustment	10.0	0.4
86	POST-ACC RUR SPPRT	Poland	2006	P065270	Investment	88.8	33.2
87	Emergency Social Protection Project	Iraq	2006	P099295	Investment	0.0	0.8
88	PA Dev Policy Loan	Panama	2006	P098376	Adjustment	60.0	8.5
89	PA Dev Policy Loan (FY07)	Panama	2006	P098376	Adjustment	60.0	8.6
90	TR- PPDPL	Turkey	2006	P071052	Adjustment	500.0	100.0
91	MX Finance and Growth DPL I	Mexico	2006	P097159	Adjustment	501.3	71.5
92	Co - 3rd Prog.Labor and Social Sector	Colombia	2006	P094097	Adjustment	200.0	20.0
93	Second State Pension Reform Technical Assistance Project	Moldova	2006	P099166	Adjustment	10.0	1.2
94	CV-PRSC 3 (last of 1st series)	Cape Verde	2007	P100807	Adjustment	10.0	0.5
95	India AP DPL III	India	2007	P075174	Adjustment	225.0	11.8

No	Project Name	Country	Approval Year	Project ID	Loan Type	Total Commitment (US\$ million)	Pension Cost (US\$ million)
96	Second State Pension Reform Technical Assistance Project	Brazil	2007	P089793	TA	5.0	5.0
97	GH-PRSC 5 DPL (FY07)	Ghana	2007	P099287	Adjustment	110.0	0.0
98	SIR DPL1	Bulgaria	2007	P094967	Adjustment	150.0	15.0
99	PRSC 3	Armenia	2007	P093460	Adjustment	28.0	0.0

Table 17: Pensions Lending (FY1983-2001)

No	Project Name	Country	Approval Year	Project ID	Loan Type	Total Commitment (US\$ million)	Pension Cost (US\$ million)
1	Technical Assistance Project	Panama	1983	P007820	TA	5.0	0.4
2	First Structural Adjustment Loan Project	Uruguay	1987	P008142	Adjustment	80.0	11.4
3	Social Sector Management Technical Assistance Project	Argentina	1988	P005991	TA	28.0	3.5
4	Second Structural Adjustment Loan	Uruguay	1989	P008145	Adjustment	140.0	11.7
5	Financial Sector Adjustment Project	Ghana	1989	P000935	Adjustment	6.6	0.2
6	Second Tech Asst Project	Uruguay	1989	P008157	TA	6.5	1.4
7	Economic Restructuring Credit Project	Sri Lanka	1990	P010347	Adjustment	95.2	8.7
8	Structural Adj Loan	Hungary	1990	P008476	Adjustment	200.0	5.6
9	Structural Adj Loan Project	Poland	1990	P008588	Adjustment	300.0	23.1
10	Railways Restructuring Project	Tanzania	1991	P002757	Investment	76.0	1.6
11	Econ Mgt Structural Adj Credit Project	Bulgaria	1991	P008307	TA	17.0	1.6
12	Structural Adj Program Project	Bolivia	1991	P006184	Adjustment	40.0	1.1
13	Second Structural Adj Loan Project	Hungary	1991	P008492	Adjustment	250.0	10.3
14	Second Public Sector Management Project	Chile	1991	P006669	TA	17.2	2.0
15	Second Fin Sector Adj Credit Project	Ghana	1991	P000911	Adjustment	100.0	2.4
16	Second Public Financial Management Operation Project	Bolivia	1991	P006189	Investment	11.3	0.3
17	Economic & Fin Reforms Support Loan Project	Tunisia	1991	P005742	Adjustment	250.0	25.0

No	Project Name	Country	Approval Year	Project ID	Loan Type	Total Commitment (US\$ million)	Pension Cost (US\$ million)
18	Structural Adj Loan Project	Romania	1992	P008779	Adjustment	400.0	16.7
19	Structural Adj Loan Project	Peru	1992	P008034	Adjustment	450.0	56.3
20	Economic Recovery Loan Project	Panama	1992	P007843	Adjustment	120.0	18.0
21	Social Safety Net Sector Adj Program Project	India	1992	P009987	Adjustment	500.0	9.4
22	Employment Services & Social Protection Project	Russian Federation	1992	P008822	Investment	70.0	22.5
23	Financial Sector Adj Loan Project	Peru	1992	P008050	Adjustment	400.0	42.1
24	Second Privatization & Industrial Reform Project	Zambia	1993	P003226	Adjustment	100.0	2.9
25	Technical Asst for Social Safety Net Project	Albania	1993	P008265	Investment	5.5	4.2
26	Pension Admin & Health Insurance Project	Hungary	1993	P008495	Investment	132.0	132.0
27	Enterprise & Financial Sector Adj Loan Project	Slovenia	1993	P008854	Adjustment	80.0	7.7
28	Health Sector Reform Project	Nicaragua	1993	P007778	Investment	15.0	0.1
29	Third Structural Adj Loan Project	Costa Rica	1993	P006952	Adjustment	100.0	3.1
30	Tech Asst Project	Kazakhstan	1993	P008504	Investment	38.0	2.6
31	Economic Recovery Loan Project	Slovak Republic	1993	P008848	Adjustment	80.0	1.9
32	Health Sector Reform : Social Security System Project	Costa Rica	1993	P006954	Investment	22.0	1.5
33	Fin Sector Adj Credit Project	Uganda	1993	P002962	Adjustment	101.1	0.1
34	Economic Recovery Loan Project	Macedonia	1994	P008408	Adjustment	80.0	5.0
35	Enterprise Housing & Social Security Reform Project	China	1994	P003603	Investment	350.0	13.5

No	Project Name	Country	Approval Year	Project ID	Loan Type	Total Commitment (US\$ million)	Pension Cost (US\$ million)
36	Capital Market Dev Tech Asst Project	Argentina	1994	P006062	TA	8.5	3.8
37	Rehabilitation Loan Project	Ukraine	1994	P009108	Adjustment	500.0	83.3
38	Technical Asst Project	Turkmenistan	1994	P034092	TA	25.0	0.6
39	Social Safety Net Project	Kyrgyz Republic	1994	P008515	Investment	17.0	7.5
40	Structural Adj Loan Project	Moldova	1994	P008554	Adjustment	60.0	5.1
41	Privatization Implementation Assistance & Social Safety Net Project	Turkey	1994	P009102	TA	100.0	5.0
42	Capital Market Development Project	Argentina	1994	P005988	Investment	500.0	9.3
43	Social Reform & Technical Assistance Project	Macedonia	1995	P038092	Investment	14.0	0.5
44	Rehabilitation Loan Project	Uzbekistan	1995	P009129	Adjustment	160.0	10.0
45	Economic Rehab Support Loan Project	Algeria	1995	P035704	Adjustment	150.0	1.2
46	Fin & Enterprise Development Project	Kazakhstan	1995	P008508	Investment	62.0	12.7
47	Rehabilitation Credit Project	Georgia	1995	P008410	Adjustment	75.0	3.3
48	Capitalization Program Adj Credit Project	Bolivia	1995	P006173	Adjustment	66.3	7.2
49	Rehabilitation Credit Project	Armenia	1995	P008275	Adjustment	60.0	3.8
50	Fin & Enterprise Sector Adj Credit Project	Macedonia	1995	P008409	Adjustment	85.0	5.5
51	First Rehabilitation Loan Project	Russian Federation	1995	P008816	Adjustment	600.0	20.0
52	Non-Bank Financial Institutions Assistance Project	Ghana	1995	P000943	TA	23.9	1.3
53	Economic Recovery & Investment Credit Project	Zambia	1995	P003240	Adjustment	152.1	22.4
54	Fin Markets & Pension Reform	Bolivia	1995	P034606	TA	9.0	6.1

