

**EXPERT ADVICE ON  
PENSIONS & SOCIAL  
SECURITY REFORM  
WORLDWIDE**

**CAPABILITY  
STATEMENT**

**2007**

*bccb*

*British Consultancy Firm  
of the Year 2001*

## ABOUT CALLUND CONSULTING

Callund Consulting Limited is a leading small consultancy firm, providing quality advice and services internationally for over 30 years to a range of public and private sector clients in the fields of pensions, and other areas of social security.

We advise on all facets of policy development, implementation, and capacity building, with a focus on developing and transition countries. Our professional staff have wide-ranging consulting experience in reform environments, and include public policy experts, economists and management consultants.

With over 30 years' experience assisting governments with the design and implementation of policy frameworks in reform environments, Callund is recognised as a leading practitioner in the field.

Based in the United Kingdom with an associated office in Uganda and a representative in the Russian Federation, our work has a wide-ranging international focus, with direct involvement in social sector projects in more than 30 countries across Central and Eastern Europe, Central and Southeast Asia, the Indian Sub-continent, Latin America, the Caribbean and East Africa.

Our clients include governments and public agencies in the pensions and wider social security fields, such as workers' compensation and disability benefits, as well as a broad corporate consulting base. We contract directly and through international funding institutions such as the World Bank, Asian Development Bank, First Initiative, Europeaid and the UK Department for International Development (DfID).

Callund's reputation for providing workable solutions for pensions and public policy issues is well established in both the UK and internationally.

In 2001, Callund won the British Consultants and Construction Bureau (BCCB) Best Small Consultancy of the Year for our high quality and consistent approach to international consulting.

### OUR VISION

Callund aims to contribute to the improvement of social security and income security worldwide, helping to address the challenges of poverty, disease and ageing through the provision of independent and impartial, practical and defensible, sensitive and sustainable advice on the financing and delivery of social security.

### WHAT MAKES US DIFFERENT?

- ❖ High quality **specialist advice**, focusing on **long-term planning** for pensions and social insurance systems.
  - ❖ We look at the big picture, taking on projects that are **broad ranging**,
  - ❖ Substantial **in-house expertise**.
  - ❖ Wide-ranging **international experience** and multi-national backgrounds.
  - ❖ We provide **advice** tailored to **local conditions**, based on an awareness of culture, politics and appropriate solutions.
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## OUR SERVICES

Callund Consulting provides policy, economic and actuarial advice to the public and private sectors, focusing on long-term planning. Our expertise covers the full reform cycle, from preliminary analysis of system weaknesses and reform options, financial analysis and budgetary projections, through to assistance with reform implementation and institutional change management.

Within the broader context of social protection and poverty alleviation, Callund also advises on the management of other social security benefits, including survivors' and disability benefits and work accident insurance.

Broadly, we provide the following services:

- ❖ Policy analysis and design
- ❖ Design and implementation of financing and delivery systems
- ❖ Actuarial analysis and valuation
- ❖ Economic modelling
- ❖ Regulatory and supervisory systems advice
- ❖ Legislative reviews and draft wording of new legislation
- ❖ Analysis of social security statistics
- ❖ Information system design
- ❖ Organisational Development, Study Tours and Training
- ❖ Project Management

In addition to our in-house staff, Callund has built up relationships with a broad range of specialist consultants and organisations that we know and trust, on whom we can draw to undertake project work with us, to ensure that our project teams are of the highest standard

Detailed information on our expertise in pensions is provided in the following sections.

### CASE STUDY: PENSION REFORM IN RUSSIA

Funded by DFID, Callund Consulting provided assistance over a period of 8 years to the Government of Russia - particularly the Inspectorate of Non-State Pension Funds - in establishing a non-state supplementary pension system in the Russian Federation.

Callund assisted the Inspectorate to establish itself as the organisation responsible for the regulation of the industry, and to develop a set of regulations and operational procedures for a supplementary pensions system. Over the course of the project, our consultants provided advice on:

- Macroeconomic impacts of voluntary pension schemes
- Guidelines for actuarial valuations (based on trial valuations of two non-state pension funds)
- Taxation and Investment policy
- Regulatory requirements
- Minimum solvency standards
- Accounting guidelines
- Development of annuities markets
- Reporting guidelines and statistics

The consultants developed a pension projection model, and training was provided to the staff of the Inspectorate and non-state pension funds.

