



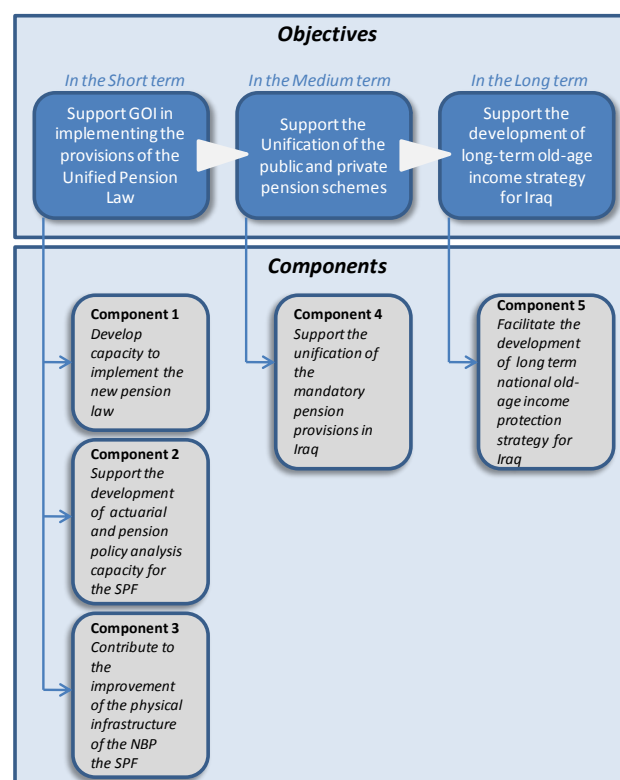
Pension Reform Implementation Support Technical Assistance (PRISTA): Institution Building in Iraq – The PRISTA Model

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Introduction: The Pension Reform Implementation Support Technical Assistance (PRISTA) is a World Bank-executed US\$5.8 million grant to the Government of Iraq (GOI), which was formally launched in February 2010. PRISTA responds to GOIs request for assistance to support pension reforms in Iraq and the implementation of the Unified Pension Law, and to bring international experience in supporting such reforms. Efforts to reform Iraq's pension system started soon after April 2003, which culminated in the passing of Law 27/2006 in January 2006, subsequently amended in December 2007 (and referred to as the Unified Pension Law).

The Unified Law entailed reforms that aim to modernize the public pension scheme and improve financial sustainability through redesigning the financing scheme that was originally funded from general budget to become a defined benefit scheme with pay-as-you-go financing. In addition, the Law included provisions on the merger of public and private pension schemes which stipulated establishing the National Board of Pensions (NBP) as the unifying body of the mandatory pension schemes. While the new Law presents a significant improvement of the pension system in Iraq, there are substantial challenges in terms of GOIs capacity to implement the law, and to ensure a comprehensive, affordable, equitable, and sustainable old-age income protection mechanism in

Iraq. This note provides a brief outline of the objectives of PRISTA and how PRISTA is structured to provide sustainable institution building in the context of Iraq.



Institutional Development: The PRISTA approach is to provide comprehensive support to the NBP in implementing reforms in the pension system. Given the complex and challenging nature of these reforms, all aspects of the NBP have to be addressed to lead to an effective organization capable of

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meeting these challenges. Therefore, PRISTA is addressing institution building in a “whole organization” manner, focusing on the following levels of development: (i) Institutional Development; (ii) Organizational Functions; and (iii) Individual Capacity.



The Development of Institutional and Governance Systems: PRISTA supports the development of the institutional system for the newly established State Pension Fund (SPF), comprising of the business operations model, organizational structure, and governance system, as well as the governance system for the SPF Board of Administrators. The next stage of institutional systems development focuses on the administration of the SPF services: Contribution Management System (CMS), Pension Administration ICT System, and Human Resources.



The Development of Key Functions Within the SPF: PRISTA also entails the building of key functions within the SPF, both short and long term ones. It entails developing relevant regulations, guidelines, strategies, and action plans for immediate application in the areas of public communications, physical infrastructure, investment management and actuarial analysis, and also working on long-term pension policies focusing on fiscal sustainability, merger of pension schemes and improving old-age income in Iraq. This work cuts across all five components of PRISTA.



Building Staff Capacity: PRISTA involves substantial capacity development activities, whether direct (specific) or indirect (during the implementation process). Learning and knowledge transfer have been key in driving pension reform forward. These are addressed at two levels: (i) **Technical:** targeting activities that are specifically organized to build the capacity of staff in technical

areas such as pensions administration, actuarial analysis, ICT, investment management, communications, and others; and (ii) **Policy:** during the process of developing policies, counterparts are presented with policy options based on international best practices, and workshops are organized to discuss options, analyze scenarios, select preferred options, and contextualize solutions. The project utilizes various learning methods including structured local and international training, workshops, on-site learning, international conferences, and international learning visits.

