

# **National Tripartite Seminar on Pension Reform in the Czech Republic**

Prague, Czech Republic, 5-6 December 2005



International Labour Organization

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## **Introduction**

At the request of the Ministry of Labour and Social Affairs of the Czech Republic (MoLSA), the ILO joined the Ministry in organizing a national tripartite seminar on pension reform. The ILO's main contribution was to bring international standards and information on recent regional experiences in pension reforms, while the Ministry used this occasion to bring together its main social partners to discuss additional pension reforms. The organizers agreed to focus the seminar on three questions: how various reforms in the region are working in practice compared to original expectations; how extending working life will impact pension financing and what measures might be taken to increase employment options for older workers; and how to strengthen social dialogue and consensus on reforms. The seminar was held at the Czernin Palace in Prague and was attended by approximately 100 participants, including representatives of the government, workers' and employers' organizations, and political parties. The contribution of the ILO was financed under the auspices of the ILO Budapest social security project for the Central and Eastern Europe, which is being supported by the Government of France.

## **Summary of proceedings**

### **Monday, December 5**

#### **Opening and welcome**

**Mr. Friedrich Buttler**, Regional Director for Europe and Central Asia, International Labour Office, opened the seminar. He briefly reviewed the collaboration between the Ministry of Labour and Social Affairs and the ILO in the field of pension reform. He welcomed the way in which the Ministry approaches pension policymaking – moving slowly and deliberately, studying different options carefully, and seeking consensus with the concerned parties.

Mr. Buttler made reference to a major study commissioned by the ILO on the political economy of pension reform in the Czech Republic (included on the CD-ROM that was distributed among conference participants).

He explained the role of the ILO at the conference, which is to bring international standards and experience to the Czech debate, looking at five countries in the region – Estonia, Hungary, Poland, Slovakia and Slovenia – and also to examine the French and US systems and the latest OECD analysis.

**Mr. Zdeněk Škromach**, Deputy Prime Minister of the Czech Republic, Minister of Labour and Social Affairs, emphasized the importance of the seminar, since the Czech Republic is preparing for further steps in pension reform. Since 1989 social policymaking has always been based on social dialogue. He noted certain trends (population ageing, higher life expectancy and fewer births, and the postponement of starting a family by many people) that increase the need for reform. In response to these trends, the Czech Government adopted a national program and a national action plan for social security, and a national strategic report on adequate and sustainable

pensions has been prepared. Czech law also authorizes and regulates supplementary pension schemes as a means of encouraging workers to save for old age. He stressed the importance of active ageing – the increase of employment opportunities (especially for women) in order to maintain a sustainable pension system. He described the major elements of the Ministry's pension strategy: (1) to maintain the public pay-as-you-go (PAYG) system as a key element; (2) to develop a financial reserve for the future; and (3) to strengthen the supplementary pension system.

**Ms. Elizabeth Lion**, Social Security Section, Ministry of Health and Solidarity of France, thanked the ILO for making it possible to share the regional experience with the Czech Republic. She emphasized the need for EU societies to develop in a harmonious way. She said that, as far as pensions are concerned, it is important to make projections for the future and respond to the future challenges. The true test of a pension system should be the extent to which it ensures a better quality of life for pensioners, for their well deserved rest.

### **Session 1: Overview of Czech pension reform after 1990**

**Mr. Jiří Král**, Director of Social Insurance Department, MoLSA, thanked the ILO for its long support and collaboration with the Ministry. He drew participants' attention to the CD-ROM that was given to all participants and that contained all the presentations plus a number of ILO studies.

Mr. Král provided an overview of the specific factors that are influencing Czech pension reform: a long history of social security with a relatively high administrative capacity; the Czech Republic's relatively low level of national debt and the limited influence by international financial organizations on national policies; and the negative consequences of the rapid privatization undertaken in the 1990s. He briefly described the development of the pension system after 1989. In 1990 all preferences were abolished and a uniform scheme was created. The Pension Insurance Act was adopted in 1995 and there were incremental changes during 1996-2002. In 2003 an agreement was reached on a further increase of the retirement age. Between 2002 and 2006 the social security system was modernized (i.e., better and more individualized record keeping). He also referred to the international context (ILO Conventions 102 and 128, European Social Charter, EC Directives) in which a new Czech system should develop.