No	Project Name	Country	Approval Year	Project ID	Loan Type	Total Commitment (US\$ million)	Pension Cost (US\$ million)
	Tech Asst Project						
55	Fin Sector Tech Asst Project	Mexico	1995	P034161	TA	23.6	1.9
56	Employment & Social Protection Project	Romania	1995	P008776	Investment	55.4	3.8
57	Coal Pilot Project	Ukraine	1996	P044110	Investment	15.8	2.4
58	Railway Restructuring Project	Morocco	1996	P043725	Investment	85.0	9.4
59	Structural Adj Project	Lithuania	1996	P044056	Adjustment	80.0	13.3
60	Social Insurance Administration Project	Bulgaria	1996	P008323	Investment	24.3	32.3
61	Second Economic Reform & Dev Loan Project	Jordan	1996	P044139	Adjustment	120.0	3.5
62	Coal Sector Adj Loan Project	Russian Federation	1996	P038550	Adjustment	500.0	0.0
63	Third Structural Adjustment Credit Project (SACIII) Project	Laos	1996	P004209	Adjustment	40.0	5.7
64	Structural Adj Project	Latvia	1996	P044123	Adjustment	60.0	1.8
65	Fin Sector Adj Project	Kyrgyz Republic	1996	P034095	Adjustment	45.0	0.5
66	Structural Adj Credit Project	Georgia	1996	P034583	Adjustment	60.0	3.1
67	Capacity Building Project for Private Sector Promotion Project	Cape Verde	1996	P000438	Investment	11.4	0.4
68	Public Sector Modernization Tech Asst Credit Project	Honduras	1996	P034607	TA	9.6	1.1
69	Contractual Savings Development Program Project	Mexico	1996	P041820	Adjustment	400.0	200.0
70	Provincial Pension Reform Adj Project	Argentina	1996	P044445	Adjustment	300.0	620.0
71	Structural Adj Technical Assistance Credit Project	Georgia	1996	P044388	TA	4.8	0.3
72	Coal Sector Adj	Ukraine	1996	P040564	Adjustment	300.0	20.0

No	Project Name	Country	Approval Year	Project ID	Loan Type	Total Commitment (US\$ million)	Pension Cost (US\$ million)
	Loan Project						
73	Capital Markets Development Project	Croatia	1996	P040142	Investment	9.5	0.5
74	Transition Asst Project	Bosnia-Herzegovina	1996	P044033	Adjustment	90.0	10.4
75	Improvement to Financial Reporting and Auditing Project	Pakistan	1996	P036015	Investment	28.8	4.1
76	Structural Adjustment Loan and Credit Project	Macedonia	1997	P038393	Adjustment	60.0	0.0
77	Second Structural Adj Credit Project	Georgia	1997	P044797	Adjustment	60.0	6.0
78	Rio de Janeiro State Reform-Privatization Project	Brazil	1997	P039197	Investment	250.0	20.8
79	Second Structural Adj Technical Asst Credit Project	Armenia	1997	P051026	TA	5.0	0.3
80	Critical Imports Rehabilitation Loan Project	Bulgaria	1997	P050540	Adjustment	40.0	5.7
81	Social Protection Implementation Loan Project	Russian Federation	1997	P046496	TA	28.6	8.5
82	Second Structural Adj Credit Project	Armenia	1997	P044796	Adjustment	60.0	0.4
83	Second Structural Adj Loan Project	Moldova	1997	P044147	Adjustment	100.0	19.8
84	Pension Reform Adj Loan Project	Peru	1997	P008064	Adjustment	100.0	100.0
85	Social Protection Adj Project	Romania	1997	P050432	Adjustment	50.0	4.9
86	Fin Markets Tech Asst Loan Project	Colombia	1997	P006884	TA	15.0	4.4
87	Economic Reconstruction Loan Project	Korea, Republic of	1997	P055992	Adjustment	3000.0	76.9
88	Social Protection Adj Loan Project	Russian Federation	1997	P038573	Adjustment	800.0	249.2
89	Third Structural Adj Loan Project	Zimbabwe	1997	P003334	Adjustment	140.0	5.3
90	Structural Adj	Azerbaijan	1997	P041261	Adjustment	77.0	5.9

No	Project Name	Country	Approval Year	Project ID	Loan Type	Total Commitment (US\$ million)	Pension Cost (US\$ million)
	Credit Project						
91	Second Coal Sector Adj Loan Project	Russian Federation	1997	P050486	Adjustment	800.0	0.0
92	Second Structural Adj Technical Asst Credit Project	Georgia	1997	P051034	Adjustment	5.0	0.7
93	National Pension Adm Tech Asst Loan Project	Argentina	1997	P046821	TA	20.0	20.0
94	Public Sector Resource Mgt Adj Loan Project	Kazakhstan	1997	P034093	Adjustment	230.0	8.5
95	Welfare Reform Project	Latvia	1997	P035807	Investment	18.1	32.6
96	Second Structural Adj Loan Project	Korea, Republic of	1998	P056521	Adjustment	2000.0	200.0
97	State Pension Systems Reform Tech Asst Project	Brazil	1998	P057910	TA	5.0	5.0
98	Pension Reform Structural Adj Loan Project	Kazakhstan	1998	P050780	Adjustment	300.0	300.0
99	Reg Reform & Privatization Tech Asst Project	Bolivia	1998	P057396	TA	20.0	1.1
100	Social Sector Adj Credit Project	Kyrgyz Republic	1998	P038569	Adjustment	36.5	25.8
101	Structural Adj Credit Project	Tajikistan	1998	P047438	Adjustment	50.0	2.9
102	Reg Reform Sector Adj Credit Project	Bolivia	1998	P057030	Adjustment	40.0	1.0
103	Special Repurchase Facility Support Loan Project	Argentina	1998	P062992	Adjustment	505.1	19.4
104	Special Structural Adjustment Loan Project	Argentina	1998	P062991	Adjustment	2525.3	101.0
105	Second Contractual Savings Dev Project	Mexico	1998	P046006	Adjustment	400.0	400.0
106	Social Sectors Adj Loan Project	Macedonia	1998	P038392	Adjustment	29.0	4.8
107	Public Policy Reform Adj	Panama	1998	P050608	Adjustment	61.0	6.1

No	Project Name	Country	Approval Year	Project ID	Loan Type	Total Commitment (US\$ million)	Pension Cost (US\$ million)
	Loan Project						
108	Third Structural Adj Credit Project	Cameroon	1998	P054443	Adjustment	180.0	2.0
109	Structural Adj Loan Project	Korea, Republic of	1998	P056235	Adjustment	2000.0	225.0
110	Public Sector Adj Loan Project	Hungary	1998	P034082	Adjustment	150.0	92.9
111	Contractual Savings Structural Adj Loan Project	Uruguay	1998	P050717	Adjustment	100.0	100.0
112	Third Structural Adj Credit Project	Armenia	1998	P051171	Adjustment	65.0	1.5
113	Andhra Pradesh Economic Restructuring Project	India	1998	P049385	Investment	543.2	7.2
114	Public Fin Structural Adj Credit Project	Bosnia-Herzegovina	1998	P045546	Adjustment	63.0	10.5
115	Contractual Savings Dev Loan Project	Morocco	1998	P047582	Adjustment	100.0	25.0
116	Pension Reform Technical Asst Project	Macedonia	1998	P058056	TA	1.0	1.0
117	Social Protection Adj Loan	Bulgaria	1998	P051151	Adjustment	80.0	16.0
118	Health Sector Modernization Project	Nicaragua	1998	P035753	Investment	24.0	0.3
119	Pension Reform Project	China	1999	P058308	TA	5.0	6.3
120	Social Protection Special Sector Adj Loan Project	Brazil	1999	P063351	Adjustment	252.5	15.8
121	Private Sector Adjustment Loan Project	Romania	1999	P064853	Adjustment	300.0	0.0
122	Second Fin Institutions Dev Project	Tanzania	1999	P057187	Investment	27.5	0.4
123	Fin Markets Asst Project	Uganda	1999	P044213	TA	13.0	0.7
124	Structural Reform Support Project	Georgia	1999	P052154	Investment	16.5	1.5
125	Second Public Fin Structural Adj Credit Project	Bosnia-Herzegovina	1999	P055432	Adjustment	72.0	10.6

