



ANNEX 87

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

A summary of the project implementation and results of achievements

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THEMATIC MID-TERM PROJECT VISIBILITY EVENT

Wednesday, the 29th of April, 2015



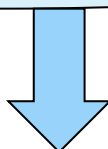
Gesellschaft für
Versicherungswissenschaft
und -gestaltung e.V.



Objective and Project Purpose

Overall objective

Development of the insurance-pension system in Azerbaijan.



Twining Project Purpose

To enhance capacity of the State Social Protection Fund (SSPF) to establish the regulatory, legal and administrative framework for the introduction of a funded element in the insurance-pension system and the establishment of non-state pension funds.

Mandatory Results

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

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

Activities carried out to achieve **the first** and **the third** Mandatory Results

The First Mandatory Result	The Third Mandatory Result
<i>Relevant pieces of legislation elaborated for establishment of the funded component in the state pension system</i>	<i>Relevant pieces of legislation elaborated to facilitate the development of non-state pension institutions</i>
<u>Completed works and undertaken measures</u>	
Study report on demographical, economic, financial and capital market situation and social insurance system of Azerbaijan	
Feasibility Study (economic calculations)	
Seminar On State Social Insurance system and Social Insurance budget planning process (LV experience)	
Workshop on Possible solutions for development of multi-level pension system in the Republic of Azerbaijan (beginning of development of blueprints)	
Options for the introduction of funded scheme and private pension component	
The blueprint for funded pension scheme	The blueprint for non-state pension institutions

Activities carried out to achieve **the second Mandatory Result**

The second Mandatory Result

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

Undertaken measures

Started the analysis of management processes of the SSPF to prepare an Assessment report on the management processes at the SSPF

Started the analysis of the IT systems to prepare an Assessment report on the IT systems at the SSPF

Activities carried out to achieve **the fourth Mandatory Result**

The fourth Mandatory Result

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

Completed works and undertaken measures

Presentation of the state pension system of the EU Member States:

Latvia, Germany and Sweden

Study visit to Latvia

Study visit to Germany

Activities carried out to implement Component 0: General Activities

General Activities

Kick-off conference (Project Launching Conference)

Preparation of the thematic mid-term project visibility event at the end of April - including presentation and discussions on prepared blueprints for funded scheme and private pension component

Time table for implementation of planned/completed activities

Years	Year 2014								Year 2015										
Months	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11
Project's months	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Mandatory results																			
The first result			c	c	c	c	c	c	c	c	c	x	x	x	x				
The second result							c			c		x	x	x	x	x	x	x	
The third result										c	c	x	x	x	x				
The fourth result		c			c				c					x	x	x			
The fifth result																	x	x	x
Component 0		c										c							x

Experts involved in the project implementation

In the project implementation involved:

11 experts from Latvia

6 experts from Germany

Latvian experts are from the following institutions:

- ✓ the Ministry of Welfare (MoW);
- ✓ the Financial and Capital Market Commission (FCMC);
- ✓ the Pension Fund of SEB bank;
- ✓ the Pension Fund of SWEDbank.

German experts are from the following institutions:

- ✓ the Association for Social Security Policy and Research (GVG e.V.) which is a mandated body for Twinning;
- ✓ the German Pension Insurance Fund (*Deutsche Rentenversicherung Bund - DRV Bund*) which is a mandated body for Twinning;
- ✓ the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht - BaFin*) which is a public administration.

Outputs of the Twinning Project

Planned preparation of documents and materials	State of achievement
Study Report on demographical, economic situation of Azerbaijan	<i>prepared</i>
Feasibility Study (economic calculations)	<i>prepared</i>
Drafts of legislative documents of the funded pension system and of non-state pension institutions	<i>completed blueprints</i>
Assessment reports (two) on the management processes and IT systems	<i>started analyses</i>
Technical description of the mechanism for accumulations and management of funds on the real funded accounts	<i>not started</i>
Report with “lessons learned” and follow-up questions	<i>prepared</i>
Report on the training needs analysis	<i>not started</i>
Training methodology and training materials (handouts)	<i>not started</i>
Study visits programs	<i>completed</i>
Communication Strategy	<i>not started</i>
Information materials (press releases, updated websites)	<i>constantly, continues</i>
Workshops (seminars) materials, presentations, recommendations	<i>before each event, continues</i>
Mission reports by Short Term Experts (STE)	<i>10 reports</i>
Twinning project interim quarterly (six) and final reports (one)	<i>4 reports</i>

Statistic data of the Twinning Project (I)

Indicators (benchmarks)	plan	fact (completed)	%
Component 1: Activities (sub-activities)	11	3	x
Short term experts' (STE) days	192	91	47
Component 2: Activities (sub-activities)	3	2	x
Short term experts' days	90	51	57
Activities related to component 1 and 2 (I)	4	2	x
Short term experts' days	38	8	21
Activities related to component 1 and 2 (II)	2	0	x
Short term experts' days	20	0	0
Component 0: Activities	3	2	x
Project Leaders' and STE days	11	7	64
Project preparation days	4	4	100
Project Coordination (PSC)	11	4	37
TOTAL of Activities (sub-activities)	23	9	39
TOTAL of Project Leaders' and STE days	366	165	45