Mr. Král detailed the current situation in the public pillar. There is high coverage, a high contribution rate (28 percent) and high compliance (99 percent). The average replacement rate fell substantially over the past decade (from 50 to 44 percent). The balance of the first pillar currently registers a surplus (0.5 percent of GDP). The Czech Republic has the lowest poverty rate among the elderly (65+) in the European Union. However, he also noted the weaknesses of the system, especially in the private scheme, such as the low participation of young workers; a non-transparent private pension fund structure and low returns on worker savings; and inadequate public awareness of future financing problems resulting from demographic ageing. He emphasized that the current system does not motivate people enough to stay in the labour market.

*For the full presentation, see Annex 2.*

**Mr. Vladimír Bezděk**, Advisor to the Board, Czech National Bank, described the role of the Executive Team (ET) in the pension reform. He focused his presentation on three topics: the ET's activity, its principles of work, and its conclusions.

The ET was established by government in October 2004. In the first two months, it worked on a macro-economic and demographic scenario for making long-term projections of the pension system's financial balance and replacement rates. It created its website in November 2004, and it presented all the interim conclusions there. The ET prepared a baseline scenario and illustrative scenarios based on parametric changes. By the beginning of 2005, the Team prepared models that embodied the proposals of the Czech political parties. The draft of the Final Report and the attached CD-ROM were ready in June 2005.

He described the main principles of the ET's work as: professional analysis of the political parties' proposals for pension reform and providing open access to information.

As the main conclusion of the ET's work, it can be stated that current retirement system must be reformed and a gradual rise in the retirement age is unavoidable. The short-term surplus of the system is due to the increase of the contribution rate (from 26 to 28 percent), but this approach does not guarantee the intergenerational fairness of the pension system. Due to the long-term nature of pension financing, the reform is needed now, well before deficits appear. A strategic political decision has to be taken.

(The Final Report of the Executive Team is available on the CD-ROM that was distributed to conference participants.)

*For the full presentation, see Annex 3.*

## **Session 2: Presentations by Czech political parties**

**Mr. Vít Samek**, an expert analyst, discussed the options for pension reform from the Czech Social Democratic Party's (ČSSD) point of view. He explained that there are several risks (political, demographic and economic) to workers' future retirement savings, some of which no system is capable of eliminating. The greatest danger to the current system is population ageing. The objectives of the reform should be: the adequacy of old-age pensions; the financial sustainability of the system; and increasing the number of young people contributing to the system. The proposal of ČSSD is to adopt a Notional Defined Contribution (NDC) system that is transparent, motivates people to stay in the labour market, and is more client friendly. They also propose a gradual increase in the retirement age.

**Mr. Ivo Foltýn** drafted the concept for his party, the Christian and Democratic Union – Czechoslovak People Party (KDU-ČSL). He also emphasized the importance of demographic projections. He stated that the first pillar is not in long-term financial balance and is therefore not stable. The KDU-ČSL supports a combination of

solidarity and individual responsibility. Its emphasis in drafting the reform is on individual freedom of choice. Systems providing such choice have already been tested by some of neighbouring countries. Additionally, he stressed the importance of early retirement for women who raise children and of reducing the pension contribution burden on large families. To achieve this, he proposed that, for each child, one percent of the pension contribution rate should be deducted and left with the families concerned. The Party proposes to reduce the social insurance contribution rate from 28 percent to 20 percent and create another voluntary, private tier. The third tier, with 3.2 million people enrolled, is developing and should remain intact. Mr. Foltýn said that this kind of reform would not involve a transition deficit that would have to be paid by other generations.