No	Project Name	Country	Approval Year	Project ID	Loan Type	Total Commitment (US\$ million)	Pension Cost (US\$ million)
126	Second Structural Adj Credit Project	Madagascar	1999	P057378	Adjustment	100.0	5.4
127	Social Protection Management Project	Moldova	1999	P051173	Investment	11.1	11.1
128	Second Fin Sector Adj Loan Project	Peru	1999	P065596	Adjustment	300.0	136.4
129	Railways and Ports Restructuring Project	Mozambique	1999	P042039	Investment	100.0	1.5
130	Social Security Special Sector Adj Loan Project	Brazil	1999	P063340	Adjustment	757.6	757.6
131	Structural Adj Credit Project	Albania	1999	P055160	Adjustment	45.0	1.6
132	Bank Restructuring & Debt Management Project	Jamaica	2000	P071112	Adjustment	75.0	3.3
133	Railway Restructuring Project	Zambia	2000	P003227	Investment	27.0	0.0
134	Fin Sector Development Project	Mali	2000	P001748	Investment	21.0	1.7
135	Pension & Fin Market Reform Tech Asst Project	Nicaragua	2000	P056087	TA	8.0	8.0
136	Fin Sector Adj Credit Project	Mongolia	2000	P068071	Adjustment	32.0	0.8
137	Uttar Pradesh Fiscal Reform and Public Sector Restructuring Project	India	2000	P065471	Adjustment	251.3	5.9
138	Fiscal Sustainability Credit Project	Zambia	2000	P039016	Adjustment	179.2	43.6
139	Economic Rehabilitation and Recovery Credit Project	Guinea-Bissau	2000	P065725	Adjustment	25.0	5.0
140	Public/Private Partnership, Growth Project	Cameroon	2000	P065927	TA	20.9	3.2
141	Programmatic Structural Adj Loan Project	Latvia	2000	P066153	Adjustment	40.4	2.2
142	Social Security	Brazil	2000	P062619	TA	5.1	5.1

No	Project Name	Country	Approval Year	Project ID	Loan Type	Total Commitment (US\$ million)	Pension Cost (US\$ million)
	Tech Asst Project						
143	Economic Reform Loan Project	Turkey	2000	P068792	Adjustment	759.6	189.9
144	Civil Service Modernization Project	Yemen	2000	P050706	Investment	30.0	0.3
145	Second Social Security Special Sector Adj Loan Project	Brazil	2000	P064901	Adjustment	505.1	505.1
146	Technical Assistance for Economic Reform Project	India	2000	P059501	Investment	55.0	0.4
147	Economic Rehabilitation and Recovery Credit Project	Sierra Leone	2000	P035637	Adjustment	30.0	1.2
148	Second Structural Adj Loan Project	Lithuania	2000	P068706	Adjustment	98.5	13.1
149	Social Safety Net Project	Jamaica	2001	P067774	Investment	40.0	5.6
150	Structural Fiscal Adj Loan Project	Colombia	2001	P073572	Adjustment	400.0	50.0
151	Second Hard Coal Sector Restructuring Loan Project	Poland	2001	P065351	Adjustment	100.0	2.6
152	Structural Adj Loan Project	Argentina	2001	P073591	Adjustment	400.0	24.5
153	Social Sector Adj Credit Project	Bosnia-Herzegovina	2001	P069058	Adjustment	20.0	2.4
154	Social Sector Dev Project	Romania	2001	P008783	Investment	50.0	10.9
155	Structural Adj Loan Project	Croatia	2001	P067223	Adjustment	202.0	24.7
156	Programmatic Fin Sector Adj Loan Project	Brazil	2001	P070640	Adjustment	404.0	11.5
157	Social Protection Project	Serbia and Montenegro	2001	P072405	Investment	4.2	0.2
158	Social Service Delivery Project	Albania	2001	P055383	Investment	10.0	0.2
159	Financial Sector Technical Assistance Loan Project	Brazil	2001	P073192	Investment	14.5	0.5
160	Economic Asst Grant to Support Social Protection	Serbia and Montenegro	2001	P074124	Investment	10.0	1.6

No	Project Name	Country	Approval Year	Project ID	Loan Type	Total Commitment (US\$ million)	Pension Cost (US\$ million)
161	Second Health Sector Strengthening and Modernization Project	Costa Rica	2001	P073892	Investment	17.0	2.1
162	Third Economic Competitiveness Adj Loan Project	Tunisia	2001	P055815	Adjustment	252.5	4.9
163	Financial Sector Supervisory Authority Project	Mauritius	2001	P073594	Investment	1.8	0.2
164	Programmatic Adj Loan Project	Ukraine	2001	P070693	Adjustment	250.0	19.5
165	Fiscal Consolidation Credit Project	Djibouti	2001	P065790	Adjustment	10.0	2.5
166	Structural Adjustment Credit Project	Pakistan	2001	P071463	Adjustment	350.0	5.2
167	Karnataka Economic Restructuring Loan/Credit Project	India	2001	P055490	Adjustment	150.0	3.4

Table 18: Economic & Sector Work (FY2004-2007)

No	Project Name	Country	Fiscal Year	Project ID	Project Type
1	Promoting Growth with Equity- Country Economic Memorandum	China	2004	24169-CHA	Economic Report
2	Inequality and Economic Development	Brazil	2004	24487-BR	Sector Report
3	State-Level Public Expenditure Review- The Case of Veracruz-Llave	Mexico	2004	25162-ME	Economic Report
4	The Pension System in Iran: Challenges and Opportunities	Iran	2004	25174-IR	Sector Report
5	Household Risk Management and Social Protection	Chile	2004	25286-CH	Sector Report
6	Poverty Assessment	Bosnia and Herzegovina	2004	25343-BIH	Economic Report
7	Reforming Policies and Institutions for Efficiency and Equity of Public Expenditures	Argentina	2004	25991-AR	Economic Report
8	Poverty Assessment	Serbia and Montenegro	2004	26011-YU	Economic Report
9	The New Economic Agenda and Fiscal Sustainability	Mauritius	2004	26152-MU	Economic Report
10	Poverty assessment	Romania	2004	26169	Sector Report
11	Poverty Assessment	Albania	2004	26213-AL	Economic Report
12	Country economic memorandum : towards macroeconomic stability and sustained growth Vol. 1 of 3	Turkey	2004	26301	Economic Report
13	Poverty Reduction Strategy Paper (PRSP) and Joint Staff Assessment Vol. 1 of 1	Mongolia	2004	26563	Poverty Reduction Strategy Paper (PRSP)
14	El sistema previsional y la crisis de la Argentina Vol. 1 of 1 (Spanish)	Argentina	2004	26825	Working Paper (Numbered Series)
15	DEVELOPMENT POLICY UPDATE	Philippines	2004	26946-PH	Sector Report
16	Defining a Strategy for Social Protection Policy	Paraguay	2004	27352-PA	Sector Report
17	Development Policy Report: Beyond Macroeconomic Stability	Indonesia	2004	27374-IND	Sector Report
18	Development Policy Review- Growth, Inclusion and Governance: The Road Ahead	Ecuador	2004	27443	Economic Report
19	Strategy for Public Debt Management	Tunisia	2004	27599-TUN	Economic Report
20	Restoring the Multiple Pillars of Old Age Income Security	Peru	2004	27618-PE	Sector Report
21	Public Expenditure Review-- Fiscal Policies for Growth and Poverty Reduction	Kyrgyz Republic	2004	28123-KG	Economic Report
22	Policies and strategies for accelerated growth and poverty reduction - a Country Economic Memorandum Vol. 1 of 1	Senegal	2004	28143	Economic Report
23	Growth, Employment and Living Standards in Pre-Accession Poland	Poland	2004	28233-POL	Poverty Assessment
24	Poverty in Russia in Service provision for the poor : Public and private sector cooperation Vol. 1 of 1	Russia	2004	28403	Publication
25	Development of non-bank financial institutions and capital markets in European union accession countries Vol. 1 of 1		2004	28404	Working Paper (Numbered Series)
26	Subnational Administration in Afghanistan	Afghanistan	2004	28435-AF	Sector Report
27	Developing residential mortgage markets in the Russian Federation : final report	Russia	2004	29014	Working Paper
28	Preferences, Constraints, and Substitutes for	Peru	2004	29252	Working Paper

