Statement on the possibility of administering the Reserve Fund of the Contributory Pillar of the Comprehensive Social Protection System for the Elderly

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In a letter sent to the Honorable Representative to the House of Delegates Martha Alfonso Jurado, the bill's rapporteur coordinator, the Central Bank pointed out the matters on which more precision is required to ensure an efficient and transparent management of the public resources for social security in case *Banco de la República* is appointed as administrator of the Reserve Fund of the Contributory Pillar of the Comprehensive Social Protection System for the Elderly.

There are several matters on which *Banco de la República* requested more clarity regarding the bill, including:

- The participation of Banco de la República as administrator of the Fund must be included in the law within the framework of its constitutional duty as the government's fiscal agent. This implies that the Fund's purpose must be clearly defined, and that the Bank´s exercise of its function must be conducted within a framework of operational independence, without becoming, as a result, an administrator or sponsor of the pensions or a direct payer of the pensions. In addition, the terms in which the bill defines the Bank's role as the government's fiscal agent must be approved by the government.
- The Bank considers important that its responsibilities as administrator of the Fund be specified as those of means and not of results. It must be clear that in the Average Premium Component of the Contributory Pillar, Colpensiones and the National Government are to be responsible for financing pensions and covering any contingent risk, and not the manager of the Fund.
- The Bank highlights that the bill establishes that the administration of the Fund must not interfere with its primary functions as executor of the monetary, foreign exchange, and credit policies. The law must explicitly state the prevalence of Banco de la República's constitutional mandate to preserve the purchasing power of the currency.

Among its comments, the Bank also highlights the importance of defining the policies, rules, and clear procedures regarding the financing operations that can be carried out with the Fund's resources as well as the criteria for their decumulation in the law.

This is the letter sent to the Honorable Representative of the House of Delegates Martha Alonso Jurado, bill's rapporteur coordinator (available only in Spanish).

Fuente: https://www.banrep.gov.co/en/news/statement-possibility-administering-reserve-fund-contributory-pillar