**Mr. Jaroslav Gongol** introduced a proposal by the Communist Party of Bohemia and Moravia (KSČM) that is termed 'parametric optimization of the pension system'. The proposal assumes that there will be no crisis in the Czech Republic, and despite the demographic forecasts the system will be balanced. The KSČM sees a much larger problem than the worsening demographic dependency (from 2:1 to 1:1): the inadequate number of well-qualified workers. Mr. Gongol went on to explain that their proposal is based on solidarity, where the state system should remain the most important element. He said that the Czech state is not ready yet for a second pillar, which could be created only around 2030.

**Mr. Vladan Majerech**, Civic Democratic Party (ODS), emphasized that the Final Report by the Executive Team shows that the system will experience a crisis soon, so a reform is unavoidable. A key variable in this reform is the retirement age. The financial balance of the system could be maintained if more older workers would stay in the labour market longer. However, before making a political decision on the retirement age, more scenarios need to be looked at; therefore, the ET should continue developing and refining its models.

**Mr. Ivo Ludvík**, Vice-Chairman of the Union of Freedom – Democratic Union (US-DEU), said that the pension system cannot remain stable without a reform, and when the crisis occurs, it will be too late for a reform. From the point of view of the US-DEU, the reform should maintain the PAYG system. It should not be based on absolute solidarity because this is not motivating people. The working period should be prolonged, to at least 40 years, and the retirement age needs to be equalized: 65 years for both men and women. Disability pensions should also be reformed. There is also a need to increase the motivation of the public to contribute. The voluntary pillar gives the possibility of free choice, which is essential. Transparency is very important. He also emphasized the importance of pro-population measures.

During the discussion period that followed, the presenters were asked about possibilities for early retirement in the different proposals. While political parties agreed that there are certain professions where early retirement is necessary, Mr. Kral reminded those present that in 1992 the Czech government had eliminated privileges in the pension system, a legacy from the socialist period.

### **Session 3: Regional pension reforms – the Slovak Republic and Hungary**

**Ms. Mária Svoreňová**, Social Policy and Legal Adviser, Confederation of Trade Unions, gave an overview of pension reform in the Slovak Republic. She explained that her country adopted a very radical reform. The first pillar was reformed in 2004. The reform provided a major retreat from the redistribution to low-income workers. The retirement age was increased gradually to 62 for both men and women (however, some groups of women will reach this only in 2024). It also reformed disability pensions and introduced the system of early retirement. As a significant result of the reform, many people continued to work after starting to collect their pensions.

Under the new legislation there are a few measures which have a negative impact, reducing the contributions flowing into pension scheme; the pension insurance contributions are decreased by 0.5 percent for every dependent child that a contributor has; and early retirement pensions is ceased reducing if a pensioner fails to apply for an unemployment benefit for which he/she is eligible. In addition, following a proposal of the Ministry of Labour, Social Affairs and Family, the number of persons for whom insurance is covered by the state has been decreased.

On 1 January 2005 a new mandatory private pension pillar commenced operation with eight pension funds. The government's aims in creating the second pillar were to enhance financial sustainability, resist the ageing of the population, motivate workers to stay longer in the labour market, provide higher pensions, and create equal rights for women and men. Till October 2005 more than one million insured persons joined the second pillar and diverted 9 percent of their contributions into it.

The result of the reform is very high transitional cost, and a huge deficit expected to appear and increase till 2010 in the PAYG scheme. Under the forecast of the Social Insurance Agency, which operates the first pillar of the pension scheme, in 2010 it will collect only half of the revenues necessary for paying already awarded pensions.

**Mr. András Horváth**, Ministry of Finance, Hungary, presented Hungarian pension reform. In 1993 legislation authorizing voluntary supplementary pension funds was adopted. Further reform in 1997 involved several parametric changes to the PAYG scheme and the introduction of a system of mandatory private savings, thus creating a mixed system. Members of the mixed scheme pay eight percent of the overall 26.5 percent mandatory pension contribution to the funded pillar. The retirement age has been increased gradually to 62 for both men and women (women will reach it in 2009). Comparing the outcomes with the original expectations, Mr. Horváth mentioned the following: (1) a larger number of switchers to the mixed system than expected; (2) a higher transitional cost than expected; (3) a first pillar indexation that turned out to be more generous than foreseen; and (4) average rates of return in the funded pillar so far lower than expected, but there was a huge improvement in 2004 and 2005.

