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Assessment of pension adequacy

Kosovo*

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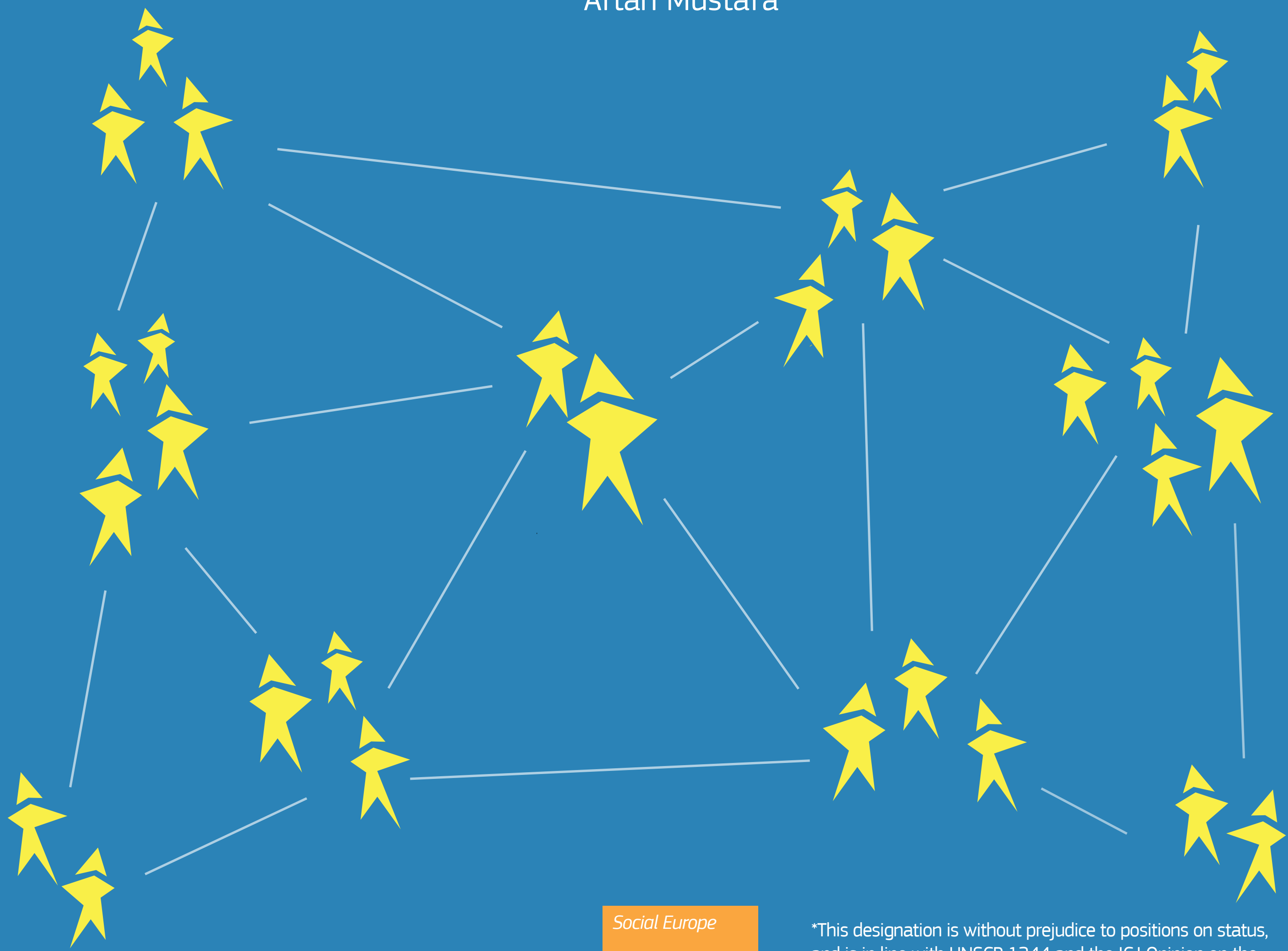

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European Social Policy Network (ESPN)

ESPN Thematic Report: Assessment of Pension Adequacy

Kosovo

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The European Social Policy Network (ESPN) was established in July 2014 on the initiative of the European Commission to provide high-quality and timely independent information, advice, analysis and expertise on social policy issues in the European Union and neighbouring countries.

