

RESULTS of Twinning Project

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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
Twinning Project AZ/13/ENP/SO/24



Overall objective of the Twinning project

Development of the insurance-pension system in Azerbaijan.

Achieved Mandatory Results in the implementation of the Twinning project

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

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

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

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

A communication strategy elaborated to raise public awareness concerning the new funded component of the state pension system

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Structure of the Twinning project

<u>Component 1</u> 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)	<u>Component 2</u> Capacity building aimed at the development of non-state pension funds ("third pillar") (to achieve the third result)
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Capacity building activities
(to achieve the fourth result)

Public awareness raising activities
(to achieve the fifth result)

















Component 0

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Component 0: General activities																				
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Component 2 Capacity building aimed at the development of non-state pension funds ("third pillar")																	

-  [Law-making activities in Republic of Azerbaijan \(ANNEX 3\)](#) 
-  [Main conclusions from Study report on demographical, economic, financial and capital market situation and social insurance...](#) 
-  [Multi-level pension systems \(ANNEX 5\)](#) 
-  [Funded component of insurance – pension system \(ANNEX 6\)](#) 
-  [The pay-out phase of fully funded pensions options, problems and actual international practice with relevance for Azerbaijan...](#) 
-  [Core elements to keep in mind \(ANNEX 8\)](#) 
-  [Blueprint of establishment of funded component and development of legal framework in Azerbaijan \(ANNEX 9\)](#) 
-  [Blueprint of establishment of funded component and development of legal framework in Azerbaijan \(ANNEX 10\)](#) 

Activity 1.3. Development of the legislation in relation to the funded component in the multi-level state pension system.

-  [Draft law On Funded Part or Component of the Labour Pensions \(ANNEX 11\)](#) 

Workshop “On the draft of law on Funded part of Labour pensions with the relevant stakeholders” presentations:















-  [Framework of pension system in the Republic of Azerbaijan \(ANNEX 12\)](#) 
-  [Draft of law on Funded part of Labour pensions \(ANNEX 13\)](#) 
-  [Legal aspects of implementation of Funded part of Labour pensions \(ANNEX 14\)](#) 
-  [Necessity and important issues of introduction of individual accounts for the purposes of voluntary social insurance \(ANNEX 15\)](#) 
-  [Asset Management function aspects in the implementation of Funded part of Labour pensions and Private pension funds \(ANNEX 16\)](#) 
-  [State supervision aspects on operation of of Funded part of Labour pensions and Private pension funds \(ANNEX 17\)](#) 





The SECOND Mandatory Result of the Twinning project

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



Activity 2.1. Thorough assessment of management processes and IT systems of the SSPF.

 *Assessment report (AR) on the management processes at the SSPF [ANNEX 18](#) with annexes:*










-  [Annex 1 of AR Flow of the Budgeting and Planning Information \(ANNEX 19\)](#) 
-  [Annex 2 of AR Flow of the Money \(ANNEX 20\)](#) 
-  [Annex 3 of AR Old age pension granting process by phone line “190” \(ANNEX 21\)](#) 
-  [Annex 4 of AR Old age pension granting in regional division \(ANNEX 22\)](#) 
-  [Annex 5 of AR Information on social insurance contributions in SSPF \(ANNEX 23\)](#) 
-  [Annex 6 of AR Information on social insurance contributions in SSPF \(ANNEX 24\)](#) 
-  [Annex 7 of AR Scheme shows the process, if some changes concerning the employee’s wage is carried out \(ANNEX 25\)](#) 

- [PDF Assessment Report on the IT systems at the SSPF \(ANNEX 26\)](#) 
- [PDF Presentation for discussions "The principles of IT system development for 2 pension level" \(ANNEX 27\)](#) 
- [PDF Presentation for discussions "IT system analysis" \(ANNEX 28\)](#) 
- [PDF Recommendation on amendments to be introduced to secure administrative processes of funded part of labour pension at the...](#) 

Activity 2.2. Development of the mechanism for accumulations and management of funds on the real funded accounts.