As a result of several corrective measures, there was a rise in the average pension level (as compared to the average wage) and a rise in public pension spending (in proportion to GDP). In addition, the labour market for older workers in Hungary is unfavourable, and some measures that have been taken to expand their employment

options. Mr. Horváth closed his presentation by describing the role of social dialogue throughout the reform, mentioning some areas where consensus was reached, and others where there is still a debate.

*For the full presentation, see Annex 4.*

During the discussion Mr. Horváth explained that a 50-year projection was submitted to the Parliament before it decided on the three-pillar model. Today, 9.5 percent of the GDP is spent on pensions and that will increase to 14.5 in 2050. The first pillar has no reserve fund. The deficit of the public pillar is financed by regular injections of state revenues. There is a minimum pension in the first pillar amounting to about 20 percent of the national average wage, but at least 20 years of service are required to receive it. It does not have a large effect on the system, because only two percent of pensioners qualify.

Ms. Svoreňová added that in Slovakia there are no official long-term financial projections. There is, however, a solidarity reserve fund into which employers are required to pay 4.7 percent of the pension contribution rate.

#### **Session 4: Regional pension reforms – Slovenia, Poland and Estonia**

**Mr. Tine Stanovnik**, Senior Researcher, Institute for Economic Research (Slovenia) provided an overview of the 1999 Slovenian pension reform. He described first the role of social dialogue during the process and then introduced the achievements of the reform. These are: (1) the stabilization of pension expenditures; (2) an increase in the actual retirement age; (3) an increase in activity by older workers; and (4) a strong development of the voluntary second tier.

Mr. Stanovnik also described some problem areas: (1) no move yet toward more flexible forms of employment in Slovenia; (2) rigidities in the labour market, with particularly negative effects on youth employment; (3) the relative income position of pensioners has deteriorated since the reform; (4) few low-paid employees in labour-intensive industries are included in the voluntary second tier; and (5) the high administrative costs of private pension funds.

*For the full presentation, see Annex 5.*

**Ms. Agnieszka Chłoń-Domińczak**, Director of Department of Economic Analyses and Forecasts, Ministry for Social Policy (Poland), described the characteristics of the Polish pension system. Poland undertook a reform introducing a Notional Defined Contribution (NDC) system, where benefits are based directly on each worker's own pension contributions. The system consists of a mandatory PAYG scheme, a mandatory funded pillar, and a voluntary funded private pillar. To have a financially sustainable first pillar, its costs have to be reduced and that can be achieved mainly by increasing the retirement age and developing an actuarially sound pension benefit formula. Fifteen funds are operating in the second pillar. More than 60 percent of people between the ages of 31 and 50 opted to join the mixed system. As a major consequence, early difficulties in administering the reformed system, Poland learned that information and correct record-keeping are as important as financial resources.

Ms. Chłoń-Domińczak said that, in the long run, the Polish reform will reduce the liabilities of the pension system, while in the medium term it increases the public finance deficit. She said that the main challenge of dealing with demographic ageing is to increase the participation of older workers.

She also described the strong role of the social partners in the Polish reform, and the main steps that should be taken to facilitate social dialogue and make it successful.

*For the full presentation, see Annex 6.*

**Mr. Lauri Leppik**, PRAXIS Center for Policy Studies (Estonia), described the early outcomes of the Estonian pension reform. The original expectations of the reform of the first pillar were: to stabilize its financing; to equalize the pension age of men and women at 63 years (to be reached by 2016); to establish a new benefit formula with a stronger earnings-related element; and to provide regular indexation of pensions. As a result of the reform, tax administration and compliance have improved, the actual age of retirement is increasing gradually, work incentives are improving, the system is more transparent, and its financial position is stronger. However, the reform has had little influence on the average replacement rate, total number of pensioners, or total expenditures on pensions; it did not touch pension privileges; and the minimum pension guarantee does not offer effective protection against poverty.