Callund has continued to work on pension reform in Russia, and provided assistance to the state pension fund for several years. More recently, Callund assisted the Federal Service for Financial Markets to improve the supervision and regulation of non-state pension funds.

## PENSIONS

Callund Consulting is recognised as a leading practitioner in the field of pensions and related benefits. The company has been providing international advice to governments on retirement provision since 1978, when David Callund acted as adviser to the Chilean government on the development of a new system of financing pensions. Since this time our consultants have worked with governments and corporations in over 30 countries on retirement provision and pensions issues.

Our main involvement is in public policy, although we do advise corporate clients on occasion. In particular, Callund has considerable experience advising governments on the design and structure of state and non-state pension systems, as well as the legal, taxation and regulatory frameworks needed to encourage and discipline them. Callund acted as an adviser to the European Commission when cross-border pension funds were first considered as a subject for an EU Directive, and has advised numerous countries on the structure of their state and non-state pension systems, including Albania, Bolivia, Chile, Czech Republic, Estonia, Hungary, Kyrgyz Republic, Lithuania, Montserrat, Peru, Poland, the Russian Federation, Slovenia, Sri Lanka and Uganda.

Callund offers expertise in the following areas:

### POLICY ANALYSIS

Callund analyses existing pension systems and identifies weaknesses that prevent the system from meeting retirement income needs in a sustainable way. We assist governments to consider reform options and to make major policy choices - parametric or structural reform, state or private sector, pay-as-you-go or pre-funding; defined benefit or defined contribution

– by carefully considering local stakeholders' needs, expectations, risk attitudes and ability to pay. In providing policy advice, we draw on long-standing personal experience and in-house technical expertise such as computer simulation modelling.

### PENSION SYSTEM DESIGN

Building on preliminary policy analysis work, Callund can develop appropriate and affordable benefits structures, which balance the competing pressures of individual need and overall cost. Based on the major policy choices, we can design the specifics of pension and related benefits, like disability benefits and survivors' pensions, and use our modelling expertise to propose sustainable solutions to finance those benefits. We also carefully consider transition arrangements, ensuring that while interim benefits remain equitable, transition costs are manageable, and disruption is minimised.

### ECONOMIC ANALYSIS

Pension systems have a significant impact on the wider economy, through their impact on investment and savings, labour markets, income distribution and government finances. We keep track of pension reform developments around the world and follow closely the worldwide debate. We assess the macroeconomic impact of changes to a pension system, offering comparative studies and analytical papers on the topic to assist decision-makers in understanding the broader economic consequences of their policy choices.

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## MODELLING

Pension system modelling is a requisite decision support tool in any pension reform scenario. Simulations of the demographic, economic and financial influences on a pension system allow decision-makers to understand the consequences of various reform proposals. CCL utilises an in-house model for the analysis of pay-as-you-go systems, funded systems, and the transition from one to another. The model technology is, we believe, more transparent and flexible than other available models, and has been effectively applied in Estonia, Albania, the Russian Federation and Bosnia Herzegovina. Variants of the model have been used to assist work in Bulgaria and Poland.

## REGULATION AND SUPERVISION

In order to implement a pension system successfully, thorough and effective legislation, regulations and controls are needed. Callund provides advice on the design and implementation of supervisory regulatory and legislative frameworks, encompassing compliance procedures, minimum solvency standards, dispute resolution procedures, reporting requirements, accounting policies and investment restrictions. Callund regularly advises on these matters and offers recommendations that address the purposes of supervision and regulation, whilst avoiding over-regulation.

## ADMINISTRATION

Most pension systems rely on the maintenance and transfer of significant quantities of money and data between employers, employees, pension funds, investment managers and social security and taxation authorities. Callund can help design efficient administration systems,

which are key to successful reform implementation.

