

## **Concept note**

### **Experts meeting on Pension Reform in Central and Eastern Europe**

In the context of recovery from the global economic crisis and in the long-term trend of aging population, countries in Central and Eastern Europe are facing a challenge of sustaining the pension system while ensuring adequate benefits to protect the workers and their families.

Pension systems in Central and Eastern Europe are at different stages of development. However, these countries share the following common challenges:

#### **(1) Recovery from the global crisis**

Due to fiscal pressure many countries are imposing austerity measures. The pension system is particularly vulnerable due to its large dependence on the state budget to cover its deficit. Severe cuts in pension rights, motivated by reducing government deficits, have caused serious social unrests in several countries

#### **(2) Long-term sustainability of the pension system in the face of the demographic ageing**

All European countries are making strenuous efforts to make their pension systems sustainable in the long run in the face of demographic ageing. However, the financial impact of the various measures to restore the financial balance (retirement age, pension indexation, benefit reduction etc) needs to be properly assessed together with their socio-economic implications.

#### **(3) The informal economy: fight against the undeclared work**

One of the common problems of the transition economies in Central and Eastern Europe is a growing informal economy which results in non-compliance with labour legislations and the underreporting of wages. The weak capacity of the social security and tax institutions for enforcement of contribution collections makes it difficult to take effective actions.

#### **(4) Social dialogue in the process of pension reform**

The policy making process is an important aspect of pension reform. As social security directly affects the income of workers and beneficiaries, it is of critical importance that the voice of social partners is reflected in the management and policy making process in order for the reforms to receive enduring support from key stakeholders.

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Pension reform is high on the national agenda in many countries. Currently these problems are tackled at the national level. Recently, the European Union has taken an initiative to more deeply involved in the coordination of pension policy through inviting opinions based on the Green Paper published in 2010 and a forthcoming White Paper. In the on-going process of the regional convergence in Europe, there is a strong need for addressing these common problems at the sub-regional level through coordinated approach based on the exchange of best practices and lessons learned in these countries.

To support the process to develop policy and strategy for pension reform, the ILO, cooperation with the Institute of Labour and Social Studies of Poland, will organize an Experts meeting on Pension Reform in Central and Eastern Europe in Warsaw in the period of the Polish Presidency of the Council of the EU.

The Conference brings together the social security experts from Bulgaria, Croatia, Czech Republic, Hungary, Slovak Republic, Slovenia, Poland and Romania as well as academe and international

organizations. The Conference aims to share good practices and lessons learned in the pension reforms at the national levels, and to provide a policy forum to discuss the key issues in the future pension systems in the countries in Central and Eastern Europe.

**Target audience**

- Pension experts from EU and non-EU countries (Ministry in charge of Social Security and Social Security Institution) (Countries: above 8 + non-EU; Albania, Bosnia (2), Serbia, Macedonia, Moldova, Ukraine)
- Polish experts and interested groups

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