As for the second pillar, the government expected around 50 percent participation and that was greatly exceeded, with 80 percent of the labour force participating in 2005. For new entries to the labour market it is compulsory to join, while for other workers it is optional.

The employment rate in the age group 55-64 was 52.4 percent in 2004. This high rate can be explained by the increase of the statutory pension age, the payment of full pensions to working pensioners, the recalculation of pensions on the basis of additional work periods, and the relatively low value of pensions.

Turning to the issue of social dialogue on the reform, Mr Leppik said that there were several tripartite consultations and some of the proposals of social partners were taken into account. Albeit no formal tripartite agreement was reached on pension reform, in fact trade unions and employers organizations supported the general outline of the reform.

*For the full presentation, see Annex 7.*

During the discussion period Ms. Chłoń-Domińczak explained that modelling is constantly being used in Poland to analyze both the overall scheme financing and its impact at the individual level. She also explained that women still have lower wages than men on average; therefore, they have lower pension benefits. This problem will be more significant in the future as a result of the 1999 reform, which related benefits much more closely to each worker's own earnings. She was also asked about early retirement and disability pensions. She said that in July of this year a special miners'

pension was introduced, and miners can retire after 25 years of service. Since 1997 there are a decreasing number of disability pensioners. A major challenge is to pass new disability insurance legislation. She also explained that there are no restrictions on work by pensioners; however, there is little support from employers for extending the working life.

**Tuesday, December 6**

**Session 5: Pension reforms outside Central and Eastern Europe**

**Pension system in France**

**Ms. Elizabeth Lion**, Social Security Section, Ministry of Health and Solidarity (France), described the French pension system. The system is based on solidarity: among generations, professions, and economically active and inactive groups. It puts a strong emphasis on strengthening families. The administration developed incrementally over a long period of time, and today there are a large number of institutions administering pensions. These belong to four major groups: general pensions (68 percent of contributions, 50 percent of pensioners); farmers' pensions; traders, craftsmen and self-employed (6.7 percent of contributions, 9.6 percent of pensioners); and state sector employees and military (19 percent of contributions, 18.5 percent of pensioners).

The French system consists of three levels: The first and the second levels are mandatory and there is a third supplementary scheme. This third level applies only to top managers. The government encourages civil servants to enrol in the supplementary scheme (tax incentives).

Ms. Lion explained that a deficit appeared in the French system in the early 1980s. As elsewhere, life expectancy in France is increasing and soon, people born at the time of the first baby boom will retire. The system dependency rate today is 1.7 active person to 1 pensioner. For 2015 this will be only 1.4 active, and in 2040 only 1 active person to 1 pensioner. Therefore changes will be needed to strengthen scheme financing. She went on to say that the main priorities for the future are: (1) to move pensioners' living standards as close as possible to that of active people; (2) to ensure a dignified retirement; and (3) to further develop mandatory supplementary pensions. She stressed the importance of information dissemination.

**Pension reform in the US – recent developments**

**Ms. Virginia P. Reno**, Director of Research, National Academy of Social Insurance (NASI, USA), gave an overview of the US system and its recent developments. She explained that the US has a strong PAYG system. Compared to European standards, benefits are modest, the retirement age is relatively high (65 rising to 67 for both genders), and the contribution rates are relatively low (6.2 percent for both employer and employee). Today, more contributions are coming into the system than benefits paid. These reserves are projected to be depleted in 2041 when contributions will cover only two-thirds of benefits. Relatively small contribution increases could ensure long-term financial balance. This approach was not chosen by President Bush, who rather recommended the development of individual accounts, shifting four percent of the employee's contribution to these. She said that the Bush proposals raise several concerns: (1) long-term financial balance is achieved solely from benefit reductions; (2) risk is shifted from government and employers to individuals; and (3) the individual accounts involve large transition costs. Finally, Ms. Reno talked about the

public education efforts of NASI, which have contributed to a broad and open debate of the Bush proposals.