- [PDF Technical description of the mechanism for accumulations and management of funds on the real funded accounts \(ANNEX 30\)](#) 
- [PDF Draft action plan for the implementation of the funded component of labour pension \(ANNEX 31\)](#) 


Workshop "On the proposed technical solutions to the management systems, including IT systems" presentations:

- [PDF Brief overview on Funded part \(ANNEX 32\)](#) 
- [PDF Comparisons on State Pension systems \(ANNEX 33\)](#) 
- [PDF Summary of institutions involved in Funded Pension System \(ANNEX 34\)](#) 
- [PDF Role of SSPF \(ANNEX 35\)](#) 
- [PDF Customer service functions and key processes \(ANNEX 36\)](#) 
- [PDF Register maintenance \(ANNEX 37\)](#) 
- [PDF Assets Management \(ANNEX 38\)](#) 
- [PDF Statements, reports, statistics \(ANNEX 39\)](#) 
- [PDF Draft of Action plan \(ANNEX 40\)](#) 

The THIRD Mandatory Result of the Twinning project

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

Activity 3.1. Development of a blueprint to facilitate and regulate the development of private, voluntary, pension arrangements.

 *Workshop "On possible solutions for development of multi-level pension system in the Republic of Azerbaijan (beginning of development of blueprint)" presentations:*

- [PDF Possible solutions for development of multi-level pension system in the Republic of Azerbaijan \(beginning of development of...](#) 
- [PDF Blueprint on establishment non-state pension institutions and development of legal framework in Azerbaijan](#) 
- [PDF Main conclusions from Study report on demographical, economic, financial and capital market situation and social insurance...](#) 
- [PDF Structure and governance of non-state pension system \(ANNEX 41\)](#) 
- [PDF Multi-level Pension systems \(ANNEX 5\)](#) 
- [PDF Labour law and Consumer protection principles usage in non-state pension system \(ANNEX 42\)](#) 
- [PDF Regulation and supervision - non-state pension system \(ANNEX 43\)](#) 

 [Core elements to keep in mind \(ANNEX 8\)](#) 

 [Blueprint of establishment non-state pension institutions and development of legal framework in Azerbaijan \(ANNEX 44\)](#) 

Activity 3.2. Drafting of legislation to facilitate and regulate private, voluntary, pension arrangements, workshop on the draft of law on Private Pension funds with the relevant with the relevant stakeholders and finalization the legislation.

 [Draft law "On Private Pensions Funds" \(ANNEX 45\)](#) 

Workshop "On the draft law on Private Pensions Funds with the relevant stakeholders" presentations:

 [Framework of pension system in the Republic of Azerbaijan \(ANNEX 12\)](#) 

 [Draft of law on Private pension funds \(ANNEX 46\)](#) 

 [Necessity and important issues of introduction of individual accounts for the purposes of voluntary social insurance \(ANNEX 15\)](#) 

 [Asset Management function aspects in the implementation of Funded part of Labour pensions and Private pension funds \(ANNEX 16\)](#) 

 [State supervision aspects on operation of of Funded part of Labour pensions and Private pension funds \(ANNEX 17\)](#) 

The FOURTH Mandatory Result of the Twinning project

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

Activity 4.1. In-depth presentation of the state pension system of the EU MS to relevant SSPF staff and other stakeholders.

 *Presentation of the state pension system of the EU Member States: Latvia, Germany and Sweden and insurance-pension system of the Republic of Azerbaijan:*

 [Latvian and Sweden pension system reform. Pension system's pillar - Notional defined contribution pension scheme \(NDC PAYG\)...](#) 

 [Pension system pillar – Funded pension scheme \(FDC\) \(ANNEX 48\)](#) 

 [Pillar III – Private Pension Funds in Latvia \(ANNEX 49\)](#) 

 [Governance of the German Pension System Part I \(a\) Overview: System Elements and Coordination \(ANNEX 50\)](#) 

 [Governance of the German Pension System Part I \(b\) First Pillar \(ANNEX 51\)](#) 

 [Governance of the German Pension System Part II Second Pillar: Occupational Pensions \(ANNEX 52\)](#) 

 [Governance of the German Pension System Part III Third Pillar: Private Pensions and Wealth Some Prospects on Third Pillar...](#) 

 [Insurance-pension system of republic of Azerbaijan: New development stage \(ANNEX 54\)](#) 

 [Labour Pensions in Republic of Azerbaijan \(ANNEX 55\)](#) 


 [Mandatory state social insurance in Azerbaijan \(ANNEX 56\)](#) 



 [Report „Lessons learned” and follow-up questions \(ANNEX 57\)](#) 


Activity 4.2. Conducting a training needs analysis of the relevant SSPF staff.

