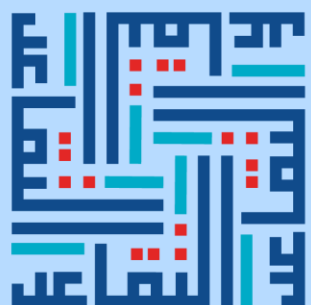


The Tale of Two Worlds



المؤتمر العربي للتقاعد والتأمينات الإجتماعية

**ARAB PENSIONS
& SOCIAL INSURANCE
CONFERENCE 2022**

6th Arab Pension and Social Insurance Conference
Session Four

Sharm-el-Sheikh, Egypt
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How many worlds, really?

Defining features

<u>Coverage:</u>	universal vs partial
<u>Uniformity:</u>	uniform vs differentiate across schemes
<u>Objectives:</u>	poverty alleviation vs consumption smoothing vs both
<u>Financing:</u>	dedicated contributions vs general revenues
<u>Funding:</u>	paygo vs funding (“partial funding” = paygo with reserves)
<u>Risk-sharing:</u>	defined contribution vs defined benefit
<u>Recording entitlements:</u>	contributions+returns, wage histories, hybrids (point systems, notional defined contributions, DC with guarantees, etc)
<u>Underwriting:</u>	Public (government) vs private
<u>Governance, management:</u>	Public vs private

Many combinations are plausible and exist but they perform differently: both when viewed in isolation and in conjunctions with other components of the pension system, the social safety net, labor and financial markets.

Objectives and constraints to consider

Objectives

- Old-age consumption security! All else is secondary.
- Relative importance of poverty alleviation vs consumption smoothing
- Coverage: universal; Adequacy: at least protecting against abject poverty

Constraints

- Financial/fiscal sustainability
- Equity and its impact on incentives, inter- and intragenerational distributional consequences
- Labor market development – especially informality
- Financial and capital market development
- Capacity of public administration, including registries
- Social traditions and values