*For the full presentation, see Annex 8.*

### **OECD presentation**

**Mr. Edward Whitehouse**, OECD expert, gave an overview of pension reform in a range of countries. He referred to the OECD publication, *Pensions at a Glance: Public Policies across OECD Countries*. He started the comparison with the gross replacement rate for average earners and low earners in 13 countries. The Czech Republic's rate for average earners is below the average of 55.7 percent; however, for low earners it is above the 66.2 percent average. He presented a figure showing that in the Czech Republic there is a weak link between pension contributions and benefits, like in the US and the UK, while in Estonia, Hungary, Poland and the Slovak Republic this link is stronger. He explained how reforms in these countries affected entitlements. Comparing France, Germany, the UK and Sweden, he said that in each case the fiscal effect of recent reforms was very different, but there was one similarity, they targeted resources on low-income workers. In the Slovak Republic and Poland, where there is a close link between contributions and benefits, there was a large increase in pensions for high-income workers, so these two countries show exactly the opposite than Western European countries.

Mr. Whitehouse showed replacement rates for young workers in some of the Central Eastern European countries, and showed how they varied depending on the individual's choice of whether to join the mixed pension system (first and second pillars) or not. He showed some calculations of the expected life-time gains to workers resulting from joining the second pillar. He noted that the expected rewards for switching are very strong in most CEE countries, with the noteworthy exception of Slovakia. He also showed how switching behaviour varied with age.

*For the full presentation, see Annex 9.*

### **Session 6: Presentations of Czech Social Partners, Pension Funds and Insurance Companies**

**Mr. Ladislav Bartoniček**, President, Czech Insurance Association, said that life insurance has developed rapidly in the Czech Republic. He explained that the objective of the pension reform should be benefit adequacy. It is necessary that people take a more active part in saving for their own retirement. Life insurance companies can provide many sophisticated, flexible products to assist them. Mr. Bartoniček emphasized the importance of tax incentives and direct financial support for the insurance industry. He said that the current PAYG system is unsustainable, and a mandatory second pillar might be a solution. Therefore, an environment conducive to the development the second pillar should be established.

**Mr. Jiří Rusnok**, President, Association of Pension Funds, described the objective of the Association to introduce more diversity in the private system, including the introduction of occupational pensions. He stressed that the system has to be simple and transparent. He also mentioned the crucial role of insurance companies that know how to manage risk.

**Mr. Zdeněk Liška**, Director General, Confederation of Industry and Transport (SPD), said that it is necessary to look at the historical development of social security that is based on solidarity. The aim of reform is to stabilize the financing of the pension system. A successful reform requires transparency. All changes in the future should be based on social dialogue and tripartite consensus. SPD is ready to take part in such a process. Commenting on the different proposals, he mentioned that the transitional financing costs of pension privatization could imperil the introduction of the Euro, and a higher retirement age might lead to higher unemployment.

**Mr. Zdeněk Hájek**, Expert Analyst, Czech-Moravian Confederation of Trade Unions (ČMKOS), also stressed the importance of tripartite debate on pension reform. ČMKOS supports the idea of maintaining the PAYG system based on social solidarity. The greatest challenge is to make pension levels adequate. As for supplementary pensions, it is necessary to make supervision more effective and funds more transparent. He noted that occupational supplementary pensions have not been introduced in the Czech Republic. However, in many countries, this is a tested and highly effective form of supplemental insurance. He emphasized that pro-population measures, and incentives for women to return to work, are extremely important.

### **Session 7: Panel discussion**

In the first part of the discussion, panelists gave brief summaries of their impressions of the seminar.

Mr. Whitehouse welcomed the fact that the Czech Republic is discussing a whole range of pension systems. The OECD is often asked what a good pension system is. All have a wide range of advantages and disadvantages. It is a political and economic choice. The system has to be both socially and financially sustainable.

