



INTERNATIONAL PENSION NEWSLETTER



January 2010, Issue #13

Inside:

International Trends:

Pensions in 2009, Lessons and Challenges p. 1-2

- World Bank Report: "Pensions in Crisis", Central Eastern Europe and Central Asia
- Latin America: Private Pensions Drew Strength Despite Crisis
- Global: Mercer Identifies Five Key Challenges for 2010
- U.K.: DC Schemes Grew Stronger, DB Grew Weaker

Fund Strategies:

Challenges Lie Ahead p. 2-3

- U.K.: Lifeboat Fund Intervention Costly
- U.K.: Pension Funds Show New Interest in Emerging Markets
- U.K.: Church of England Fund Stands by Equity Investments
- Global: Mercer Research Shows Outsourcing Pension Administration

Government Policies:

p. 3-4

- Russia: Pension Crisis Looms after 2010 Increase
- U.K.: Automatic Enrollment Plan Going Forward Slowly
- Romania: Investors Say Pillar II Contributions Should Increase as Planned
- Poland: Pension Funds May Lose Bond Administration
- Hungary: Pension Funds Become Pension Companies
- Singapore: Plan to Re-employ Older Workers

Markets:

p. 4

- Bulgaria: Pension Funds Yield Higher Profit than Deposits
- Estonia: At Year End 1 out of 3 Voluntary Pillar II Participants Stay in Scheme
- Netherlands: Funds Remain Vulnerable

Analysis of the Month:

Privileged Pension Schemes Throughout OECD Countries

p. 4-7

- OECD Study: Privileged Pensions in Question
- Table: Overview of Special Pensions throughout OECD

Recent Reform Policies:

- France: Preventing Risk Instead of Compensating
- Poland: "Bridging" Pensions Replace "Special" Pensions
- Hungary: Gradual Shift from Employer to Employee

INTERNATIONAL TRENDS: PENSIONS IN 2009, LESSONS AND CHALLENGES

Editor's note: Existing at the cross-roads of capital markets, macroeconomics and social security concerns, the pension savings sector has been affected by a number of crisis-related factors: the financial crisis has popped the dream of decades of high returns, as growing unemployment is eating away at pension contributions, just to mention two. The most affected appear to be companies' defined benefit schemes. Already struggling to meet the business challenges posed by the economic downturn, they often fail to reach funding levels that will cover their future liabilities. Often the solution has been to close the schemes for new employees or to reorganize the DB schemes into DC schemes, provoking discontent among workers. At the same time, the tougher economic backdrop have inspired governments and funds to brainstorm over innovative approaches to retirement savings, trying to address two priorities at once, developing alternatives to PAYG while ensuring a minimal retirement coverage for all.

World Bank Report: "Pensions in Crisis", Central Eastern Europe and Central Asia

A World Bank Report on "pensions in crisis" in the Europe/Central Asia region notes that each pillar has been heavily affected by the crisis.

According to Anita Schwarz, main author of the Report and the World Bank Lead Economist in the Europe and Central Asia Region, "the financial crisis affects each component of a pension system differently, and while magnitude and timing may be different, each component is adversely affected. Sharp falls in output and reduction of the overall tax base reduced public funds available for pension systems, while at the same time growing unemployment, drops in wages, and depreciation of financial assets negatively affected systems financed by worker and employer contributions."

However, the World Bank warns that "the real crisis is yet to come", because "the impact of this crisis pales in comparison to what the countries are soon to face with the aging demographic transition."

"It is alarming to look at what the Europe and Central Asian countries are soon to face as the region continues to age," said Schwarz. "Future pension system deficits can be threefold than what is currently expected, and are expected to remain at that level for more than 20 years before slightly improving. Policymakers need to use the opportunity of the current crisis to address long-term issues, which could bankrupt pension systems precisely when the numbers of people who need them are growing."

This document is a letter to partners and consultants of USAID Capital Markets Project. It is not a publication to the general public. The views and opinions expressed herein do not necessarily state or reflect those of the U.S. Government or the USAID.



Recommendations

Short-term recommendations by the World Bank include:

- not being hasty in making changes in long run programs to address short term needs;
- using the opportunity of the crisis to address long-run issues which will help when the demographic crisis hits.

Long-term recommendations include:

Pillar I

- move to inflation indexation of pensions after retirement;
- increase the retirement age and equalize the retirement ages of men and women;
- reduce early retirement;
- promote public awareness that public pensions will necessarily be less generous than in the past.