No	Project Name	Country	Fiscal Year	Project ID	Project Type
	Coverage Under Peru's Pension System				
29	Subnational Administration in Afghanistan: Assessment and Recommendations for Action	Afghanistan	2004	29415	Working Paper
30	Modernizing an Advanced Pension System	Mauritius	2004	29588-MU	Sector Report
31	DEVELOPING INSTITUTIONAL INVESTORS IN PEOPLE'S REPUBLIC OF CHINA	China	2004	30248	Working Paper
32	Improving Mandatory Saving Programs		2004	30398	
33	Is There A Positive Incentive Effect from Privatizing Social Security? Evidence from Latin America		2004	30399	
34	The New Pensions in Kazakhstan: Challenges in Making the Transition	Kazakhstan	2004	30873-KZ	Sector Report
35	Managing Labor Market Reforms: Case Study of Poland	Poland	2004	31365	Working Paper
36	REPORT ON THE OBSERVANCE OF STANDARDS AND CODES (ROSC) Corporate Governance Country Assessment	Colombia	2004	35021	Sector Report
37	REPORT ON THE OBSERVANCE OF STANDARDS AND CODES (ROSC)- Corporate Governance Country Assessment	Panama	2004	35169	Sector Report
38	REPORT ON THE OBSERVANCE OF STANDARDS AND CODES (ROSC)- Corporate Governance Country Assessment	Peru	2004	35171	Sector Report
39	Insurance Regulation in Jordan- New Rules - Old System	Jordan	2004	WPS 3298	Policy Research Working Paper
40	Governance of public pension funds : lessons from corporate governance and international evidence Vol. 1	Comprehensive	2004	WPS3110	Policy Research Working Paper
41	Integrating housing wealth into the social safety net : the elderly in Moscow Vol. 1	Russian Federation	2004	WPS3115	Policy Research Working Paper
42	The Use of "Asset Swap" by Institutional Investors in South Africa	South Africa	2004	WPS3175	Policy Research Working Paper
43	A Conceptual Framework For Retirement Products: Risk Sharing Arrangements Between Providers And Retirees	None	2004	WPS3208	
44	Labor Market Reforms, Growth, and Unemployment in Labor-Exporting Countries in the Middle East and North Africa	None	2004	WPS3328	
45	Public Expenditure Review	Colombia	2005	25163-CO	Economic Report
46	The Quest for Jobs and Growth: A World Bank Country Economic Memorandum	Latvia	2005	26768-LV	Economic Report
47	Public Expenditure Review	Mexico	2005	27894-MX	Economic Report
48	Creating Fiscal Space for Poverty Reduction-- A Fiscal Management and Public Expenditure Review	Ecuador	2005	28911-EC	Economic Report
49	Financial Sector Assessment	Chile	2005	29906	Economic Report
50	Fiscal Costs of Structural Reforms	Russia	2005	30741-RU	Economic Report
51	Republic of Uruguay Policy Notes	Uganda	2005	31338-UY	Economic Report
52	Republic of Paraguay Institutional and Governance Review: Breaking with Tradition: Overcoming Institutional Impediments to Improve Public Sector Performance	Paraguay	2005	31763-PY	Sector Report
53	Colombia REDI: Recent Economic Developments in Infrastructure- Balancing social and productive needs for infrastructure/	Colombia	2005	32090	Working Paper

No	Project Name	Country	Fiscal Year	Project ID	Project Type
	Colombia: Mobilizing Private Capital for Infrastructure				
54	AGEING AND POVERTY IN AFRICA AND THE ROLE OF SOCIAL PENSIONS		2005	32178	
55	World Bank EU-8 Quarterly Economic Report		2005	32598	
56	Public Expenditure Reform Priorities For Fiscal Adjustment, Growth and Poverty Alleviation	Lebanon	2005	32857-LB	Economic Report
57	PENSION LIABILITIES AND REFORM OPTIONS FOR OLD AGE INSURANCE	China	2005	33116	Working Paper
58	Pension Reform in Ukraine: Remedies to Recent Fiscal and Structural Challenges	Ukraine	2005	33225	Sector Report
59	Notional accounts		2005	33382	
60	FINANCIAL SECTOR ASSESSMENT UPDATE	Uganda	2005	33422	Economic Report
61	FINANCIAL SECTOR REVIEW	Benin	2005	3440-BJ	Sector Report
62	REPORT ON THE OBSERVANCE OF STANDARDS AND CODES (ROSC)	Dominican Republic	2005	35027	Working Paper
63	REPORT ON THE OBSERVANCE OF STANDARDS AND CODES (ROSC) TANZANIA: ACCOUNTING AND AUDITING	Tanzania	2005	35188	Economic Report
64	Labor Market Issues in South Asia: Issues and Challenges		2005	36256	
65	Income Generation and Social Protection for the Poor	Mexico	2005	36853	Economic Report
66	Corporate Governance Country Assessment	Pakistan	2005	38971	Working Paper
67	Corporate Governance Country Assessment	Poland	2005	38972	Working Paper
68	SOCIAL PROTECTION IN TRANSITION: LABOR POLICY, SAFETY NETS AND PENSIONS	Iraq	2005	39030	Working Paper
69	Disability in ECA		2005	Concept Note	
70	Mortgage Securities in Emerging Markets	None	2005	WPS3370	
71	Pension Funds and National Saving	None	2005	WPS3410	
72	The Transactions Costs of Primary Market Issuance: The Case of Brazil, Chile, and Mexico	Brazil, Chile, Mexico	2005	WPS3424	
73	Supervision of Financial Conglomerates: The Case of Chile	Chile	2005	WPS3553	Policy Research Working Paper
74	Joint Poverty Assessment Report	Turkey	2006	29619-TU	Economic Report
75	Labor Market Update	Bosnia and Herzegovina	2006	32650-BA	Sector Report
76	Income Generation and Social Protection for the Poor	Mexico	2006	32884-MX	Economic Report
77	Managing Risks in Rural Senegal: A Multi-Sectoral Review of Efforts to Reduce Vulnerability	Senegal	2006	33435-SN	Economic Report
78	Development Policy Review	Chile	2006	33501-CL	Sector Report
79	The Challenge of Increasing Fiscal Space to Meet Future Pressures	Cape Verde	2006	34523-CV	Sector Report
80	Managing Public Finances for Development	Afghanistan	2006	34582-AF	Economic Report
81	Labor Market Assessment	Albania	2006	34597-AL	Sector Report
82	Public Expenditure Review- Making Public Finances Work for Growth and Poverty Reduction	Djibouti	2006	34624-DJI	Economic Report
83	UKRAINE POVERTY ASSESSMENT: Poverty and Inequality in a Growing Economy	Ukraine	2006	34631-UA	Sector Report
84	Report on Public Financial Management,	Iran	2006	34777- IR	Economic Report

