Twinning Project AZ/13/ENP/SO/24
Support to the State Social Protection Fund on the introduction of funded element within the insurance-pension system, establishment of non-state pension funds and development of legal framework for regulating their activity

Workshop
Possible solutions for development of multi-level pension system in the Republic of Azerbaijan
(beginning of development of blueprint)
AGRITA GROZA
RESIDENT TWINNING ADVISER
Wednesday and Thursday, the 10th and 11th of December, 2014
Agenda of workshop

The first day
- What is a blueprint, its content and time table for development;
- Constitutional law on normative legal acts in Azerbaijan;
- Main conclusions from Study report on demographical, economic, financial and capital market situation and social insurance system of Azerbaijan;
- Structure and governance of non-state pension system;
- Labour law and Consumer protection principles in non-state pension system.

The second day
- Regulation and supervision of non-state pension system;
- The pay-out phase of fully funded pensions options: problems and actual international practice;
- Funded component of insurance – pension system;
- Summary. Core elements to keep in mind.
Project two main components and activities relating to both components

**Component 1**
Capacity building aimed at implementation of the funded component in the state insurance pension system ("second pillar")
(to achieve the first and the second results)

**Component 2**
Capacity building aimed at the development of non-state pension funds ("third pillar")
(to achieve the third result)

**Capacity building activities**
(to achieve the fourth result)

**Public awareness raising activities**
(to achieve the fifth result)

**Component 0**
Mandatory Results

1. Relevant pieces of legislation elaborated for establishment of the funded component in the state pension system;

2. Technical description of the mechanism for accumulations and management of the funds on the individual funded accounts elaborated;

3. Relevant pieces of legislation elaborated to facilitate the development of non-state pension institutions;

4. Capacity of the relevant SSPF staff enhanced through training and coaching to ensure effective launch and implementation of the funded component in the state pension system;

5. A communication strategy elaborated to raise public awareness concerning the new funded component of the state pension system.
Concept of reforms of pension provision system in the Republic of Azerbaijan in 2014-2020, 04.11.2014. approved by the President of Republic of Azerbaijan

<table>
<thead>
<tr>
<th>Development of non-state pension institutions</th>
<th>✅ Additional provision to the mandatory state social insurance (7.3), part of (7.4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activation of voluntary funded component of labor pensions</td>
<td>✅ Introduction of voluntary social insurance (7.3)</td>
</tr>
</tbody>
</table>
Blueprint and its content

- The blueprint is a detailed description of non-state pension system part and funded component of insurance – pension system for design which includes all aspects of operation for each part – entitlements, organization, administration, performance, financing, reporting, monitoring, controlling, supervision and based on blueprints, this description itself will be transformed into articles of law and/or other legislative rules.

- In the end of activities 1.2. and 3.1., experts will prepare – a detailed blueprint of the funded system and blueprint providing a detailed description of market for private, voluntary, pension arrangements – according twinning project contract).
# Time table for implementation of planned activities

<table>
<thead>
<tr>
<th>Years</th>
<th>Project's months</th>
<th>Year 2014</th>
<th>Year 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Months</td>
<td></td>
<td>1 2 3 4 5 6 7 8 9 10 11</td>
<td>1 2 3 4 5 6 7 8 9 10 11</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4 5 6 7 8 9 10 11 12</td>
<td>1 2 3 4 5 6 7 8 9 10 11</td>
</tr>
</tbody>
</table>

## Mandatory results

- **The first result**
  - Months: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11

- **Carried out Study**
  - Months: 1, 2, 3

- **Feasibility Study, workshop and Development of blue print**
  - Months: 4, 5, 6, 7, 8, 9, 10, 11

- **Drafting legislation, workshop and finalization of legislation**
  - Months: 12, 13, 14, 15, 16, 17, 18, 19

- **The third result**
  - Months: 20

### Notes
- Green cells indicate completion.
- Yellow cells indicate partial completion.
- Red cells indicate planned activities.
- Pink cells indicate ongoing activities.
Time table for implementation of planned activities

<table>
<thead>
<tr>
<th>months</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
</tr>
</thead>
<tbody>
<tr>
<td>weeks</td>
<td>1 2 3 4 5</td>
<td>6 7 8 9</td>
<td>10 11 12 13</td>
<td>14 15 16 17 18</td>
</tr>
<tr>
<td>Activity 1.2.</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Activity 3.1.</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

Legend:
- Blue: Implemented in February
- Green: Implemented in March
- Red: Implemented in April
THANK FOR YOUR ATTENTION!

Twinning Project contacts:
• +994 51 310 76 90 Agrita Groza Resident Twinning Adviser
• Email: twinning.baku@gmail.com
• Address: 80 H.Zardabi avenue, 8th floor, AZ1122, Baku, Azerbaijan