Pillar II

- provide better insurance against vagaries of the financial market ;
- accelerate regulatory and supervisory reforms that will allow pension funds to earn better rates of return for participants;
- proactively engage in capital market development, particularly by offering inflation-indexed bonds.

Latin America: Private Pensions Drew Strength Despite Crisis

The International Organization of Pension Supervisors (IOPS) and OECD held a forum on private pensions in Rio de Janeiro from October 10-15 to discuss impact and policy responses to the financial and economic crisis on the pension industry in Latin America. Overall, participants noted a positive trend: "The pension systems in Latin America have come out of the crisis strengthened," said OECD economist Pablo Antolin. He said that the introduction of multiple funds (adapted to the contributor's risk profile) adopted in many of these countries have offered some protection to older investors, vulnerable because they are close to retirement. Governments have continued to press ahead with reforms, and most have resisted pressures to nationalize pension assets, he noted. Reforms include introducing a safety net to strengthen minimum pensions like in Chile. Experts stressed how important it is to see "the importance of the long-term" for effective retirement savings. (OECD.org)

Global: Mercer Identifies Five Key Challenges for 2010

Mercer financial consultancy has identified five key challenges facing employers offering corporate employee benefit schemes, including pension schemes, on the backdrop of the economic downturn.

* Balancing the response to the recession with long-term positioning through cost-control tactics like reducing DC contributions and stopping accruals in DB plans.

* Shifting from DB to DC will remain the trend. This is often accompanied by a trend to lower employer-provided retirement benefits, since market-average DC plans provide less retirement income than market-average DB plans.

* Seeking to better understand the cost and risk factors embedded in retirement programs so they can adopt a better strategy to control these risks.

* Improving better oversight, governance. A robust governance framework includes both the structure and the supporting processes needed to achieve the desired level of central oversight. It frequently includes policies on design, funding, and investment, clear delegation of authority, and a defined approach to monitoring and mitigating risk.

* Reacting to changes in government policy. A number of governments are planning social reforms that affect employers' plans, and funding strategies.

Mercer Senior principal and International Consultant David Newman also notes that "longer term it is likely that governments will continue to shift cost from the public sector to the private sector as they grapple with the impact of ageing societies."

U.K.: DC Schemes Grew Stronger, DB Grew Weaker

The U.K. pension industry organization, NAPF, concluded in a year-end study that contributions to defined contribution schemes have remained stable throughout the crisis at 11.5%, thereby disproving fears that the recession would lead to contributions cuts. Employer contributions stand at 7.5% and employee contributions at 4.0%. The study also found out that management charges paid by members of DC schemes is 0.55% of assets under management, below the suggested charge cap of 1.5% the first ten years of contribution and 1% thereafter. A management charge of 0.55% would lead to a cost of 15% of the value of the pension fund, while a 1.5% charge would cost 40% of the fund's value, the NAPF concludes. (NAPF website)

FUND STRATEGIES: CHALLENGES LIE AHEAD

U.K.: Lifeboat Fund Intervention Costly

The Pension Protection Fund, a pension "lifeboat fund set up in 2006 to come in and cover pension liabilities when companies with corporate funds go bankrupt" is threatening to become one of the U.K.'s biggest pension funds in terms of beneficiaries, as more and more schemes suffering from the crisis are transferred to the fund. Last year the PPF took on 113 more claims with a combined deficit of 1.3 billion pounds. The biggest casualties this year were U.K. staff at Nortel, the Canadian telecoms group. As a result, the fund fell £700m short of the liabilities it absorbed, despite a 13.4% rate of return, and its deficit until March 2009 had risen from £517m to £1.23bn pounds. John Ralfe, a pensions expert told the Telegraph that it had been "a bad year for the PPF, but not a disastrous one." However, if the deficit continues to climb then "the government is going to have to start thinking about a plan B." PPF chairman, Lawrence Churchill sees things in a more optimistic light: "The economic downturn has highlighted how vital PPF protection has been. None of us would want to go back to an era where people lost their pension as well as their jobs. We expected that this year's claims would be larger than our levy so we were not surprised. "The PPF is funded by a levy paid by pension funds which is then invested. The PPF



said that, by the end of September 2009, rising stock markets and a lack of big claims helped push its deficit back below £1bn. (Telegraph.co.uk)

U.K.: Pension Funds Show New Interest in Emerging Markets

A study by Baring Asset management among U.K.'s 21 largest corporate and government pension schemes concludes that almost a third may be interested again in allocating to emerging markets. 29% of funds are now "more likely" to allocate to emerging markets equity this year. The figure was 4.3% in 2007 and 0% in 2008. Barings found that of those funds already investing in emerging market equities, 90% do so in China, 76% in Eastern Europe and Latin America.