## ACTUARIAL VALUATIONS

### CASE STUDY: PROJECTION MODELLING IN ESTONIA

Estonia has been restructuring its pensions system since the early 1990s. Callund Consulting provided independent actuarial and economic advice throughout this process – particularly during the period 1995-1997.

In the context of the introduction of a mandatory funded second pillar as the next stage of the reforms, Callund was contracted to assist in the design of transitional arrangements by developing a financial projection model to evaluate the financial viability of different paths. Working for the Ministry of Finance (MOF), Callund produced projections showing the effects of the proposed pension reform under different economic, financial and legislative scenarios.

The focus was on understanding the financial effects of the proposed reform on the central budget, evaluation of the currently preferred index option, likely replacement rates for future pensioners and the effects of the reform on the retirement income of individuals with untypical employment and earnings histories.

Modelling results were used to support recommendations on appropriate reform solutions, provide advice on guarantee arrangements and to educate the general public about the reformed system.

Actuarial valuations of both State and non-state pension funds are crucial to ensuring medium and long-term financial controls and sustainability. Applying international standards to the local situation, Callund can assess the financial soundness of a pension scheme, and cost the impact of changes in key structural parameters, such as contribution rates, benefit design, mortality, retirement age and economic

factors. Based on this analysis, we recommend actuarially sound solutions to strengthen the financial stability of a scheme. For private pension systems, Callund also develops guidelines for actuarial analysis and reporting and the assessment of unfunded liabilities.

### **INVESTMENT STRATEGY**

Many pension systems now rely on accumulation of capital reserves and the investment of significant assets in order to meet their liabilities. Choosing assets that match pension liabilities over the long-term is a difficult decision, particularly in transitional economies where the local equity and bond markets may be illiquid, poorly-regulated and unpredictable, and where political pressure often demands significant local investment. Callund can help state pension and social security funds to design a prudent investment strategy. We can also assist pension fund regulators to design sensible regulations for investments, including guidelines on investment strategy and investment risks, reporting and accounting for investment returns and dealing with investment managers.

### **ACCOUNTING**

Investors, beneficiaries and regulators rely on accounting reports to help make decisions about the financial condition of pension funds, while pension funds themselves often rely on accounting reports to make decisions directly affecting beneficiaries, like allocation of investment return. Callund can help regulators and pension funds to design and implement consistent and appropriate accounting reports and procedures, which are in line with the growing number of international accounting standards.

### **MONITORING & STATISTICS**

Good statistics are crucial for the effective management and ongoing monitoring of pension systems. Through our modelling activities and experience advising on pension systems, Callund has gained extensive expertise in the generation, extraction and manipulation of pensions-related data in different forms and from various sources, including administrative, databases and survey responses. We advise on statistical requirements for reporting and decision support, and make recommendations for improvement of monitoring procedures, data collection and information systems.

### **EDUCATION AND TRAINING**

Sustainability of pension reforms depends crucially on the transfer of knowledge to local staff. Our staff are experienced in designing and implementing training programs in a wide range of pension related areas, and our approach to projects aims to maximise knowledge transfer. We also arrange study tours abroad, so that key stakeholders can see first hand international centres of best practice.

### **INSTITUTIONAL DEVELOPMENT**

Capacity building is one of the most important aspects of any reform process. To complement our technical skills in the pensions sector, Callund provides assistance to pension sector organisations, such as Ministries of Social Security and private pension funds, and their supervisors and regulators in institutional development – including change management, human resources development and training.

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## COUNTRIES OF EXPERIENCE

Callund Consulting has broad experience working in the following countries:

### CENTRAL AND EASTERN EUROPE

Albania	Macedonia
Bulgaria	Moldova
Czech Republic	Poland
Estonia	Russian Federation
Hungary	Slovenia
Lithuania	

### LATIN AMERICA & THE CARIBBEAN

Bolivia	Montserrat
Brazil	Peru
Chile	

### CENTRAL AND SOUTH ASIA

Azerbaijan	Kyrgyz Republic
Georgia	Kazakhstan
Indonesia	Sri Lanka

### WESTERN EUROPE

Austria	Italy
Belgium	Luxembourg
Denmark	The Netherlands
Finland	Portugal
France	Spain
Germany	Switzerland
Greece	United Kingdom

### MIDDLE EAST

Oman	Saudi Arabia
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### AFRICA

Ghana	Uganda
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### SOUTH ATLANTIC

St Helena	
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The section on 'Recent Projects' provides further information on projects we have recently undertaken in a selection of these countries.

