

AZERBAIJAN REPUBLIC STATE SOCIAL PROTECTION FUND

Effective management of the insurance-pension system through application of ICT

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## Country Overview

Population (01.01.2014)	9 477,10	thsd	
Natural increase	1,3 %		
GDP (2013)	57708,2	mln. AZN	
Growth rate (2013)	5 <b>,</b> 8 %		
GDP per capita (2013)	6207,3	AZN	
Income of population (2013)	37555,5	mln. AZN	
Average salary (2013)	423		
Real growth (2013)	5,5 %		
Inflation rate (2013)	2,4 %		
Investments (2013)	17872,1	mln. AZN	
Foreign investments (2013)	4167,2	mln. AZN	



# INSURANCE-PENSION SYSTEM of AZERBAIJAN **EVOLUTION**

- Establishment of legislation base and financial sustainability for the 3 pillar pension system
- □ Implementation of payment system of pensions and benefits via bank cards 2004
- □ Implementation of personal accounting system -2006
- □ Implementation of 3 pillar pension system 2006
- Calculating pensions based on amounts conditionally collected in personal accounts 2006
- □ Providing centralized control of insurance-pension system -2006
- □ Providing transparency and awareness about pension system for the public 2013

### Statistic data of success with the operation of new system starting from January 1, 2006: A. Increase of the revenues of the Fund

Since 2006 till present time the revenues of the SSPF increased by 5 times, the number of the insured reached from 1 300 thousand to more than 2 700 thousand, the overall rate of the social insurance fees on employment income decreased from 29% to 25%.



### Statistic data of success with the operation of new system starting from January 1, 2006: <u>B. Expenditures of the Fund</u>

Since 2006 till present time the expenditures of the SSPF increased by more than 5 times and reached to 2,9 billion manats and this figure even more than the budget expenditures of some neighbour countries.



# Statistic data of success with the operation of new system starting from January 1, 2006:

C. Since 2006 till present time minimum amount of pensions increased 4 times, the average amount 5,7 times.



average monthly amount of labour pensions

----monthly amount of base part (minimal pension) of labour pension

#### Material and technical foundation of the pension system

Infrastructure of the Fund was re-established, a new building was built and repaired, modern automated workplaces with the principle of one computer for each employee were set, standard corporate network was set by unifying local networks with central information system.













# Population segments served by SSPF

Insured persons



Insurers

The information database of SSPF covers more than 40% of country population: 1.281 thsd pensioners More than 2.700 thsd insured persons

## Digitizing

- Digitizing of data for the working periods till 1 january of 2006 from the employment workbooks to the central database of SSPF
- Digitizing of pension records





# Azerbaijan is the first country to implement centralized automated old-age pension provision among the CIS countries and the Middle East.



99% of the pensioners receive their pensions via bank cards.





# AUTOMATING THE SOCIAL INSURANCE AND PERSONAL ACCOUNTING SYSTEM

#### A. PERSONAL ACCOUNTING AND AWARENESS

According to the data of 1 January, 2014 more than

2,700 thousand insured were granted with social insurance numbers and personal accounts were opened for them. Modern Informing System – electronic service called "Providing information to insured persons" gives an opportunity to insured persons for following up and controlling their personal account any time and without restriction.









#### AUTOMATING PROCESS OF THE SOCIAL INSURANCE AND PERSONAL ACCOUNTING SYSTEM B.ONLINE PAYMENT

Mandatory state social insurance contributions are paid online. During 2013 about 56 976 payments made by 324 302 insurers mandatory state social insurance contributions via eservice "Online payment of the mandatory state social insurance contributions'.



## International successes of SSPF

- 2004 SSPF became Bureau member of International Social Security Association
- 2007 SSPF became member of the ISSA European Network Steering Committee along with developed European countries
- 2009 Special presentation on Azerbaijan's experience in improvement of insurance-pension system in the meeting held by UN Development Program meeting held in Athens
- 2010 SSPF was announced the winner of the ISSA Good Practice Award in the nomination "Efficient Management through applying ICT
- 2010 1st place for the project on the reforms in insurance-pension system in the Republic of Azerbaijan among the UNDP projects realized through Regional bureau on Europe and CIS
- ✤ 2011 Official opening of the ISSA Focal Point for Eurasia in Baku
- 2012 Based on the results of the year 2011 SSPF was declared the winner in the nomination "Mighty and effective management" by UN annuals



CERTIFICATE OF MERIT ISSA GOOD PRACTICE AWARDS EUROPE COMPETITION 2010

THE CERTIFICATE OF MERT IS AWARDED TO. STATE SOCIAL PROTECTION FUND, REPUBLIC OF AZERBAIJAN WITH SPECIAL MENTION

For Efficient governance through application of ICT

In Warsaw, Poland, 3 March 2010

Hans-Horst Konkolewsky Secretary General Corazon de la Paz-Bernardo President





Establishment of standard insurance-pension system in 2001-2013 is completed, the technical improvement and design is set

The strategic goal for the next stage is to strengthen the financial sustainability and improve the payment of the social insurance contributions.

## Fundamental changes for strengthening financial sustainability and ensuring social justice principle

Improving normative structure of social insurance contributions

Restructuration of basic part of labor pensions

Organization of non-state pension funds

> Introducing voluntary insurance in conventional funded system

Separating of state responsibilities from the responsibilities of the insurancepension system itself.

By applying quota on salary involved in social insurance, presenting an option to a citizen to use the amount above the quota.

#### The goal is that every person must be an active participant of insurancepension system

AZƏRBAYCAN RESPUBLİKASI

DÖVLƏT SOSIAL MÜDAFIƏ

FONDU

GƏLƏCƏY

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### SOSIAL SIĞORTA HAQQLARININ VAXTINDA ÖDƏNİLMƏSİ GƏLƏCƏYİNİZİN TƏMİNATIDIR!

Promotion campaign was held within the project "Pension and Social Security": billboards and posters were located in 11 cities, booklets and brochures with 50, 000 edition were spread among the population



## Thank you for your attention !