

Dear Ladies and Gentlemen,

It is my great pleasure and honour to welcome you in my capacity of the President of the International Organisation of Pension Supervisors (IOPS) on the occasion of our second Regional Workshop for the CEE, CIS, Caucasasia and Central Asia Regions – which is held this time in Skopje, Macedonia. This regional programme builds on the success of our first workshop held in Istanbul, Turkey in February 2010, which offered us the opportunity to initiate policy dialogue on pension supervisory issues in the region, to establish new contacts and to welcome new Members to our Organisation.

This year, for the first time the IOPS is organising its meeting in the Balkans region – this being a central point for gathering our regional IOPS Members and non-member authorities from neighbouring countries. We certainly hope that it will be an excellent starting point for more events to come and for further deepening our policy dialogue and exchanging of knowledge and experiences.

In this regard, I would wish to express our sincere thanks and the recognition of the excellent preparatory work undertaken by our hosts – The Agency for Supervision of Fully Funded Pension Insurance (MAPAS), Macedonia, who took the initiative to invite us to hold our joint meetings here in Skopje.

I would also wish to acknowledge generous help and the organisational and financial support provided for our events by our long-standing partner and Associate Member – the International Association of Insurance Supervisors (IAIS), with whom we are holding a joint seminar tomorrow, back to back with this Regional Workshop to discuss together cross-sectoral issues in relation to insurance and pension supervision based on the standard-setting work of our two organisations.

I am sure that this Workshop will contribute to the continued success of our out-reach activities - which the IOPS continues to organise for its Members. I am delighted to note a good regional representation at the workshop, including our Members from Albania, Armenia, Czech Republic, Hungary, Kosovo, Poland, Romania, Slovak Republic - but also non-Member authorities from Moldova, Kyrgyzstan and also a guest authority coming from Macao, China. We warmly welcome you all at our workshop and hope to continue to engage with you and assist you in your efforts to modernise and reinforce your supervisory regimes through offering you any required support and technical assistance from our Organisation.

For the purposes of this Workshop, we have decided to focus our attention on three selected topics to be covered and discussed today.

A major policy development in a number of countries of this region - and more broadly at the international arena – is the development and the implementation of the risk-based supervision in the pension area. Following the experience accumulated in other financial sectors that have already

moved towards a “risk-based” approach to supervision, the pension supervisors in a great number of countries are also adopting these methods.

My own authority, APRA, was among the pioneers introducing a risk-based approach in the field of pension supervision. Other countries in different continents and regions have been or are planning to introduce a similar risk-based approach. Although the policy choices and specific (risk-based) supervisory models and techniques vary among these countries, the essence of the approach consists of directing limited supervisory resources towards pension funds which are considered to represent greatest risk and therefore allowing supervisors to take a more pro-active approach, attempting to avoid potential problems before they occur.

Considerable knowledge, experience and lessons have been already accumulated on this topic by IOPS Members and in 2010 the IOPS released its major project – IOPS Toolkit for Risk-based Pensions Supervision, providing practical guidance to its Members and other authorities on how to implement risk-based supervision in each stage of development: - from a preparatory level (looking at the preparation of the legislative background needed for this approach, and considering of the supervisory and industry readiness) to the development of more sophisticated risk scoring models; and finally devising supervisory responses to the identified risks. This practical guidance is supported by a number of countries’ case studies detailing how the RBS approach was introduced in each particular jurisdiction. We aim to update and enlarge this country studies database with new experiences worldwide – and I invite the participants of this workshop to contribute to this on-going project.

The introduction of the risk-based approach to pension supervision will be the key theme of this workshop. We are looking forward to hear and to learn more from our Macedonian colleagues and the IOPS consultant, John Ashcroft on the progress, main achievements and challenges faced in the process of development of risk-based approach to the private pension sector. We also hope to hear updates from our other regional Members on their efforts and work in this area and I invite you to engage in an open discussion to raise any issues or problems that you are encountering in moving toward.

We also hope to have interactive discussion on other main changes taking place in the supervisory regimes of our regional Members and non-Member authorities. We will be delighted to learn more on the reform process in the Kyrgyz Republic and innovative approaches to pension supervision taken in Albania and Kosovo Republic.

Finally will also address the crucial topic of costs and fees, as they have a significant and direct impact on the amount of income members will receive at retirement, in particular, in the case of defined contribution (DC) schemes – which are the main type of pension plan in the region. Consequently we are keen to learn what policy measures have been taken in the region to foster and improve the disclosure of costs and fees levied by private pension

providers and financial intermediaries, and what strategies/supervisory approaches were developed to control costs.

Tomorrow, together with our IAIS colleagues we will devote the day to discussing the applicability of the IAIS Core Insurance Principles, which have just been revised, to the pension sector in the following areas: corporate governance, investment, risk management and code of conduct. It will be also an occasion for us to present you in more details the standard-setting work and research projects that the IOPS has already developed or currently undertaking in these areas.

We look forward to fruitful discussions throughout these two days of meetings.

I encourage you to this highly interactive and informal meeting. All Delegates are encouraged to engage fully in the debate and share their countries' experiences -however developed the pension system you cover – and to ask questions to the presenters of the workshop and the joint seminar.

Thank you for your attention.