Mr. Bezděk said that the Czech Republic has been learning from the experience of neighbouring countries. The pension system has effects on the broad economy. Implementation is as important as the political decision to enact a reform since this phase has a great influence on how the reform will actually work.

Mr. Emmanuel Reynaud stressed the importance of international comparisons. He said that there is no single ideal model since every context is different. Social consensus is indispensable. The reform should reflect the expectations of citizens so that they will have trust in the system. He added that the Notional Defined Contribution (NDC) system might have some victims, especially women.

Ms. Chłoń-Domińczak returned to the crucial elements of the Polish reform process. She emphasized that each country has to decide for itself what sort of reform is

appropriate and desirable; pension reform has to be “owned” by the country. The quality of the Final Report of the Executive Team shows that the Czech Republic has technical capacity for designing an effective reform. Social consensus means that once the decision is made you are able to follow the path. One government will start the reform, and probably another one will continue. The process should be transparent.

Ms. Svoreňová said that transparency was extremely important, and it was lacking in Slovakia. Therefore, public confidence in the system is low, and this is reflected in poor levels of compliance with the contribution requirement. To reach financial sustainability, it is important to make sure that the transitional financing costs of the second pillar can be covered by government and that second-pillar rates of return are not eroded by high administrative costs.

Mr. Král explained that the Ministry is not satisfied with the current services provided by the Social Security Administration. A fully electronic record keeping system will be developed. A major problem is that people only start to take an interest in the pension system when they approach retirement age. On a regular basis, a survey will be carried out to measure citizens’ satisfaction with the system.

Ms. Reno welcomed the real desire of those who took part in the seminar to come to an understanding, and she applauded the investigation of different models. She stressed that reforms need to have as their goal both economic and social stability.

In the second part of the discussion, panelists answered questions.

Answering a question about the relation between the fertility rate and the pension system, Ms. Chłoń-Domińczak said that family policy and pension policy have to be considered together, since there is a direct link between the employability of women and national fertility rates. However, as Mr. Reynaud noted, earlier retirement might be highly disadvantageous for women in the NDC system. He also added that increasing the employment rate of women through the development of childcare services is a major response to the demographic and pension challenge. Mr. Bezděk said that pro-population policies often lead to the lack of stability.

Mr. Hofman added that new preferences have to be given to parents, but not only mothers, to avoid inequality.

Turning to another question, whether international minimum standards are going to change in anticipation of demographic aging, Mr. Reynaud explained that there is no intention on the part of the ILO to launch any new convention. He said that current ILO’s instruments provide relevant guidance for pension reforms, especially Convention No. 102 and the Resolution and Conclusions concerning social security adopted by the International Labour Conference in 2001.

The seminar was closed by Mr. Hofman and Mr. Reynaud, who thanked the presenters and participants and expressed their hopes that the inputs from the seminar would be useful to Czech government and its social partners as they continue their deliberations.



*Annex 1*



*International Labour Organization  
Subregional Office for Central and Eastern  
Europe*



*Ministry of Labour and Social Affairs  
of the Czech Republic*

**National Tripartite Seminar  
on Pension Reform in the Czech Republic**

***5 – 6 DECEMBER 2005  
CZERNIN PALAIS, PRAGUE***

**Monday, 5 December**

8:30 ***Registration***

*Venue: Černínský palác (Czernin Palais)  
Loretánské náměstí 5, Praha 1*

9:00 ***Opening session***

**Chair:** Mr Jiří Hofman, *Deputy Minister of Labour and Social Affairs*

Mr. Zdeněk Škromach, *Deputy Prime Minister of the Czech Republic, Minister of Labour and Social Affairs*

Mr. Friedrich Buttler, *Regional Director for Europe and Central Asia, International Labour Office*

Ms. Elizabeth Lion, *Social Security Section, Ministry of Health and Solidarity, France*