No	Project Name	Country	Fiscal Year	Project ID	Project Type
	Procurement, and Expenditure Systems in Iran				
85	Social Protection in the Maldives: Options for Reforming Pensions and Safety Nets	Maldives	2006	34818-MV	Sector Report
86	PENSION SCHEMES FOR THE FORMAL SECTOR- EMERGING CHALLENGES AND OPPORTUNITIES FOR REFORM		2006	34940	
87	“Who Cares Wins”: One Year On		2006	34973	
88	Rebuilding Iraq: Economic Reform and Transition	Iraq	2006	35141-IQ	Sector Report
89	Modernizing Ukraine Through Better Public Governance	Ukraine	2006	35358	WBI Working Paper
90	Moldova Poverty Update	Moldova	2006	35618-MD	Sector Report
91	Serbia Social Assistance and Child Protection Note	Serbia	2006	35954-YU	Other Social Protection Study
92	Pension System Note	Bosnia and Herzegovina	2006	36459-BA	Policy Note
93	Sri Lanka- Selected Public Expenditure Issues, 2003/2004	Sri Lanka	2006	36630-LK	Sector Report
94	Financing Infrastructure: Addressing Constraints and Challenges	India	2006	36876	Working Paper
95	Rural Growth and Development Revisited: POST-REFORM SITUATION OF THE RURAL FINANCIAL MARKETS, POLICY GAPS AND RECOMMENDATIONS	Philippines	2006	36995	Sector Report
96	HOUSING FINANCE POLICY NOTE	Poland	2006	37143	Working Paper
97	Infrastructure Strategy- Cross-sectoral issues	Vietnam	2006	37184	Working Paper
98	Development Policy Review	Chile	2006	37429	Sector Report
99	The Republic of Serbia: A Policy Agenda for a Smaller and More Efficient Public Sector	Serbia	2006	38476	Working Paper
100	PILOT ASSESSMENT OF GOVERNANCE OF THE INSURANCE SECTOR	Czech Republic	2006	38501	Working Paper
101	PAYMENTS AND SECURITIES CLEARANCE AND SETTLEMENT SYSTEMS IN GEORGIA	Georgia	2006	38859	Working Paper
102	Pensions in Iraq: ISSUES, GENERAL GUIDELINES FOR REFORM, AND POTENTIAL FISCAL IMPLICATIONS	Iraq	2006	39024	Working Paper
103	Sustainability and Sources of Economic Growth in the Northern Part of Cyprus	Northern Cyprus	2006	Draft	Country Economic Memorandum
104	PENSION REFORM PROGRAMME: Institutional Planning for Implementation of Multi-Pillar Reform	Egypt	2006	Draft	Other Social Protection Study
105	Affordable Health Insurance for High-Risks in Low-Income Countries: a conceptual framework		2006	P092907	
106	COMPETITION AND PERFORMANCE IN THE HUNGARIAN SECOND PILLAR	Hungary	2006	WPS 3876	Policy Research Working Paper
107	AN ANALYSIS OF MONEY'S WORTH RATIOS IN CHILE	Chile	2006	WPS3926	Policy Research Working Paper
108	AN EMPIRICAL ANALYSIS OF THE ANNUITY RATE IN CHILE	Chile	2006	WPS3929	Policy Research Working Paper
109	FINANCIAL DEVELOPMENT IN LATIN AMERICA: BIG EMERGING ISSUES, LIMITED POLICY ANSWERS	None	2006	WPS3963	
110	BRAZIL: TOWARDS A SUSTAINABLE AND FAIR PENSION SYSTEM	Brazil	2007		

No	Project Name	Country	Fiscal Year	Project ID	Project Type
111	Jobs for Brazil's Poor: What Helps? Social Protection Programs and Labor Supply Impacts on the Poor in Brazil	Brazil	2007		Other Social Protection Study
112	Socialist People's Libyan Arab Jamahiriya Country Economic Report	Libya	2007	30295-LY	Economic Report
113	Kosovo Public Expenditure and Institutional Review	Kosovo	2007	32624-XK	Economic Report
114	Country Economic Memorandum, Unlocking Djibouti's Growth Potential: The Road Ahead	Djibouti	2007	33115-DJ	Economic Report
115	Addressing Fiscal Challenges and Enhancing Growth Prospects: A Public Expenditure and Institutional Review	Bosnia and Herzegovina	2007	36156-BA	Economic Report
116	Labor Market Assessment	Serbia	2007	36576-YU	Other Social Protection Study
117	Towards Equality of Opportunity, 2006-2010-Policy Notes	Chile	2007	36583-CL	Sector Report
118	Creating Fiscal Space for Growth: A Public Finance Review	Ukraine	2007	36671-UA	Economic Report
119	Turkey Public Expenditure Review	Turkey	2007	36764-TR	Economic Report
120	Social Insurance Review	Albania	2007	37594-AL	Other Social Protection Study
121	Improving Public Expenditure Efficiency for Growth and Poverty Reduction	Moldova	2007	37933-MD	Sector Report
122	Living Standards Assessment	Croatia	2007	37992-HR	Sector Report
123	Vietnam Aiming High- Vietnam Development Report 2007	Vietnam	2007	38064-VN	Economic Report
124	FINANCIAL SECTOR REVIEW	Togo	2007	38146 - TG	Economic Report
125	Evaluation of the Liaoning Social Security Reform Pilot	China	2007	38183	Working Paper
126	Creating Better Jobs for Poverty Reduction in Burkina Faso	Burkina Faso	2007	38335-BF	Sector Report
127	MUNICIPAL FINANCE POLICY NOTE	Romania	2007	38357-RO	Policy Note
128	Pension Reform and the Development of Pension Systems: An Evaluation of World Bank Assistance	Russia	2007	39137	Working Paper
129	Pension Reform and the Development of Pension Systems: An Evaluation of World Bank Assistance	Peru	2007	39138	Working Paper
130	Pension Reform and the Development of Pension Systems: An Evaluation of World Bank Assistance	Mexico	2007	39140	Working Paper
131	Pension Reform and the Development of Pension Systems: An Evaluation of World Bank Assistance	Macedonia	2007	39141	Working Paper
132	Pension Reform and the Development of Pension Systems: An Evaluation of World Bank Assistance		2007	39143	
133	Pension Reform and the Development of Pension Systems: An Evaluation of World Bank Assistance	Kazakhstan	2007	39144	Working Paper
134	Pension Reform and the Development of Pension Systems: An Evaluation of World Bank Assistance	Hungary	2007	39145	Working Paper
135	Pension Reform and the Development of Pension Systems: An Evaluation of World Bank Assistance/ Background Paper Regional Summary: Europe and Central Asia		2007	39146	
136	Pension Reform and the Development of	China	2007	39147	Working Paper

No	Project Name	Country	Fiscal Year	Project ID	Project Type
	Pension Systems: An Evaluation of World Bank Assistance				
137	Pension Reform and the Development of Pension Systems: An Evaluation of World Bank Assistance	Bulgaria	2007	39148	Working Paper
138	Pension Reform and the Development of Pension Systems: An Evaluation of World Bank Assistance/ Background Paper Regional Summary: Asia		2007	39149	
139	Pension Reform and the Development of Pension Systems: An Evaluation of World Bank Assistance- Background Paper Argentina Country Study	Argentina	2007	39150	Working Paper
140	Pension Reform and the Development of Pension Systems: An Evaluation of World Bank Assistance- Background Paper/ Bolivia Country Study	Bolivia	2007	39159	Working Paper
141	Pension Reform and the Development of Pension Systems: An Evaluation of World-Bank Assistance Background Paper South Korea Country Study	South Korea	2007	39160	Working Paper
142	Pension Reform and the Development of Pension Systems: An Evaluation of World Bank Assistance/ Background Paper Kyrgyz Country Study	Kyrgyz Republic	2007	39161	Working Paper
143	Pension Reform and the Development of Pension Systems: An Evaluation of World Bank Assistance/Background Paper Uruguay Country Study	Uruguay	2007	39162	Working Paper
144	Kazakhstan Pension Report: From Policy Considerations to Practical Proposals	Kazakhstan	2007	Concept Note	Policy Note
145	REGULATION, ENFORCEMENT AND ADJUDICATION IN INDIAN LABOR MARKETS:	India	2007	Draft	Other Social Protection Study
146	PILOT DIAGNOSTIC REVIEW OF GOVERNANCE OF THE SUPPLEMENTARY PRIVATE PENSION FUND SECTOR	Czech Republic	2007	Draft	Policy Note
147	On the Financial Sustainability of Earnings-Related Pension Schemes with "Pay-As-You-Go" Financing and the Role of Government Indexed Bonds	None	2007	WPS3966	
148	ANNUITY MARKETS IN CHILE: COMPETITION, REGULATION AND MYOPIA?	Chile	2007	WPS3972	Policy Research Working Paper
149	Financial System Structure in Colombia: A Proposal for a Reform Agenda	Colombia	2007	WPS4006	Policy Research Working Paper
150	An Assessment Of Reform Options For The Public Service Pension Fund In Uganda	Uganda	2007	WPS4091	Policy Research Working Paper
151	The Use of Derivatives to Hedge Embedded Options: The Case of Pension Institutions in Denmark	Denmark	2007	WPS4159	Policy Research Working Paper

Annex 2: World Bank Publications Substantially Directed to Pensions, FY2002-2007

Title: Competition and Performance in the Polish Second Pillar

Authors: Rudolph, Heinz; Rocha, Roberto

Date: 01/01/2007

Abstract: This paper provides an assessment of the Polish funded pension system and the quality of the regulatory framework for the accumulation phase. There are two elements that distinguish the Polish pension fund portfolios from other reforming countries': the relatively high component of domestic equity, and the negligible component on international securities. The paper provides a number of recommendations to expand the opportunities of investments to pension funds. The paper finds that pension fund management companies have been able to exploit scale economies in certain areas of the business, such as collection of revenues, and proposes to study mechanisms to enhance them even more by centralizing also the account management system, which may also help to increase portfolio efficiency and competition. The paper suggests that, with the payout phase starting in 2009, broad definitions in areas such as the role of the public and private sector need to be established. The paper examines products and options that authorities may consider for the design of the payout phase.