#### STATE PENSION REFORM IN RUSSIA

The Russian state pension system provides special benefits to employees working in hazardous and arduous occupations. A proposal was made by the non-state pension funds to take on the liabilities for privileged pensions in exchange for improved tax treatment of voluntary occupational pension arrangements.

Callund was retained by DfID to evaluate the reform proposal and draft alternative options for reform that would allow the Pension Fund of Russia (PFR) to reduce the financial burden of these privileged pensions whilst at the same time being social and politically viable.

A multi-disciplinary team of consultants analysed the existing situation – including legislation, data and accounting practices - and identified a number of shortcomings with the proposal.

A projection model was developed to support the analysis of alternative options.

As a result, the PFR proposed to the government a reformed system under which employers pay contributions into funded schemes on behalf of their employees in occupations with privileged pension arrangements. Callund consultants provide ongoing support to the PFR in debating the agreed proposal.

## OUR CHAIRMAN

### DAVID CALLUND

David Callund is an internationally recognised expert in retirement provision, with over 40 years' experience as a



social security consultant in both public and private sectors. He has worked in more than 50 countries across six continents, advising extensively on the assessment and financing of pension liabilities, institutional legal structures and their supervision and regulation, the need for fiscal encouragement, demographic and macro-economic forecasts, and professional and technical skills, as they relate to state and non-state social security systems. He was a Chief Technical Adviser to the ILO and advised the European Commission in its efforts to create cross-border occupational pension funds.

David commenced his career in the late 1950s and was a pioneer in the comparison of state and non-state pensions in Europe, focusing on efficient methods of financing pension liabilities and the accumulation of reserves. In the 1960s and 1970s he applied these skills to the financing of employee benefits for multinational corporations, before establishing Callund & Company Ltd (later Callund Consulting) in 1975. In 1978, he was appointed special adviser to the Chilean government on pension reform, and has built the company's public policy practice from this base. He continues to advise numerous governments on pensions, social insurance and social security reform.

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## RECENT PROJECTS

The projects below illustrate our broad public policy experience over the last 15 years.

### ALBANIA

*Ministry of Labour, Social Protection and Women –Development of Social Security Statistics – PHARE Consensus – 1998*

Callund reviewed available social security statistics and procedures, focusing on health, labour and related areas, and made recommendations for improvement in data collection, analysis and reporting.

*Social Insurance Institute – Development of Social Security Statistics – World Bank – 1998/99*

To assist the Social Insurance Institute (SII) to analyse the financial and economic implications of demographic changes on Albania's Social Insurance Scheme and understand the impact of reform proposals, Callund developed a long-term forecasting model to project revenue and expenditure over a 50-year period.

*Social Insurance Institute – Actuarial Analysis & Short-term Forecasting - World Bank – 1996*

Callund analysed the SII's data collection and management procedures and produced short-term actuarial forecasts of SII revenue and expenditure, developing a projection modelling tool and training SII staff in its use.

### AZERBAIJAN

*State Social Protection Fund – Assistance on Reforming the Pension Fund (fact-finding mission) - TACIS – 1997*

Callund undertook a fact-finding mission on behalf of a TACIS Project Implementation Unit, providing input into draft terms of reference for a future pension reform project.

### BOLIVIA

*Pension Reform - Inter-American Development Bank – 1992/93*

Callund participated in several round-table discussions and produced various papers on the development of new policies and appropriate legislation for state pensions in Bolivia, notably the utilisation of privatised assets to form the nucleus of pensions for all citizens, and the creation of individual accounts.