 [Report on the training needs analysis \(ANNEX 58\)](#) 

Activity 4.3. Training relevant SSPF staff.

 *The first training session's – presentations:*

 [Macroeconomic analysis \(ANNEX 59\)](#) 

 [Pension scheme analysis \(ANNEX 60\)](#) 

 [Pension system analysis \(ANNEX 61\)](#) 

 [Labour market analysis \(ANNEX 62\)](#) 

 [Financial analysis \(ANNEX 63\)](#) 

The second training session's – presentations:

 [Macro econometric models I \(ANNEX 64\)](#) 

 [Macro econometric models II \(ANNEX 65\)](#) 

 [Macro econometric models III \(ANNEX 66\)](#) 

The third training session's – presentations:

 [Introduction in Statistics \(ANNEX 67\)](#) 

 [The statistical indicators and methods of data analysis \(ANNEX 68\)](#) 

 [Social Insurance Policy Monitoring \(ANNEX 69\)](#) 

 [Introduction in Time Series models \(ANNEX 70\)](#) 

 [Practical works - exercises absolute relative value \(ANNEX 71\)](#) 

 [Annex 6 of MR Practical works - exercises averages \(ANNEX 72\)](#) 

The fourth training session's – presentations:

 [Information on Indexes \(ANNEX 73\)](#) 

 [Exercises on Indexes \(ANNEX 74\)](#) 

 [Information on Time series \(ANNEX 75\)](#) 

 [Exercises on Time series \(ANNEX 76\)](#) 

The fifth training session's – presentations:

 [Finance management I \(ANNEX 77\)](#) 

 [Finance management II \(ANNEX 78\)](#) 

Activity 4.4. Study visits for a maximum of three SSPF staff to the EU MS.

 [Study visit report on Latvia by BC officials \(ANNEX 79\)](#) 

 [Study visit report on Germany by BC officials \(ANNEX 80\)](#) 

The FIFTH Mandatory Result of the Twinning project

A communication strategy elaborated to raise public awareness concerning the new funded component of the state pension system

Activity 5.1. Drafting a communication strategy to raise public awareness concerning the new funded component of the state pension system and non-state pension funds.

 [Communication strategy for the implementation of the new funded component of the state pension system and non-state pension...](#) 

Activity 5.2 Launch of pilot communication activities to raise public awareness of the pension system.

 [Info graphic on new funded part of labour pensions and private pension funds \(ANNEX 82\)](#) 

 [Questions for interactive survey in webpage \(ANNEX 83\)](#) 

Component 0: General Activities

Activity 0.1. Kick-off conference

 *Presentations:*

 [Annex 5.1. Pension system in Latvia \(ANNEX 84\)](#) 

 [Annex 5.2. Pension system in Germany \(ANNEX 85\)](#) 

 [Annex 5.3. Twinning project on pensions \(ANNEX 86\)](#) 

Activity 0.2. Thematic mid-term project visibility event

 *Presentations:*

 [Annex 14. A summary of the project implementation and results of achievements \(ANNEX 87\)](#) 

 [Annex 15. Funded component of insurance – pension system \(ANNEX 88\)](#) 

 [Annex 16. Establishment of non-state pension institutions and development of legal framework \(ANNEX 89\)](#) 

 [Annex 17. The Role of Workplace \(occupational\) Pensions to Contribute to Adequate Retirement Income Provision \(ANNEX 90\)](#) 

 [Annex 18. Actual Issues for Introduction of Voluntary Social Insurance in Azerbaijan \(ANNEX 91\)](#) 

Activity 0.3. Closing Conference



Presentations:

 [Achieved results of Twinning project and follow-up \(ANNEX 92\)](#) 

 [Results of project achievements from German perspective \(ANNEX 93\)](#) 

<https://www.lm.gov.lv/en/results-twinning-project>