

Experts reports

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The experts' team of the Twinning project - (experts of Latvia, Germany and Azerbaijan) in the reporting period (from the 1st of July to the 30th of September) were finalized draft law "On Funded part of Labour pensions" and the draft law "On Private pension funds" for the Azerbaijan.

 [Law on funded part of the labour pensions \(draft\)](#) 

 [Law on Private Pension Funds](#) 

 [Infographic](#) 

Within the activity 1.2. "Development of a blueprint of the funded component in the multi-level state pension system"*sub-activity 1.2.2. "Development of a detailed blueprint of the funded system"* since the beginning of this year project experts started to develop the blue print of funded component within the current insurance pension system. Blueprint is a detailed description of funded component and is related to all aspects of pension pillar - organization, administration, financing, and supervision. Experts recommended five different options for funded component and SSPF had to choose at least two options for more detailed description in the blueprint of funded component.

Voluntary participation with increased voluntary social insurance contributions of employees and redistribution of collected social insurance contributions.

Voluntary participation with increased voluntary social insurance contributions of employees and defined additional payments as motivation instrument;

Voluntary participation based on redistribution of collected social insurance contributions;

Mandatory participation based on redistribution of social insurance collected contributions;

Voluntary participation with increased voluntary social insurance contributions of employees.

As a result of this activity, experts prepared "Blueprint on establishment of funded component and development of legal framework in Azerbaijan".

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 [Blueprint on establishment of funded component and development of legal framework in Azerbaijan](#) 

 [Appendix from 2 to 8 to Funded component](#) 

Within activity 3.1. "Development of a blueprint to facilitate and regulate the development of private, voluntary, pension arrangements" *sub-activity 3.1.2. "Development of a blueprint"*, since the beginning of this year project experts started to develop the blueprint of non-state pension institution. Blueprint is a detailed description of a non-state pension institution and is related to all aspects of pension pillar - organization, administration, financing, and supervision.

One option is proposed for non-state pension funds - voluntary participation on the part of an employee (a person) and/or an

employer with defined amount of individual contributions, inheritance principles, types of possible pension plans, pay-out solutions, etc., and each of these key characteristics can comprise more than one solution.

Blueprint on establishment of non-state pension institutions and development of legal framework in Azerbaijan was completed in early April.

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 [Blueprint on establishment non-state pension institutions and development of legal framework in Azerbaijan](#) 

Within activity 1.1. “Carrying out the study on demographical, economic situation of Azerbaijan” project experts together with BC experts visited 20 different institutions - government, non-government and international institutions, namely Ministry of Labour and Social Protection of Population, Ministry of Finance, Ministry of Taxes, Ministry of Economy and Industry, State Statistical Committee, Central Bank of Azerbaijan, State Committee for Securities, Baku Interbank Currency Exchange, State Insurance Supervision Agency, Central Depository, Ateshgah Sigorta Life Insurance Company, International Bank of Azerbaijan, Baku Stock Exchange, Azerbaijan Mortgage Fund, Kapital Bank, State Oil Fund, World Bank, UNDP, American Chamber of Commerce, which will be directly or indirectly involved and/or will operate within the second and third tier of the pension system in Azerbaijan. The main objective was to get clear picture on demographical, economic situation of Azerbaijan in order to research and evaluate current situation in Azerbaijan as well as meet relevant representatives of state and private institutions which should be involved in the “future” pension system, as key players. The most important issues what were discussed during institutions visits were current economic and demographic situation, preparedness and preliminary acknowledgements to create the second and third tier of pension system in the Republic of Azerbaijan, existing business environment and infrastructure for that, supervision for potential assets managers, custodian banks, as well as existing legislation in related sphere of institution. As result of this activity, experts prepared Study report “On demographical, economic, financial and capital market situation and social insurance system of Azerbaijan”.

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 [Study report “On demographical, economic, financial and capital market situation and social insurance system of Azerbaijan”](#) 

Within Activity 4.1 “In-depth presentation of the state pension system of the EU MS to relevant SSPF staff and other stakeholders” during the presentation of “The state pension system of the EU Member States: Latvia, Germany and Sweden and insurance-pension system of the Republic of Azerbaijan” participants carried out discussions and put questions to the experts, which allowed finding out the main existing which are reflected in the Experts' report with “lessons learned” and follow-up questions.

 [lessons_learned_25_07_20141.pdf](#) 
<https://www.lm.gov.lv/en/experts-reports>