Title: Financial sector dimensions of the Colombian pension system

Authors: Rudolph, Heinz; Cheikrouhou, Hela; Rocha, Roberto; Thorburn, Craig

Date: 01/01/2007

Abstract: This paper provides an assessment of the funded pension system and the quality of the regulatory framework for both accumulation and payout phase. It suggests that the lack of portfolio diversification may contribute in the future to low returns and poor pensions and provides a number of recommendations to expand the opportunities of investments to pension funds. The paper also finds that pension fund administrators are not exploiting the scale economies in certain areas of the business such as collection of revenues and account management, and propose mechanisms to reduce costs and increase efficiency through greater competition. The paper examines the products and options offered at the retirement age and finds a bias toward the payment of pensions in the form of lump sums and suggests alternatives for improving the availability of other instruments. Enhancements in the regulatory framework of insurance companies are also proposed.

Title: From red to gray: the third transition of aging populations in Eastern Europe and the Former Soviet Union

Authors: Chawla, Mukesh; Betcherman, Gordon; Banerji, Arup; Bakilana, Anne M.; Feher, Csaba; Mertaugh, Michael; Puerta, Maria Laura Sanchez; Schwartz, Anita M.; Sondergaard, Lars

Date: 01/01/2007

Abstract: By 2025, many countries in Eastern Europe and the former Soviet Union will have among the oldest populations in the world. This demographic transition is unique, with two key differences with other aging economies in Western Europe and East Asia. First, this third transition is uniquely overlaid on the first two transitions in the region -- the still unfinished post-socialist political and economic transformations. Second, most of these countries must cope with the challenges of aging while still relatively poor and with economic and political institutions that are still developing. This paper looks at the distinctive challenges of aging that the transition countries face.

Title: Developing annuities markets: the experience of Chile

Authors: Rocha, Roberto; Thorburn, Craig

Date: 11/01/2006

Abstract: Demographic aging strains pension systems around the world, leading frequently to large pension expenditures and deficits. The increasing awareness of a looming pension crisis has led to a wave of pension reforms, particularly in the last decade. The purpose of the report is to examine the Chilean experience in developing the market for retirement products, including programmed or phased withdrawals (PWs) and annuities, and to draw lessons for other countries that are also making efforts to develop such markets or anticipate the need to do so. The report examines the performance of the market and the evolution of the regulatory framework since the implementation of the pension reform of 1981, but with a focus on the past 10 years.

Title: Pension reform - issues and prospects for Non-Financial Defined Contribution (NDC) schemes

Authors: Holzmann, Robert [editor]; Palmer, Edward [editor]; Hedborg, Anna; Borsch-Supan, Axel H.; Barr, Nicholas; Lindbeck, Assar; Diamond, Peter; Valdes-Prieto, Salvador; Alho, Juha M.; Lassila, Jukka; Valkonen, Tarmo; Settergren, Ole; Mikula, Boguslaw D.; Legros, Florence; Lindeman, David; Robalino, David; Tutkowski, Michal; Sunden, Annika; Brooks, Sarah M.; Weaver, R. Kent; Stabina, Sandra; Svensson, Ingemar; Vanovska, Inta; Chlon-Dominczak, Agnieszka; Gora, Marek; Konberg, Bo; Franco, Daniele; Sartor, Nicola; Gronchi, Sandro; Nistico, Sergio; Felderer, Bernhard; Koman, Reinhard; Schuh, Ulrich; Mora, Marek; Wilke, Christina B.; Vidal-Melia, Carlos; Dominguez-Fabian, Inmaculada; Takayama, Noriyuki

Date: 01/01/2006

Abstract: The previous decade has been one of pension reform throughout the world. In high income countries, the driving force has been the threat that current systems will become unaffordable in coming decades, with demographic developments presenting a major risk. In another setting, countries in the process of transition from a command, to a market economy are confronted with the challenge of introducing a public pension system that will provide social security in old age, but that also supports the fundamentals

of a market economy. In the latter sense, it is important to examine carefully the experiences of developed market economies. Even in these countries, the driving force behind reform is demographic change and affordability. In a third setting, middle and lower-middle income countries are faced with the question of what system will best serve the interests of their specific country goals for the future. In all of these settings "NDC"-non-financial defined contribution-pension schemes have been on the agenda in discussions of possible options. Sweden is one of the few countries to have implemented an NDC scheme in the 1990s, when NDC came into its own as a concept, implemented in four European Union (EU) countries (Italy, Latvia, and Poland are the other three). NDC has become a reform option considered by many countries, understandably since most of Europe has a pay-as-you-go tradition, and NDC constitutes a new way to "organize" a mandatory, universal pay-as-you-go pension system. With some experience of NDC schemes implemented, it is felt particularly relevant for Sweden to host a conference devoted to discussing both the conceptual and institutional aspects of NDC. The goal was even more ambitious, however: to contribute to creating a synthesis of current knowledge on this new topic. This book is the realization of that goal. It comprises discussion papers on the status of NDC, its concept and the reform strategies that follow. Papers also discuss the conceptual issues of design and implementation, lessons from countries with NDC contribution schemes, and finalizes on the potential of NDC contribution schemes in other countries' reforms.

Title: Pensions Panorama: Retirement-income systems in 53 countries

Author: Whitehouse, Edward

Date: 01/01/2006

Abstract: Pensions panorama provides a compendium of facts and analysis that should inform policy making and public debate about retirement-income systems around the world. The section following the introduction sets out a typology: a way of defining and classifying different kinds of pension schemes. It shows which countries have which types of pension schemes, covering all elements of the retirement-income system, including resource-tested benefits and basic pensions as well as public, earnings-related, and compulsory private pension plans. Next, the study sets out the institutional detail: the parameters and rules of different parts of the retirement-income system. The next section presents the core, empirical results: future pension entitlements of today's workers with different levels of earnings from all sources. This section includes the familiar replacement rate indicator: individual pension entitlements as a proportion of individual earnings when working. The following section explores the important role that personal income taxes and social security contributions play in determining the relative incomes of older people. In particular, it shows net replacement rates (that is, pension net of taxes and any contributions, relative to earnings, net of taxes and contributions). The third section on empirical results looks at the link between pension entitlements in retirement and earnings in work. This analysis highlights the key differences in philosophy between different countries' retirement-income systems. Moreover, changes to the pensions-earnings link have been central to many recent reforms to retirement-income regimes.

The concluding section sets out a number of dimensions in which the pension systems of 53 countries differ.

Title: Pensions in the Middle East and North Africa: time for change

Authors: Robalino, David [editor]; Whitehouse, Edward; Musalem, Alberto R.; Sherwood, Elizabeth; Sluchynsky, Oleksiy

Date: 05/23/2006

Abstract: This is the first comprehensive assessment of pension systems in the Middle East and North Africa. While other regions-Central Asia, Eastern Europe, and Latin America, in particular-have been actively introducing reforms to their pension systems, Middle East and North African countries have lagged behind. This is explained, in part, by the common belief that, because demographics remain favorable-the countries are young and the labor force is expanding rapidly-financial problems are far in the future; as a result, pension reform does not have to be a priority in the broader policy agenda. However, the authors show that aging is not the only factor behind a financial crisis; the problem is the generosity of the current schemes. Moreover, badly designed benefit formulas and eligibility conditions introduce unnecessary economic distortions and make the systems vulnerable to adverse distributional transfers. The book does not present a general model that could solve the problems of all pension systems in MNA countries. Instead the authors focus on outlining a framework for guiding discussions on pension reform and making objective policy choices.