Among those investing in emerging markets, 48% invest in one particular market and 43% invest across the board as part of a global equity portfolio. Asked to cite their most important investment priority over the year ahead, pension funds ranked maximizing returns with minimal risk first while achieving cash plus returns came in second. As for defining success from an investment perspective, measuring returns against their ability to match liabilities ranked top. Richard Graham, head of U.K. institutional business at Barings, says: "This shows that schemes recognize that emerging markets are more likely to lead the world out of economic recession than the debt laden developed markets. Schemes have seen that there are few safe equity havens and would prefer more exposure to the growth parts of the world, and less to the volatile West. We are seeing significantly more interest from both schemes and their consultants." Barings' \$1.49bn Global Emerging Markets Fund, posted a 72.3% return in the first three quarters of 2009. (Reuters, professionalpensions.com)

U.K.: Church of England Fund Stands by Equity Investments

The U.K. Financial Times described the Church of England's pension fund for the clergy as "succumbing to the cult of equity" after having allocated 100% of their investments into equity and suffering very important losses. The market value of the assets was £461 million against estimated liabilities of £813 million. As a result, today's young clergymen's benefits could be half of what recent retirees receive, the paper claims. But according to the Church of England pension fund the situation isn't quite as bleak, because the scheme is on a long-term strategy. The fund's board chairman Jonathan Spencer said the scheme is only responsible for paying pensions in respect of pension benefits earned from January 1, 1998. Therefore, the scheme is still very young, with liabilities mainly in the future. While £70 million comes in every year in contributions, only £12m are paid out in pensions. "So the fund's main liabilities are some way in the future. Advice has consistently been that the board should place the scheme's investments in equities and equity-type investments, which historically have produced the best returns," he said. (FT.com, professionalpensions.com)

Global: Mercer Research Shows Outsourcing Pension Administration

A study by global financial consultancy Mercer says that because companies are under pressure from the economic environment, they are increasingly looking to outsource

pensions administration to reduce costs. Outsourcing allows them to save on costs while fulfilling the need to deliver more revenue. Mercer's head of outsourcing, Jonathan Mindell, says that companies could achieve this by outsourcing non-core work, such as pensions' administration. "Running a pension scheme is not core to most organizations, so there is a strong argument for outsourcing it." (Professionalpensions.com)

GOVERNMENT POLICIES:

Russia: Pension Crisis Looms after 2010 Increase

Pensioners will start 2010 with higher pensions but the country's budget will have to face a gaping budget hole. In 2010, Russia is planning to raise pensions by 50% from the current level. The government planned to increase the social insurance from 26% to 34%, including an increase of the ceiling for the payment rate to the pension fund from 20% to 26%. The reform should decrease the pressure on the budget, and increase the pressure on participants. However, the economic crisis has made the government suspend the higher rates until 2011. (rian.ru)

U.K.: Automatic Enrollment Plan Going Forward Slowly

A government scheme developed to help low-income workers deprived of future pensions is going ahead slowly. The scheme is designed to automatically enroll all employees not participating in a work pension plan into personal account. They retain the right to opt out of the scheme if they wish. The idea is to make workers who are "lazy" about retirement decisions save automatically. In total, 9m workers will benefit. They will start contributing from 2012. According to the new system, employers will have to pay a minimum of 1% of a worker's salary from October 2012, 2% - in 2015 and 3% - from October 2016. (guardian.co.uk)

Romania: Investors Say Pillar II Contributions Should Increase as Planned

In an open letter to the Romanian government, foreign investors warned to keep to the original scheme of contribution levels paid to Pillar II pension funds. The law provides that contribution levels should rise every year. On January 1 of each year the contribution rate to the mandatory pension scheme should increase by 0.5% up to 6% of gross income of employees within eight years after implementation of the system. The contribution should have been raised to 2.5% last year, but the 2009 budget kept the level of the contribution at 2% of gross salary. The government has not announced yet whether the level of contribution will be increased in 2010. Investors argue that it will affect not only the future retirement income of the participants, but also undermines the plans of those foreign investors who have invested over 500 million euros in sectors related to pension and capital markets. (curierulnational.ro)

