



ANNEX 92

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

Achieved results of Twinning project and follow-up

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Project Leader,

Deputy State Secretary of the Ministry of Welfare of the Republic of Latvia

Closing Conference

Wednesday, the 28th of October, 2015



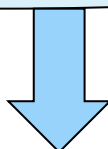
Gesellschaft für
Versicherungswissenschaft
und -gestaltung e.V.



Objective and Project Purpose

Overall objective

Development of the insurance-pension system in Azerbaijan.



Twinning 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

Two main Project 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>	
Prepared Study report on demographical, economic, financial and capital market situation and social insurance system of Azerbaijan	
Carried out Feasibility Study (economic calculations)	
Organized seminar On State Social Insurance system and Social Insurance budget planning process (LV experience)	
Organized workshop on Possible solutions for development of multi-level pension system in the Azerbaijan (beginning of development of blueprints)	
Options for the introduction of funded scheme and private pension component	
Completed the blueprint for funded pension scheme validated by SSPF	Completed the blueprint for non-state pension institutions validated by SSPF
Elaborated draft of law “On Funded part of Labour pensions”	Elaborated draft of law “On Private Pensions Funds”
Organized workshop on drafts of laws	

Activities carried out to achieve the second Mandatory Result

The second Mandatory Result

Completed works and undertaken measures

Prepared an Assessment report on the management processes at the SSPF

Prepare an Assessment report on the IT systems at the SSPF

Recommendations on amendments to be introduced in order to address the provisions in the blueprint and the draft legislation are developed and validated by SSPF

Developed Technical description of the mechanism for accumulations and management of funds on the real funded accounts

Organized Workshop on the proposed technical solutions to the management systems, including IT systems, in 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

Organized presentation of the state pension system of the EU Member States: Latvia, Germany and Sweden

Developed Report with “lessons learned” and follow-up questions

Prepared Report on the training needs analysis for SSPF

Completed 5 training sessions to SSPF staff on various topics:
Empirical work in Economics; Econometrics Models – Macro econometrics models; Introduction to Stata, Statistics and Data Analysis for Economics, Probability and statistics, Introduction to time series Models, Computational Finance and Financial Econometrics

Study visit to Latvia

Study visit to Germany

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

The fifth Mandatory Result

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

Completed works and undertaken measures

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

Prepared some Pilot communication activities to raise public awareness of the pension system

Activities carried out to implement Component 0: General Activities

General Activities

Kick-off conference (Project Launching Conference), June, 2014

The thematic mid-term project visibility event at the end of April, 2015

The Closing Conference Of the Twinning project, October, 2015

Project coordination activities :

Activities
Organized five meetings of Project Steering Committee, the sixth meeting (last) will be tomorrow
Prepared six Twinning project interim quarterly reports and approved five quarterly reports
In preparation process - Final report
Prepared 30 Mission reports by Short Term Experts (STE)
Before every event of project prepared press releases
Regularly updated websites of in the implementation involved institutions
Created, produced and disseminated different project visibility materials – holders, notepads, pens, mugs, leaflets etc.

Main strengths of the project are the following:



Elaborated relevant pieces of legislation that will serve as basis for the further development of the pension system in Azerbaijan

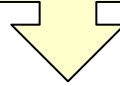
Training of staff of SSPF was performed and a remarkable experience in managing and implementation of twinning project has been acquired

All project activities were completed and the objectives for these activities were achieved

Ensured visibility of twinning project activities

Adequate working conditions and technical support for operation of the project

The most important weaknesses of the project:



In the implementation process of activities it was necessary to more closely involve other representatives of state institutions (create inter-institutional working group) looking back on pension reform process in Latvia

Not all activities were planned successfully related to the time schedule. Reprogramming of time schedule for separate activities was made during the project in order to enhance more efficient project implementation

Such serious pension system development project required a longer implementation period.

For involved staff of SSPF, the workload had significantly increased, as the staff which were working together with experts, carried out these measures in addition to their daily tasks.

It was challenging to access the necessary internal documents and statistics, it was desirable to ensure the prompt feedback on a sufficient level.

Experts involved in the project implementation

In the project implementation involved:

11 experts from Latvia

4 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 SWED bank;
- ✓ the BTA insurance Company.

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.

Statistic data of the Twinning Project (I)

Indicators (benchmarks)	plan	fact (completed) On 28.10.2015	%
Component 1: Activities (sub-activities)	11	11	x
Short term experts' (STE) days	210	210	100
Component 2: Activities (sub-activities)	3	3	x
Short term experts' days	123	123	100
Activities related to component 1 and 2 (I)	4	3	x
Short term experts' days	39	36	92
Activities related to component 1 and 2 (II)	2	2	x
Short term experts' days	20	20	0
Component 0: Activities	3	3	x
Project Leaders' and STE days	11	11	100
Project preparation days	4	4	100
Project Coordination (PSC)	10	10	100
TOTAL of Activities (sub-activities)	23	22	96
TOTAL of Project Leaders' and STE days	417	414	99

Financial data of the Twinning Project

Indicators (benchmarks)	Plan (EUR)	Fact (EUR)	%
Total cost of the Action eligible for financing	749 994,41	617 455,78	82,97
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
▪ Execution in the fifth quarter	x	124 155,76	16,55
▪ Execution in the sixth quarter	x	169 360,77	22,58
Rest budget	127 720,50		17,03

Follow-up and recommendations

- After the adoption of the laws in the Parliament should need support to implement developed new pension's policies – for all involved institutions
- Advisable will be established separate project for coordination of measures of enforcement of laws – either including all institutions which will be involved and responsible for different issues related to operation of additional new pension pillars or at least separate project for activities of SSPF
- Necessary to continue the trainings for the staff who will be responsible for the operations of new laws
- Essential will be organization of massive public information campaign on both new laws since the new additional pension system pillars will be voluntary
- Needed to establish information system, ensure effective various data collection process, carry out systematic information and data analyzing, provide regular information on operation of new pension pillars.



THANK FOR YOUR ATTENTION!

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