Title: Keeping the promise of social security in Latin America

Authors: Gill, Indermit S.; Packard, Truman; Yermo, Juan; Pugatch, Todd

Date: 01/01/2005

Abstract: Nations around the world (both large and small, rich and poor) are engaged in debate over how to reform their social security systems and care for the aged. For many countries this debate requires speculation on hypothetical scenarios, but in Latin America a rich body of experience on social security reform has been accumulating for more than a decade (for Chile, more than two decades). This report takes stock of those reforms, evaluates their successes and failures, and considers the lessons that can be drawn for the future of pension policy in the region. The authors draw on a series of background papers and surveys commissioned specifically for this inquiry, as well as existing research conducted by themselves and other pension experts. In the debate on pension reform there is no orthodoxy, as reflected in major differences of opinion among leading experts. Despite more than a decade of experience with pension reform in Latin America, although undoubtedly a major step forward, reforms are still works in progress. This report furthers enrich the policy dialogue that is of crucial importance to the future of the region.

Title: Old age income support in the 21st century: an international perspective on pension systems and reform

Authors: Holzmann, Robert; Hinz, Richard

Date: 01/01/2005

Abstract: The book provides a comprehensive overview of the current policy framework that underlies the World Bank's work on pension systems and reforms and a discussion of the work to date in the area and key issues going forward. It consists of an introduction and two main parts. Part I presents the conceptual underpinnings for the Bank's thinking on pension systems and reforms, including structure of Bank lending in this area. Part II highlights key design and implementation issues where it signals areas of confidence and areas for further research and experience, and includes a section on regional reform experiences, including Latin America and Europe and Central Asia.

Title: Public pension fund management: governance, accountability, and investment policies - proceedings of the Second Public Pension Fund Management Conference, May 2003

Authors: Palacios, Robert J.; Musalem, Alberto R.

Date: 05/01/2003

Abstract: This report highlights the key themes and findings of the Second Public Pension Fund Management Conference that was organized by the Bank and took place in May 2003. This book addresses issues of governance, accountability, and investment policies and aims to foster ongoing dialogue and exchange of experiences across regions and between emerging and developed economies.

Title: Pension reform in Europe: process and progress

Authors: Holzmann, Robert; Orenstein, Mitchell; Rutkowski, Michael [editors]; Mackellar, Landis; Muller, Katharina; Ney, Steven; Legros, Florence; Chlon-Dominczak, Agnieszka; Mora, Marek; Boeri, Tito

Date: 02/28/2003

Abstract: Pension reform is an important topic, high on the agendas of most European countries, where countries are profoundly affected by an aging population, the result of lower fertility, and increased life expectancy, changes in family structure, and the effects of globalization. The book presents seven papers on the political economy of European pension reform, where clearly, major reforms are needed, to ensure the sustainability of retirement income systems. However, reform programs will need to combine measures to delay retirement; introduce changes in the benefit structure; and, diversify the sources of retirement income, to better balance individuals' risks. Subjects address the need to accelerate the European pension reform agenda, and compares the making of pension privatization in Latin America with that in Eastern Europe. Furthermore, subjects look at democracy and structural pension reform in continental Europe, focusing on the aging population, the electoral behavior, and early retirement impacts, on the basis of

commitment, and consensus - or the lack thereof - to pension reform. Most interestingly, one of the subjects questions, and further analyzes, the wide differences of social policy models among transition economies, to finalize with a look at the diffusion of pension innovation. These subjects provide insight into the process, and progress of European pension reform, to the benefit of the reform agenda in other regions as well.

Title: The development and regulation of non-bank financial institutions

Authors: Carmichael, Jeffrey; Pomerleano, Michael

Date: 03/31/2002

Abstract: Non-bank financial institutions (NBFIs) are becoming an increasingly important segment of the financial system in some developing countries. This book aims to create awareness of the promise of NBFIs for developing countries and to assist policymakers in creating a coherent policy structure and a sound regulatory and supervisory environment for their development. The first chapter offers a coherent policy framework for addressing the regulation of NBFIs and the second chapter addresses the principles for regulation. Subsequent chapters provide an overview of the insurance industry, mutual funds and pension schemes, leasing and real estate companies, and securities markets, and discusses the specific regulatory framework for these institutions. The final chapter explores development policy challenges confronting emerging markets.

Title: New ideas about old age security: toward sustainable pension systems in the 21st century

Authors: Holzmann, Robert; Stiglitz, Joseph E. [editor];

Date: 01/31/2001

Abstract: Given the impact of the multipillar approach to pension reform and the diversity of its implementation, the authors, who presented papers at the 1999 conference on "New Ideas About Old Age Security," re-examine the evidence and thinking on pensions and retirement security. This report examines global issues on pension reform which help put in perspective three major sets of questions. A first set of questions deals with generic issues that concern policymakers worldwide, almost independently of approaches to reform. Most prominent but also least understood are the economic policy questions regarding the economic circumstances that are most conducive to the initiation of a reform and to its eventual success. Equally important are questions relating to the coverage of the labor force under a reformed system. Other questions concern the distributive effects of reformed systems with respect to generation, income group, and gender. A second set of questions is linked with a move toward funded provisions under a multipillar approach. A third set of questions concerns the multipillar reform approach itself. A wide consensus has emerged inside and outside the World Bank about the multipillar framework, but that consensus does not extend to several key issues regarding how the framework should be implemented in practice. The introduction to this report sums up each chapter in the report and concludes with a discussion of policy issues and on areas requiring further research.

Social Protection Discussion Paper Series Titles

<u>No.</u>	<u>Title</u>
0820	China: Improving Unemployment Insurance by Milan Vodopivec and Minna Hahn Tong, July 2008 (online only)
0819	Management Information Systems in Social Safety Net Programs: A Look at Accountability and Control Mechanisms by Cesar Baldeon and Maria D. Arribas-Baños, July 2008 (online only)
0818	Guidance for Responses from the Human Development Sectors to Rising Food Prices by Margaret Grosh, Carlo del Ninno and Emil Daniel Tesliuc, June 2008 (online only)
0817	Levels and Patterns of Safety Net Spending in Developing and Transition Countries by Christine Weigand and Margaret Grosh, June 2008 (online only)
0816	Labor Regulation and Employment in India's Retail Stores by Mohammad Amin, June 2008 (online only)
0815	Beyond DALYs: Developing Indicators to Assess the Impact of Public Health Interventions on the Lives of People with Disabilities by Daniel Mont and Mitchell Loeb, May 2008
0814	Enforcement of Labor Regulation and Firm Size by Rita Almeida and Pedro Carneiro, May 2008 (online only)
0813	Labor Markets Lending and Analytical Work at the World Bank: FY2002- 2007 by Milan Vodopivec, Jean Fares and Michael Justesen, May 2008
0812	Risk and Vulnerability Analysis in the World Bank Analytic Work: FY2000- 2007 by Valerie Kozel, Pierre Fallavier and Reena Badiani, May 2008
0811	Pension Lending and Analytical Work at the World Bank: FY2002-2007 by Richard Hinz, Melike Egelmezer and Sergei Biletsky, May 2008 (online only)
0810	Social Safety Nets Lending and Analytical Work at the World Bank: FY2002-2007 by Margaret Grosh and Annamaria Milazzo, May 2008