### BoSNIA & HERZEGOVINA

*Vertical Functional Review of Pension Funds - World Bank – 2004/05*

Part of the World Bank-funded Social Insurance Technical Assistance Project (SITAP), this assignment involved evaluation of the efficiency and effectiveness of the current structures that govern the central, regional and municipal level operations of the merged Pension and Disability Insurance Institute of the Federation, and the similar operations of the Pension and Disability Fund of Republika Srpska. On the basis of the initial analysis, Callund developed options for change, including recommendations on appropriate organisational forms and functions, as well as implementation and costs of these changes.

### BoSNIA & HERZEGOVINA

*Actuarial Analysis & Training - World Bank – 2004/05*

Part of the World Bank-funded Social Insurance Technical Assistance Project (SITAP), this assignment involved developing actuarial analysis skills amongst appropriate staff in both the merged Federation of BiH PIO Pension Fund and the Republika Srpska PIO.

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## RECENT PROJECTS

### BRAZIL

*National Social Insurance Institute –Strategic Planning for INSS - UNDP – 2000*

In the face of rising fiscal constraints on the social security system, we are advising the National Social Insurance Institute on the direction of its social security reforms and providing international comparisons of social security systems, highlighting experience of other countries that is relevant to Brazil.

### BULGARIA

*National Social Security Institute – Technical Assistance regarding support to introduction of complementary occupational schemes (Teachers' Pension Fund) - PHARE Consensus – 1997*

Callund led discussions with the National Social Security Institute and other relevant organisations on all aspects of non-state pensions funds, with a view to establishing a segregated funded pension scheme for teachers in Bulgaria.

### CAMBODIA

*Health Sector Support Project – Institutional Development & Performance Based Salary Incentives - DFID – 200/2006*

Callund worked with Oxford Policy Management assisting to implement the Health Sector Support Program (HSSP), focusing three key areas: 1) strategic planning for the health sector, including financing, regulation and organisational arrangements; 2) design and implementation of a senior management development program for MoH staff; and 3) development of a sustainable performance

based salary incentive program for key staff performing critical functions.

### CZECH REPUBLIC

*Ministry of Labour and Social Affairs – Employers' Sponsored Occupational Pensions: Feasibility and Perspective - PHARE Consensus – 1999*

Callund produced a series of recommendations to the Ministry as to the future development of occupational pensions in the Czech Republic, based on an international comparative analysis and the domestic social, political and economic environment.

### ESTONIA

*Ministry of Finance –Provision of a Pension Model - Foreign & Commonwealth Office (UK) – 2000*

Callund worked with the Ministry of Finance to assess the financial and economic implications of introducing a mandatory funded second pillar to the Estonian pension system, developing a bespoke computer projection model and training staff in the use.

*Estonian National Social Insurance Board – Introduction of Simulation Methods in Social Security Analysis - PHARE/EBRD – 1997/98*

We assisted the Estonian National Social Insurance Board (ENSIB) to understand the impact of demographic changes on the sustainability of the state pension system, developing a simulation model to project revenue and expenditure under various scenarios and building capacity within ENSIB to conduct ongoing analyses.

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## RECENT PROJECTS

*Technical Support for the Development of a Structural Framework for Private Pension Funds - British Know-How Fund/EBRD -1994*

Callund reviewed the existing traditional social insurance system in Estonia and recommended changes, in particular, a reduction in state involvement and the establishment of supplementary, voluntary pensions. The pension system has gradually been adapted in line with these proposals.

### GEORGIA

*Government's Task Force for Georgia Pension Reform – EU – 2006/07*

Callund was sub-contracted by Europe Limited as an international pensions expert for the creation of a new pension system in Georgia following the collapse of the State pension system and the absence of any private sector pension provisions.

### GHANA

*Actuarial Advice to the Ministry of Health – Health Insurance Modelling - DFID – 2002*

In the context of reforms aimed at introducing national health insurance, Callund provided support to the Ministry of Health in designing certain aspects of the policy framework, focusing particularly on setting the contribution rate/premiums, defining an affordable benefits package for the formal sector and applying clinical pathways to improve cost-effectiveness of care.

### HUNGARY

*Private Pensions Guarantee Fund - Regulatory Framework for the Operation of newly established Pension Funds: Implementing the Guarantee Fund Provision - PHARE Consensus – 1998/99*

Following new legislative requirements for a central guarantee fund underpinning Hungary's mandatory private pension system, Callund provided actuarial advice to the Private Pensions Guarantee Fund on the financial and operational implications of the changes.