**Chair:** Mr. Friedrich Buttler

9:30 ***Overview of the Czech Pension Reform after 1990***

Mr. Jiří Král, *Director of Social Insurance Department, MoLSA*  
(10-minute presentation)

***Presentation of the Coordinator of the Working Party on the Preparation of***

Mr. Vladimír Bezděk, *Advisor to the Board, Czech National Bank*  
(30-minute presentation)

***Discussion***

10:30 Coffee break

10:30 **Press Conference – Hall in front of Masaryk flat**

Mr. Zdeněk Škromach, *Deputy Prime Minister, Minister of Labour and Social Affairs*  
Mr. Friedrich Buttler, *Regional Director for Europe and Central Asia, ILO*  
Mr. Jiří Hofman, *Deputy Minister of Labour and Social Affairs*

**Chair:** Mr Jiří Hofman, *Deputy Minister of Labour and Social Affairs*

11:00 **Presentations by Czech Parliamentary Political Parties**

Mr. Vít Samek, *Expert; Czech Social Democratic Party (ČSSD)*  
Mr. Ivo Foltýn, *Česká pojišťovna; Christian and Democratic Union – Czechoslovak People Party (KDU-ČSL)*  
Mr. Miroslav Opálka, *Member of the Chamber of Deputies; Communist Party of Bohemia and Moravia (KSČM)*  
Ms. Alena Páralová, *Member of the Chamber of Deputies; Civic Democratic Party (ODS)*  
Mr. Ivo Ludvík, *Vice-Chairman of the Union of Freedom – Democratic Union (US-DEU)*  
(10-minute presentations)

**Discussion**

12:30 Lunch

**Chair:** Mr. Emmanuel Reynaud, *Social Security Department, ILO*

14:00 **Regional pension reforms – Slovak Republic and Hungary**

Ms. Mária Svoreňová, *Confederation of Trade Unions of the Slovak Republic*  
Mr. András Horváth, *Ministry of Finance, Hungary*  
(20-minute presentations)

**Discussion**

15:15 Coffee break

**Chair:** Ms. Elizabeth Lion

15:45 **Regional pension reforms (continued): Slovenia, Poland and Estonia**

Mr. Tine Stanovnik, *Senior Researcher, Institute for Economic Research, Slovenia*  
Ms. Agnieszka Chłoń-Domińczak, *Director of Department of Economic Analyses and Forecasts, Ministry for Social Policy, Poland*  
Mr. Lauri Leppik, *Independent Consultant, Estonia*  
(20-minute presentations)

**Discussion**

17:15 **Closing of the first day**

19:00 **Reception – Winter Garden**

**Tuesday, 6 December**

**Chair:** Mr Jiří Král

9:00 ***Pension reforms outside of Central and Eastern Europe***

***Pension system in France***

Ms. Elizabeth Lion, *Social Security Section, Ministry of Health and Solidarity, France*

(30-minute presentation)

***Discussion***

***Pension reform in the US – recent developments***

Ms. Virginia P. Reno, *Director of Research, National Academy of Social Insurance, Washington, D.C.*

(30-minute presentation)

***Discussion***

***OECD presentation***

Mr. Edward Whitehouse, *OECD expert*

(30-minute presentation)

***Discussion***

10:45 Coffee break

11:15 ***Presentations of Czech Social Partners, Pension Funds and Insurance Companies***

Mr. Milan Štěch, *Chairman; Czech-Moravian Confederation of Trade Unions (ČMKOS)*

Mr. Zdeněk Liška, *Director General; Confederation of Industry and Transport (SPD)*

Mr. Jiří Rusnok, *President; Association of Pension Funds*

Mr. Ladislav Bartoníček, *President; Czech Insurance Association*

(15-minute presentations)

***Discussion***

12:45 Lunch

**Chair:** Mr. Emmanuel Reynaud

14:00 ***Panel discussion with participation of foreign and Czech experts***

15:30 ***Summary and Conclusion***

16:00 ***Closing of the Seminar***