Statistic data of the Twinning Project (II)

Indicators (benchmarks)	plan	fact (completed)	%
TOTAL of Activities (sub-activities)	23	9	x
TOTAL of Project Leaders' and STE days	366	165	45
in which			
▪ LV Project Leaders' and STE days	265	128	48
▪ DE Project Leaders' and STE days	101	37	37
Number of short term experts	17	x	x
from which women	9	x	53
▪ LV short term experts	11	x	65
from which women	8	x	73
▪ DE short term experts	6	x	35
from which women	1	x	17

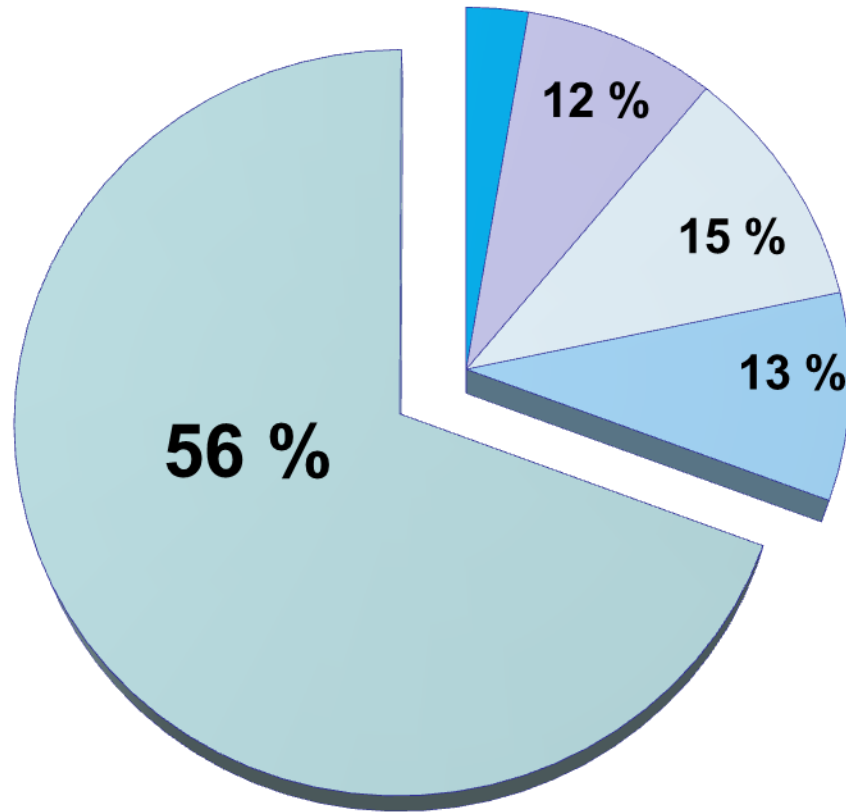
Statistic data of the Twinning Project (III)

Indicators (benchmarks)	plan	fact (completed)	%
TOTAL of Activities (sub-activities)	23	9	39
Number of Project Steering Committees	6	3	x
Number of experts' missions	27	10	x
TOTAL of Project Leaders' and STE days	366	165	45

Financial data of the Twinning Project

Indicators (benchmarks)	Plan (EUR)	Fact (EUR)	%
Total cost of the Action eligible for financing	749 994,41	330 598,64	44,08
of which			
▪ Execution in the first quarter	x	28 740,58	3,83
▪ Execution in the second quarter	x	90 078,54	12,01
▪ Execution in the third quarter	x	115 651,67	15,42
▪ Execution in the fourth quarter	x	97 905,02	13,05
Rest budget	417 276,65		55,92

Financial data of the Twinning Project



■ Quarter 1 ■ Quarter 2 ■ Quarter 3 ■ Quarter 4 ■

Main conclusions

Organisational level:

- Implementation of project activities went smoothly, but with slight deviations;
- Cooperation between the RTA and BC project team took place on a daily basis;
- Planning and organization of the expert missions were according to the work plan for each quarter;
- Involvement of the staff only by SSPF to work with experts;
- Adequate working conditions and technical support for operation of the project.

Main conclusions

Substantive level

- Development of the additional elements of pension system is a new task – a great challenge for both sides – expert team and SSPF staff;
- Decision-making must be based on economic feasibility and usefulness;
- Optimal access to necessary internal documents and statistics will be appreciated;
- Feedback should be sufficiently quick, well-considered and well-grounded.

Next steps

- Receive feedback on blueprint documents and start the legislation phase;
- Complete the analysis of management processes and IT systems of SSPF and provide recommendations;
- Develop the mechanism for accumulations and management of funds;
- Conduct the training needs analysis for SSPF and organize training sessions;
- Draft the public communication strategy and launch the pilot communication activities;
- Finalize the project.



THANK FOR YOUR ATTENTION!

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