Poland: Pension Funds May Lose Bond Administration

Starting next summer, ZUS, the Polish social insurance authority, can obtain the right to manage money that pension funds have to invest in government bonds. According to the new system which may be launched in July 2010, PLN13bn (3.1bn EURO) can be forwarded straight to ZUS instead of being transferred to pension funds which invest them annually in government bonds (as it's currently done). Jolanta Fedak, the



Labor Minister, said that this is done with the purpose to reduce pension funds' operating costs and, thus, increase future pensions. Fees charged by fund administrators have been cut twice already as one of the measures leading to system improvement. The Polish Labor and Finance Ministries announced that contributions intended for mandatory Pillar II funds will drop from 7.3% to 3%.

In Poland employees and employers pay 19.52% of their wages in pension contributions, and 12.22% of those automatically goes to Pillar I. (IPE.com)

Hungary: Pension Funds Become Pension Companies

Parliament approved a reform of private pension funds. Starting January 2013, private pension fund members will become members of a new type of private pension fund companies. The new law will allow private pension funds the opportunity to merge into a pension fund company of their choosing. Member accounts will then be transferred to a private pension fund company. The new regulations also place restrictions on withdrawing pension savings in a lump sum and lays down criteria for calculating pension payments. (MTI-Econews)

Singapore: Plan to Re-employ Older Workers

To tackle the problem of an ageing population, the Singapore government is striving to make policies and introduce re-employment of older workers. Re-employment legislation is set to take effect by January 1, 2012 to require employers to offer to keep workers past current statutory retirement age of 62, up to the age of 65, in the first instance and, later, up to 67, if they are medically fit, but not necessarily in the same job or on similar wages as before. Employers should offer eligible employees a one-off Employment Assistance Payment (EAP) if they are unable to find suitable jobs for them. This is to tide these employees over for a period of time while they look for alternative employment. The EAP is part of the draft tripartite guidelines on re-employment of older workers which will form the core of the law to be passed by 2012. (temasekreview.com, sgeemployers.com)

MARKETS:

Bulgaria: Pension Funds Yield Higher Profit than Deposits

Bulgaria's pension funds yield higher returns than deposits in banks, revealed a survey of the banking market conducted by the Standart information agency. During the past year pension funds obtained returns of 4.01% to 16.13% annually, and this is higher than interests from deposits that one can obtain in Bulgarian banks. In Bulgaria pension funds have yet to choose between investment options – they've invested 1 billion levs abroad already, and their total assets are more than 3 billion levs. The Bulgarian Stock Exchange (BSE) organized a round table for public companies. Experts noted that there are only few companies which want to get listed. The lack of investors and low liquidity create serious difficulties: a "flat capital market" caused a slow-down in pension funds' investing. Large amount of pension fund investments are currently held in deposits, but there should be something to invest in when the market recovers. (StandartNews.com)

Estonia: At Year End 1 out of 3 Voluntary Pillar II Participants Stay in Scheme

In Estonia two out of three persons who had the choice of contributing to Pillar II decided to stop making contributions into Pillar II pension schemes. 220, 000 out of 600,000 Estonians decided to continue participating in Pillar II contribution schemes next year.

Jurgen Ligi, Estonian Finance minister, commented: "We must continue raising public awareness that the state stopped its own contributions because of extraordinary circumstances. The important thing now is to keep the regulation of Pillar II pension systems as stable and trusted as possible". (The Baltics Today)

Netherlands: Funds Remain Vulnerable

Dutch pension funds have profited from improving markets in November 2009, but their financial situation is still fragile, as the pensions supervisor, De Nederlandsche Bank (DNB), reports. Coverage ratios are above 100%, but the DNB considers that it's not enough and that there should be at least 130% buffer. Funds are not able to grant indexation and in some cases they have to raise contributions. Currently, the DNB scrutinizes pension funds' investment policies and recoveries. The number of pension funds decreased greatly in 2009, and their investment mix has changed, pushing fixed income part to 1st place (53%) which is followed by equities (32%). In the second quarter of 2009 there were 612 pension funds compared to 656 in 2008 and in October last year their total number dropped to 598. Especially, company pension funds are decreasing in quantity due to the burden of governance and supervisory demands. (IPE.com)

ANALYSIS OF THE MONTH: PRIVILEGED PENSION SCHEMES THROUGHOUT OECD COUNTRIES

Since the passage of the Law on "Mandatory State Pension Insurance" in July 2003 the issue of privileged pensions (paid to those who can retire before statutory retirement age) has been a major policy issue.