Implementation Features - Focus on Local Implementation: PRISTA is increasingly focusing on implementing activities locally. Two full-time project coordinators are based in Baghdad from the outset which allowed for continuous on-the-ground engagement in implementation and management of activities. Implementation support is mostly done locally, and most technical training is now being implemented inside Iraq, while the development of the CMS is also being done inside Iraq.

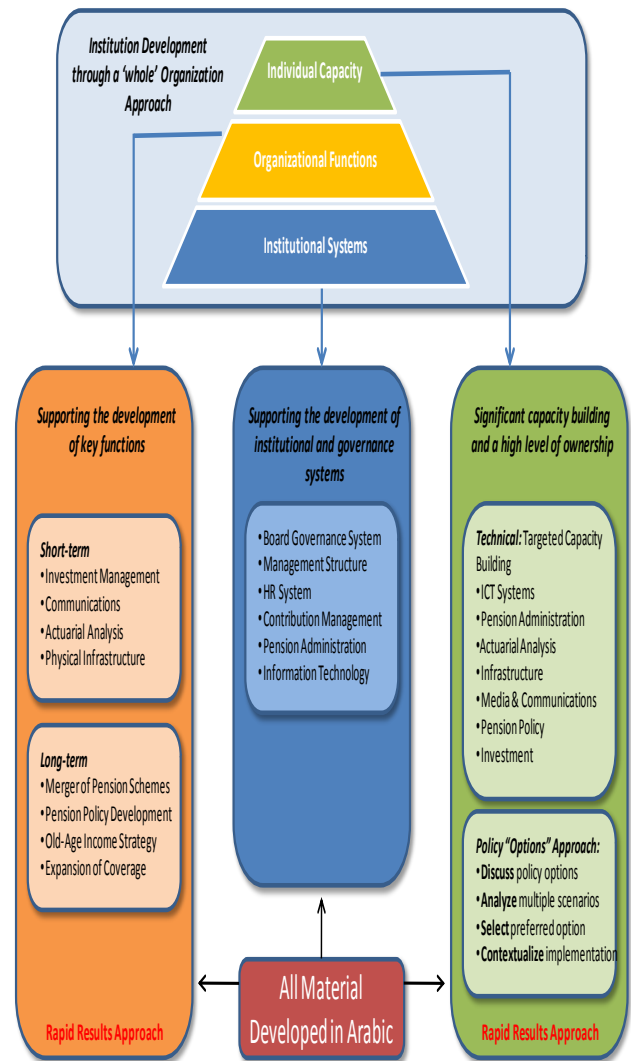
Policy Options Approach: When developing high-level policies/systems within the framework of the project, a ‘policy options’ approach is followed where PRISTA only presents options based on international best practice and experience and convenes the Iraqi counterparts to review and discuss these options. Regular workshops gathering experts from the Iraqi and the World Bank sides are organized to discuss different policy options, analyze scenarios based on international experience and local conditions, select preferred option, and contextualize implementation solutions. This approach is providing high levels of ownership for policies selected and significant knowledge transfer.

Knowledge Creation in Arabic: PRISTA is the first pension project in the region that is creating knowledge using the local language. PRISTA is producing all documents: pension policies, regulations, guidelines, technical summaries, strategies, presentations etc, in both Arabic and English, creating the first pensions repository in Arabic that can be utilized to serve many other countries in the region.

Introduction of Innovative Approaches: Large scale change and reform can be overwhelming and requires creative and innovative approaches beyond

the conventional ways; therefore PRISTA introduced the Rapid Results Approach (RRA) to its implementation modality. The RRA uses specially structured short-term (100-day) initiatives to make large change more effective, sustainable, and quicker. Each 100-day initiative is built around the achievement of an ambitious. RR proved to have significant impact on improving service delivery and more importantly on changing the conventional way of doing things and the overall organizational culture within the institution. Results include reducing time to pay arrears payment from two months to one day, and significantly improving work processes in the NBP.

Transferring Substantial International Experience: PRISTA brings substantial international experience to the dialogue on pension reform in Iraq, assembling experts with diverse experiences, knowledge and skills to benefit the reform process in Iraq. It also opens up channels for international knowledge transfer through learning visits, conferences, and through membership in international associations such as the International Social Security Association, among others.



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