### INDONESIA

*Proposal to Revise the National Social Security Scheme – ADB - 2003*

Callund undertook a detailed review of the proposed revisions to the social security mandate and accompanying legislation in Indonesia, and advised on priority issues for consideration. The scope of the review health insurance, pension, social welfare, disability and other social benefits.

### INTERNATIONAL

*Protecting Individual Rights in Privately Managed Retirement Schemes – ISSA – 2001/02*

The International Social Security Association (ISSA) contracted Callund to conduct research and analysis of the protection provided by privately managed retirement schemes around the world. This comprehensive study included a detailed comparative analysis of the issues faced by these schemes, using Australia, Brazil, Chile, Germany, Hungary, Mexico, Poland, Spain, Switzerland and the United Kingdom as case studies. A number of topical issues, including the choice of schemes available to retirees, regulation, prudence, information provision and governance were considered.

## RECENT PROJECTS

### KAZAKHSTAN

*Ministry of Social Protection – Non-state Pension Funds, Phase 1 - DFID (Know How Fund) – 1996*

In 1996, we recommended that the Ministry of Social Protection adopt a mandatory privately-funded and managed, defined contribution approach to their pension system, and prepared several papers detailing reform options and proposing solutions for implementation, management and regulation, which would help minimise costs during transition and in the long-term.

In 1993/94, Callund participated in early discussions concerning reform options.

### KYRGYZ REPUBLIC

*Development of Action Plan on Introduction of Funded Pillars to the Existing Pension System - Ministry of Finance of the Kyrgyz Republic, the Executive Agency of the Governance Technical Assistance Credit (GTAC) – 2004/05*

Callund was retained to review the current pension system, laws and reports, in order to identify options for introducing a funded pension pillar to the existing pension system and develop an action plan.

*The Kyrgyz Social Fund – Accounting for and valuing all assets held by the Social Fund - TACIS – 2000*

Callund was retained to define a financial investment strategy for the Social Fund for the short and medium term and to create conditions for effective funds management.

*Technical Assistance for a Feasibility Study for a Non Government Pension Scheme – British Council - 1997*

Callund conducted a feasibility study for the establishment of a non-state pension regime in Kyrgyzstan. This involved examining the current pension system, financial services sector and legal and regulatory regimes, and recommending suitable options for a non-state pension system in Kyrgyzstan

### MACEDONIA

*Pension Disability and Insurance Fund - World Bank/SPIL - 2006*

Callund was retained to lead a team of six experts (international and domestic) to present recommendations to the Pension and Disability Fund of Macedonia on policy and operational issues determining a) eligibility for pension and other rights on the basis of disability and b) the right for increased service-credit in calculating pension rights based on arduous/hazardous work.

*Social Health Insurance Governance Reform - World Bank – 2003/04*

As part of the preparatory work on the World Bank-funded Health Sector Reform Project, Callund made recommendations for strengthening the governance and institutional capacity of the Health Insurance Fund (HIF), covering financial management; purchasing of health care services (hospital, primary care and pharmaceuticals); revenue collection and administration; resource allocation; and oversight and audit arrangements.

Callund also advised on the legislative and regulatory changes required to accommodate

## RECENT PROJECTS

proposed changes, implementation plans, and cost estimates.

### MOLDOVA

*Social Protection Management Project – Redesign of MLSPF Administrative Practices: Organisational, Human Resources Development and Financial Management - World Bank – 2002*

As part of this project's programme of capacity building, Callund developed and delivered a very practical course on computer simulation modelling of social security systems.

### MONTserrat

*Ministry of Health, Education and Community Services –Actuarial Valuation of the Civil Service Pension Scheme - DFID – 2000/01*

In the light of a proposal to amalgamate the Civil Service Pension Scheme into the social security scheme, Callund conducted an actuarial valuation of the scheme, assessing the impact of an amalgamation and advising on alternative benefit designs for the schemes.