The law in fact requires privileged pensions to be financed through contributions to professional and corporate NPFs. However, this needs to be introduced by a separate law, so until enabling legislation is passed, employers are required to reimburse the Pension Fund of Ukraine for an increasing portion of the cost of the privileged pensions for those employees who worked in List I positions. Starting January 1, 2011 that percentage will increase from 80% to 90%. For those employers who worked in a List II position the employer has to meet the full cost of their employees' privileged pension. In the case of coal-miners and liquidated enterprises the state budget, and not the employer, meets the cost.

As part of its program on refining the Pension Reform Concept, the Ministry of Labor and Social Policy of Ukraine together with the Ukrainian Employers' Federation (the "United Representative Organ of Employers on a National Level") held a round table in November 2009 to discuss this issue.



The information below from the OECD is a very relevant part of the discussion.

OECD Study: Privileged Pensions In Question*

“Should pension systems recognize hazardous and arduous work”, OECD pension experts asked as they analyzed the incidence, structure and justification of these special pension schemes in OECD countries. The authors conclude that:

Special pension schemes are justified only for narrowly defined groups. Overall, “there is a weak case for either maintaining or introducing special pensions schemes for workers in hazardous or arduous jobs”. They find that these schemes owe their existence more “to institutional resistance to change than to their usefulness as a supplementary pension.”

Another way of meeting the income needs of those employed in hazardous and arduous pensions can be better met through “well targeted social policies such as unemployment benefits ” and disability pensions or work-related sickness benefits.

The OECD study also found, by comparing benefits in five countries, that the special pensions are worth a lot more than the pensions of general workers. For instance in Spain, they receive 80% more and in Portugal even 130% more, meaning it is more than double. The authors suggest that countries need to revisit these pension privileges and push through reforms to phase out such inequalities that may not be considered fair.

Also, if privileges of early retirement are to be continued for some occupations or jobs, then they should be financed by contributions from employees and employers, and not out of the general population contributions.

Table: Overview of Special Pensions throughout OECD

TYPICAL FEATURES OF SPECIAL PENSION SCHEMES FOR WORKERS IN HAZARDOUS OR ARDUOUS JOBS				
Country	Worker type	Age of early retirement for workers in hazardous or arduous jobs	Coefficient of reduction in retirement age	Accrual rate
BELGIUM	Miners	55 for underground miners 60 for surface miners (or at any age after 30 years of occupation as a miner)		1/30th (per calendar year of contribution)
	Sailors	60 (or at any age after 14 years of service at sea)		1/40th (per calendar year of contribution)
	Flight crew	55 (or at any age after 20 years of service as a flight operating staff or at any age after 23 years for others)		1/30th for flight operating staff 1/34th for other crew
FRANCE	S.N.C.F. (national railway workers)	55 for those who have made contributions for 25 years 50 for drivers who have been working for at least 15 years		The pension is equal to 2% of salary per year of work, with a maximum of 75% of total salary
FINLAND	Seamen	55 for crew 60 years for officers (and the pensionable age is lowered by as many months from the age of 63 that the service at sea exceeds 324 months)		The accrual rate is 0.1 percentage point higher than in the most general pension act before the age of 63
HUNGARY	Numerous types within the specified list of pénible jobs	55 (for men who are granted a compensation of two years after ten years and one year for each additional five years in the specified pénible job) 52 (for women who are granted two years of compensation for eight years and one year for each additional four years in the specified jobs)	0.20 (men) 0.25 (women)	
NORWAY	An employees working in the public sector, plus those in private firms having signed wage agreements with LO (Norway's largest trade union) to was covered by AFP - the Contractual Early retirement scheme (avtalefestet pensjon)	In the corridor between 62 and 66		The AFP is calculated as the pension which would have been received if working until the normal retirement age of 67 and the pension may never exceed 70 percent of final wage.
PORTUGAL	Miners working in the interior of mines (including those performing support and maintenance activities underground)	50	0.5	