- 0809 Social Funds as an Instrument of Social Protection: An Analysis of Lending Trends - FY2000-2007
by Samantha De Silva and June Wei Sum, July 2008
- 0808 Disability Activities at the World Bank: FY2002-2007
by Jeanine Braithwaite, Richard Carroll, and Karen Peffley, May 2008
- 0807 Migration, Labor Markets, and Integration of Migrants: An Overview for Europe
by Rainer Münz, April 2008 (online only)
- 0806 Is the Window of Opportunity Closing for Brazilian Youth? Labor Market Trends and Business Cycle Effects
by Michael Justesen, April 2008
- 0805 Disability and Poverty: A Survey of World Bank Poverty Assessments and Implications
by Jeanine Braithwaite and Daniel Mont, February 2008
- 0804 Poverty Traps and Social Protection
by Christopher B. Barrett, Michael R. Carter and Munenobu Ikegami, February 2008
- 0803 Live Longer, Work Longer: Making It Happen in the Labor Market
by Milan Vodopivec and Primož Dolenc, February 2008 (online only)
- 0802 Disability in Kazakhstan: An Evaluation of Official Data
by Ai-Gul S. Seitenova and Charles M. Becker, February 2008 (online only)
- 0801 Disability Insurance with Pre-funding and Private Participation: The Chilean Model
by Estelle James, Augusto Iglesias and Alejandra Cox Edwards, January 2008
- 0719 The Life-Course Perspective and Social Policies: An Issues Note
by A.L. Bovenberg, November 2007
- 0718 Social Safety Nets and Targeted Social Assistance: Lessons from the European Experience
by Chris de Neubourg, Julie Castonguay and Keetie Roelen, November 2007 (online only)
- 0717 Informality and Social Protection: Preliminary Results from Pilot Surveys in Bulgaria and Colombia
by Franco Peracchi, Valeria Perotti and Stefano Scarpetta, October 2007 (online only)

- 0716 How Labor Market Policies can Combine Workers' Protection with Job Creation: A Partial Review of Some Key Issues and Policy Options
by Gaëlle Pierre and Stefano Scarpetta, October 2007 (online only)
- 0715 A Review of Interventions to Support Young Workers: Findings of the Youth Employment Inventory
by Gordon Betcherman, Martin Godfrey, Susana Puerto, Friederike Rother, and Antoneta Stavreska, October 2007
- 0714 Performance of Social Safety Net Programs in Uttar Pradesh
by Mohamed Ihsan Ajwad, October 2007
- 0713 Are All Labor Regulations Equal? Assessing the Effects of Job Security, Labor Dispute and Contract Labor Laws in India
by Ahmad Ahsan and Carmen Pagés, June 2007
- 0712 Convention on the Rights of Persons with Disabilities: Its Implementation and Relevance for the World Bank
by Katherine Guernsey, Marco Nicoli and Alberto Ninio, June 2007
- 0711 Reaching the Poor and Vulnerable: Targeting Strategies for Social Funds and other Community-Driven Programs
by Julie Van Domelen, May 2007
- 0710 The Macedonia Community Development Project: Empowerment through Targeting and Institution Building
by Caroline Mascarell, May 2007
- 0709 The Nuts and Bolts of Brazil's Bolsa Família Program: Implementing Conditional Cash Transfers in a Decentralized Context
by Kathy Lindert, Anja Linder, Jason Hobbs and Bénédicte de la Brière, May 2007 (online only)
- 0708 Globalization and Employment Conditions Study
by Drusilla K. Brown, April 2007
- 0707 The Kosovo Pension Reform: Achievements and Lessons
by John Gubbels, David Snelbecker and Lena Zezulin, April 2007 (online only)
- 0706 Measuring Disability Prevalence
by Daniel Mont, March 2007

- 0705 Social Safety Nets in World Bank Lending and Analytic Work: FY2002-2006
by Annamaria Milazzo and Margaret Grosh, March 2007 (online only)
- 0704 Child Labor and Youth Employment: Ethiopia Country Study
by Lorenzo Guarcello and Furio Rosati, March 2007
- 0703 Aging and Demographic Change in European Societies: Main Trends and Alternative Policy Options
by Rainer Muenz, March 2007 (online only)
- 0702 Seasonal Migration and Early Childhood Development
by Karen Macours and Renos Vakis, March 2007
- 0701 The Social Assimilation of Immigrants
by Domenico de Palo, Riccardo Faini and Alessandra Venturini, February 2007 (online only)
- 0616 Pension Systems in Latin America: Concepts and Measurements of Coverage
by Rafael Rofman and Leonardo Lucchetti, November 2006 (online only).
Also available in Spanish.
- 0615 Labor Market Outcomes of Natives and Immigrants: Evidence from the ECHP
by Franco Peracchi and Domenico Depalo, November 2006 (online only)
- 0614 The Relative Merits of Skilled and Unskilled Migration, Temporary and Permanent Labor Migration, and Portability of Social Security Benefits
by Johannes Koettl under guidance of and with input from Robert Holzmann and Stefano Scarpetta, November 2006 (online only)
- 0613 The Limited Job Prospects of Displaced Workers: Evidence from Two Cities in China
by Gordon Betcherman and Niels-Hugo Blunch, October 2006
- 0612 Unemployment Insurance in Chile: A New Model of Income Support for Unemployed Workers
by Germán Acevedo, Patricio Eskenazi and Carmen Pagés, October 2006
- 0611 Evaluating Social Fund Impact: A Toolkit for Task Teams and Social Fund Managers
by Sarah Adam, October 2006
- 0610 Risk and Vulnerability Considerations in Poverty Analysis: Recent Advances and Future Directions
by Carlo Cafiero and Renos Vakis, October 2006

- 0609 Comparing Individual Retirement Accounts in Asia: Singapore, Thailand, Hong Kong and PRC
by Yasue Pai, September 2006 (online only)
- 0608 Pension System Reforms
by Anita M. Schwarz, September 2006 (online only)
- 0607 Youth Labor Market in Burkina Faso: Recent Trends
by Daniel Parent, July 2006
- 0606 Youth in the Labor Market and the Transition from School to Work in Tanzania
by Florence Kondylis and Marco Manacorda, July 2006
- 0605 Redistributing Income to the Poor and the Rich: Public Transfers in Latin America and the Caribbean
by Kathy Lindert, Emmanuel Skoufias and Joseph Shapiro, August 2006 (online only)
- 0604 Uninsured Risk and Asset Protection: Can Conditional Cash Transfer Programs Serve as Safety Nets?
by Alain de Janvry, Elisabeth Sadoulet, Pantelis Solomon and Renos Vakis, June 2006
- 0603 Examining Conditional Cash Transfer Programs: A Role for Increased Social Inclusion?
by Bénédicte de la Brière and Laura B. Rawlings, June 2006 (online only)
- 0602 Civil-service Pension Schemes Around the World
by Robert Palacios and Edward Whitehouse, May 2006 (online only)
- 0601 Social Pensions Part I: Their Role in the Overall Pension System
by Robert Palacios and Oleksiy Sluchynsky, May 2006 (online only)

**To view Social Protection Discussion papers published prior to 2006, please visit
www.worldbank.org/sp.**



This paper presents an overview of the World Bank's lending and knowledge building activities that have improved pension systems in client countries during the past two decades. The objectives of this report are: 1) to describe the policy framework that has guided the Bank's work on pension related issues and 2) to present relevant information about the nature and extent of the Bank's lending and policy advisory work in this area and 3) to discuss some of the results that have been achieved through this work as well as future policy directions.

HUMAN DEVELOPMENT NETWORK

About this series...

Social Protection Discussion Papers are published to communicate the results of The World Bank's work to the development community with the least possible delay. The typescript manuscript of this paper therefore has not been prepared in accordance with the procedures appropriate to formally edited texts. The findings, interpretations, and conclusions expressed herein are those of the author(s), and do not necessarily reflect the views of the International Bank for Reconstruction and Development / The World Bank and its affiliated organizations, or those of the Executive Directors of The World Bank or the governments they represent. The World Bank does not guarantee the accuracy of the data included in this work. For free copies of this paper, please contact the Social Protection Advisory Service, The World Bank, 1818 H Street, N.W., Room G7-703, Washington, D.C. 20433-0001. Telephone: (202) 458-5267, Fax: (202) 614-0471, E-mail: socialprotection@worldbank.org or visit the Social Protection website at www.worldbank.org/sp.