### OMAN

*Various – 1997-2000*

Over the period 1997 to 2000, Callund acted as adviser to various organisations, conducting actuarial valuations for the civil service pension scheme and many other SOE schemes, as well as a number of private pension schemes.

### PERU

*Superintendent of Private Pension Fund – Specification of a Minimum Reserving Basis for the AFP Business of Insurance Companies - Inter-American Development Bank – 1993*

In the context of the pension reform process, we provided advice to the Peruvian Pensions Regulator on the design of death and disability benefit contract terms and contribution tables, and development of standard actuarial tables to be adopted by the pension administration companies for solvency purposes.

### POLAND

*Ministry of Labour and Social Protection – Technical Advice for Pension Reform - International Finance Corporation – 1998*

We advised the Office of Plenipotentiary for Social Security Reform in the lead up to pension reforms commencing in April 1999 on how the proposed new pension system would operate in practice, and helped shape the debate on the regulatory structure in which the reform would take place.

*World Bank & PHARE – 1991-1995*

Callund participated in a series of discussions on options for pension reform in Poland, led by the World Bank, gave several seminars and lectures, and produced a series of topical papers related to reform options. Following similar discussions in 1995, funded by PHARE, Callund produced a series of recommendations for reform of the Polish system.

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## RECENT PROJECTS

### RUSSIAN FEDERATION

*Building Capacity of a Self-Regulatory Organisation to Support the Federal Regulator – FIRST Initiative – 2005/06*

This project was designed to help the NAPF (the National Association of Pension Funds) to define its role under the oversight of the Federal Service on Financial Markets develop a Business Plan for the organisation, staffing, and related budget; build staff capacity for regulation and supervision of its members and inform and explain to members their obligations, including reporting requirements.

Callund was retained to assist in the transition of this role.

*Pension Fund of the Russian Federation – DFID – Policy Assistance to the Pension Fund - 1999/2003*

This project consisted of two phases and aimed to provide assistance to the PFR in assessing options for the reform of privileged pensions. In the first phase, Callund recommended options for reforming the state pension for employees in hazardous and arduous occupations. These proposals are now largely incorporated in draft legislation on professional pension schemes.

In the second phase, Callund analysed and developed policy recommendations for early retirement rights of workers in Far North regions, teachers and other privileged occupations, and strengthening the in-house capacity of the PFR in drafting regulations.

Callund developed a computer projection model to assist in the evaluation of various options, to be applied at regional and federal level. Callund also advised the PFR on the structure, role, staff competencies and training needs for

an actuarial department within the PFR, which would be able to continue this work.

*Inspectorate of Non-State Pension Funds – SPIL – Design of Regulatory Legal Acts to Regulate Non-Governmental Pension Funds Activity – 2002/03*

Presentation of international experience concerning the regulation of non-state pension funds so that appropriate revisions to the Russian regulatory regime might be considered by the Government and the Duma (parliament).

*Design of Regulatory Legal Acts to Regulate Non-Governmental Pension Funds Activity - Russian Foundation for Social Reforms - 2002*

To support appropriate revisions in Russian legislation, Callund summarised relevant international experience in the provision of pensions via non state pension fund arrangements, concentrating on the UK, USA, Denmark, Chile, Poland, Hungary and Kazakhstan. The main focus was on regulatory structures for the establishment and operation of non state pension funds.

*Social Insurance Fund – Assistance to the SIF – Industrial Injury Insurance – DFID - 2000*

Following the introduction of a new state-based worker's compensation system, Callund worked with the Social Insurance Fund to design a methodology for setting employers' premiums which provides an incentive for employers to improve health and safety, design appropriate statistical returns for accidents and medical expenses and project medium-term costs.

## RECENT PROJECTS

*Ministry of Labour and Social Development – Reform of Non-State Pension Funds and Actuarial Training – DFID - 1992-2000*

Over eight years, Callund assisted the Russian government to implement a voluntary non-state pension system. Following a 1992 Presidential Decree, we assisted the new industry regulator, the Inspectorate for Non-State Pension Funds to develop a complete set of regulations, and the expertise to implement them, and assisted in the creation of the 1998 law. We advised on a full range of policy and regulatory issues, including minimum standards for pension funds, investment regulation and restrictions, reporting and accounting procedures, annuity guidelines, dispute resolution procedures and taxation policy. Several trial-run actuarial valuations of Russian pension funds were also undertaken to assist in the development of guidelines for actuarial reports. We developed a model to project the impact of a functioning private pension system and delivered various training programs for Inspectorate staff, pension fund staff and Russian actuaries.

