



PRESS RELEASE

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FIRST EXPERT MISSION TO START

In the beginning of the century, Azerbaijan started social protection reform, the continuation of which is defined in the national program “State Program on development of insurance-pension system in the Republic of Azerbaijan in 2009-2015” that describes the main outlines of pension system.

Today’s Azerbaijani pension system – the first pillar consists of two components: basic component, which is a fixed amount, independent of wage and dependent on contribution period and insurance component based on Notional Defined Contribution system.

According to the State program, it is necessary to develop the next two pillars - the funded element within the insurance-pension system and promote creation of a market for private pension provision through the creation of a legal basis for Non-state Pension Funds to emerge. These two pillars are the main objectives of the Twinning Project “**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**” funded by the European Union.

Therefore, from July 21 to 25, 2014 three experts - two experts from Latvia – from the Ministry of Welfare and the Private Pension Committee of Latvian Bank Associations and one expert from German Pension Insurance-Federal Institute (Deutsche Rentenversicherung Bund) will work in the State Social Protection Fund within the EU funded Twinning project.

During their mission, experts will make presentations of the state pension system of the EU Member States: Latvia, Germany and Sweden. As pension systems have become far more complex and based more on contributions from more pillars, multi-tiers pension system is introduced in all these countries.

For example, Latvia also decided, that a mixed-type model would be the most appropriate. This would combine notional defined-contribution (NDC) pension scheme set up as the first pillar, mandatory funded pension scheme (second pillar) and third pillar with private schemes.

Experts from Latvia will launch the Study of demographical, economic situation, social insurance system, pension system of Azerbaijan etc., in order to create, together with project partners, the funded component in the state pension system and develop base for facilitation of non-state pension institutions.

Experts from Latvia will continue their work in the next month too.

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“The European Union is made up of 28 Member States who have decided to gradually link together their know-how, resources and destinies. Together, during a period of enlargement of 60 years, they have built a zone of stability, democracy and sustainable development whilst maintaining cultural diversity, tolerance and individual freedoms. The European Union is committed to sharing its achievements and its values with countries and peoples beyond its borders”.