TYPICAL FEATURES OF SPECIAL PENSION SCHEMES FOR WORKERS IN HAZARDOUS OR ARDUOUS JOBS

Country	Worker type	Age of early retirement for workers in hazardous or arduous jobs	Coefficient of reduction in retirement age	Accrual rate
PORTUGAL	Maritime workers of the merchant navy	55		No pension reduction with 15 years of 'sea duty'
	Fishermen and seafarers	55 if they have at least 30 years of service as fishermen (150 days of service within the same calendar year is considered as one year) If service years less than 30, the retirement age is reduced by 1 year for each period of 3 years of service as fishermen (for example, a worker with 21 years of service as fishermen could retire 7 years earlier than the statutory age, i.e. at the age of 58 years)		1/30th (per calendar year of contribution)
	Air traffic controllers	55		When 20 years of operational duty is completed
POLAND	Miners	55		Full pension to be received 10 years sooner than the normal retirement age
SPAIN	Miners (those working underground directly extracting the coal)	50	0.5	
	Seafaring workers (for a ship transporting petrol or gas)	52	0.4	
	Air transport workers (only flight crew, not stewards or stewardess)	52 (for pilots) 54 (for other flight assistants)	0.4 (for pilots) 0.3 (other flight assistants)	

Recent Reform Policies:

France: Preventing Risk Instead of Compensating

Discussions between unions representing employers on the one hand, and employees on the other failed in 2008 over the establishment of a scheme allowing workers in hazardous jobs to retire early on the basis of employer contributions. The very influential employers' union MEDEF broke off all talks, motivating it by their refusal to see "special pensions regimes" appear. The union is critical of any broad collective retirement schemes for hazardous work, but rather a case-by-case resolution. The government, which intervenes mainly as an intermediary between the two parties, has shifted the focus to prevention and improvement of working conditions. Noting the high incidence of work place related risks, e.g. 13.5% of the working population (2 million) are exposed to at least one carcinogenic substance at their workplace, the Ministry for Work and Social Affairs argues for the importance of prevention, and the priority of "developing a culture of risk prevention". At the same time the government calls for social partners to continue to work on improving labor conditions and compensating hardship, the [latter] being the most difficult to solve because it is the most expensive and the most complex. (OECD, French Labor and Social Affairs Ministry)

Poland: Bridging Pensions Replace Special Pensions

Since January 2009, only miners retain their early retirement privileges at age 55 (instead of 60). However, the government is

trying to implement a temporary system of "bridging pensions" that constitutes an alternative to early retirement. It would be offered only to workers born between 1948 and 1969, and to a reduced selection of occupations (compared to the previous more broadly offered pre-retirement scheme) and possibly only from age 55 for women and 60 for men. (OECD, IPE.com)

Hungary: Gradual Shift from Employer to Employee

A 2007 reform has shifted the responsibility for financing early retirement for employees in hazardous conditions from the state to the employer. While until 2007 no additional contributions were charged for early retirement, employers are now paying 13% in contributions. The cost burden is being gradually taken on by employers. In 2007 the government was still compensating 100% of the expenses whereas in 2009 employers carry 50% of the cost and will be fully responsible from 2011. Also employers and trade unions can negotiate the reclassification of jobs from hazardous to non-hazardous and employers can get exemptions if they invest in improving health and safety conditions at the workplace. About 3.8% of workers are currently still classified as occupying jobs done in hazardous conditions and eligible for early retirement. (OECD)

* OECD Social, Employment and Migration Working Papers No. 91, 10/08/2009, English, 57 pages, doi: 10.1787/221835736557 Should Pension Systems Recognise "Hazardous and Arduous Work"? Asghar Zaidi; Edward R. Whitehouse



This newsletter is prepared by the Capital Markets Project pension and communication team as part of the project's pension reform program. The project is funded by the U.S. Agency for International Development (USAID).

The USAID Capital Markets Project (CMP) was launched in October 2005, and is a five-year program designed to assist the country in developing a vibrant and effective financial sector. This effort will promote sustained economic growth and reduce the costs and risks to a sound pension system. You can find out more on the CMP website www.capitalmarkets.kiev.ua or on the website about pension reform in Ukraine: www.pension.kiev.ua

USAID's assistance focuses on the following areas: Economic Growth, Democracy and Governance, Health and Social Sector. Since 1992, USAID has provided \$1.6 billion worth of technical and humanitarian assistance to Ukraine to further the processes of democratic development, economic restructuring and social sector reform in the region. For additional information about this and other USAID programs in Ukraine, please call USAID's Development Outreach and Communication Office, tel. (044) 492-7101 or visit the USAID website at: <http://ukraine.usaid.gov>.