### SAUDI ARABIA

*Various – 1997-2000*

Callund Consulting conducted actuarial valuations for various pension funds in Saudi Arabia, including those of the Saudi British Bank, the Arab National Bank and Riyad Bank.

### SLOVENIA

*Ministry of Health – Adapting and Improving the Reimbursement System in the Health Sector – World Bank - 2001/03*

Callund was contracted by the Australian Health Insurance Commission, to assist the Slovenian government to improve the

reimbursement system for healthcare, focusing on hospital payments under the national health insurance programme.

The three-year project involved designing a casemix-based payments system for hospitals, piloting the system in three hospitals, and evaluating the results in order to provide recommendations for nationwide implementation.

*Ministry of Finance – Pension Structures Options for Pension Reform - IFC/World Bank - 1995*

Callund reviewed the current status of pension provision in Slovenia, and identified options for change, considering ways to establish funded privately managed pension funds to replace or supplement unfunded State pensions.

### SRI LANKA

*Strengthening the Regulatory Framework for Pension Funds – FIRST Initiative – 2004*

With CMS Cameron Mckenna, Callund Consulting prepared policy suggestions and revised draft wording of legislation for the introduction of systemic reforms to the retirement benefit system in Sri Lanka. Our counterpart was the PRO (Pensions Reform Office at the Ministry of Finance in Colombo). A well-designed template for the development of a well-regulated multiplicity of Funds for old-age income security now exists

## RECENT PROJECTS

### ST HELENA

#### *Pension Reform Study – DFID – 2006/07*

Callund was contracted by DFID to undertake a pension reform review project on the South Atlantic island of St Helena.

### UGANDA

#### *Advice on strategy for consolidated supervision of NBFIs – FIRST Initiative - 2005*

Following the Ugandan Government's proposal to consolidate the regulation of the capital markets, insurance and pensions industries in Uganda. For reasons of economy and efficiency, the Government has proposed that rather than establish a new body, an existing regulator, specifically the CMA, could be converted to become a consolidated regulator. Callund was retained to provide technical assistance in developing the CMA's strategic plan for assuming the role of a consolidated regulator.

#### *Pension Reform: Charting a Way Forward – DFID - 2004*

This project was designed to bring together the results of previous studies and research concerning the provisions, financing and possible restructuring of the Public Sector Pension Scheme, the provision, financing and possible restructuring of old-age security for employees in the formal economy and the provision of poverty-relief and social security, including social assistance and healthcare, for all citizens.

Callund Consulting reviewed reports presented during the past decade and gave pointers to prospective policy. Callund also presented a summary of the manner in which valuable technical assistance might be provided to support proposals for policy decisions by the Government of Uganda (GOU) for changes to Public Sector Pensions and the introduction of social security for Ugandans. These will be subjects for separate elaboration. More particularly, this project focused on the preparation of a detailed work-plan, costing and timetable for a technical assistance (TA) project to review and design a series of restructuring options for sustainable mandatory and non-state retirement benefits in Uganda.

#### *Bank of Uganda, Uganda Commercial Bank & Makerere University – 1992/93 & 1996 & current*

Following changes to the National Social Security Fund and the insurance market in Uganda, Callund reviewed the design and funding the pension funds provided by the Bank of Uganda and the Uganda Commercial Bank and recommended changes required as a result. Continuing advice, including periodic actuarial valuations, is provided to these companies

#### *Bank of Uganda, 2003*

Callund analysed the implications of extending coverage of the Bank of Uganda healthcare policy to cover pensioners under alternative scenarios. The study included the development of cost projections for coverage of post retirement health care by the Bank, and took particular consideration of the internal HIV/Aids programme and its impact on access and cost.

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