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Highlights

- Kosovo's pension system expects individual savings in the market to finance the bulk of pension income in the long term, but nearly all pension expenditure is currently financed through government revenues, and this will remain the case for the foreseeable future.
- The better-paying government-financed pensions are increasingly particularistic, as they cover the more powerful groups; meanwhile the majority of retirees – and especially women – receive a flat-rate minimal basic pension.
- Poverty within the old-age population is declining and is lower than within the general population. At the same time, the impact of pension transfers and taxes on reducing poverty and inequality in old age is growing.
- The performance of pensions in terms of income maintenance is weak, with more than 70% of retirees receiving income worth 21% of average net market wages.
- Pension adequacy will decline in the future if pension contributions are not raised and if the pension system is not strengthened. The various local and international interest groups that have an interest in maintaining the status quo, and a highly fragmented political scene are not conducive to meaningful reform, despite recent initiatives.

1 General description of the national pension system

Kosovo has a three-pillar pension system in place. It consists of: Pillar I – Statutory pension schemes – in Kosovo, these pensions are financed out of government revenue and are managed by the government; Pillar II – a statutory funded scheme of individual pension savings, managed by the Kosovo Pension Savings Trust (KPST), which is an autonomous body created by Parliament; and Pillar III – supplementary pension schemes.

The system has discontinued the former pay-as-you-go (PAYG) pension institutions. During self-management socialism (prior to 1989), like the other entities of the then Socialist Federal Republic of Yugoslavia (SFRY), Kosovo had a PAYG pension system financed by employers, employees and (voluntarily) the self-employed. The new three-pillar pension system was introduced by the United Nations Interim Administration Mission in Kosovo (UNMIK), which administered the territory between 1999 and 2008, with close advice from international organisations and in particular the World Bank (see e.g. Cocozzelli, 2007; World Bank, 2007). It began to be implemented in 2002, based on UNMIK's 2001 regulation on pensions, once Kosovo's Provisional Institutions of Self-Governance (PISG) had been established. Kosovo is the only one of the former SFRY entities to have fully discontinued the former PAYG system. This came about, despite opposition from former self-management socialism workers, as the result of a combination of power being concentrated in the hands of international organisations, their policy ideas and a weak economy in the wake of the 1998-1999 war.

The pension system sought to establish a small government-financed safety net and a dominant role for the market. The aim of the new pension system was to provide a basic safety net in the form of a universal basic pension issued to all residents aged 65 and over (commenced in 2002) and disability pensions for persons with a permanent high level of work disability (commenced in 2004). Both measures were based on the cost of 2,100 calories of food per day – which is the value of the equivalised national extreme poverty line, measured in terms of food consumption; this provision was similarly inserted on World Bank advice. It was expected that government spending on pensions would remain low in the long term, as the economy grew. Additional pension income in retirement was expected to come via the market – namely the individual pension savings under Pillar II (which are issued as an initial retirement lump sum plus a monthly payment until the saving is depleted) and the supplementary pension schemes under Pillar III.

The three-pillar pension policy had several advantages in terms of implementation, coverage and transparency. The Pillar I pensions proved relatively simple and easy for UNMIK, its partners and the new PISG to implement, since there was no means testing involved for the basic pensions. Government revenue financed pensions, and in addition provided for an unprecedented improvement in coverage: the basic pension covered 100% of the resident old-age population; meanwhile, the disability pension covered up to 20,000 individuals (e.g. in 2011, around 1.1% of the entire population) with permanent work disability. Even in the heyday of self-management socialism (1971–1981), the persistently low employment rate in Kosovo meant that the PAYG system covered no more than 50% of the old-age population without prior work contributions; in addition, the cash poverty protection (as in other socialist countries) was small and closely targeted, covering only a few thousand people (Mustafa, 2020). The new basic pension under UNMIK particularly benefited women, who were historically largely unemployed; it similarly avoided prior market-driven stratification based on ethnicity. The Kosovo Pension Savings Trust, responsible for managing Pillar II through a board that also included international experts, was in addition continually praised for its transparency and regular reporting to its clients (World Bank, 2008: 34; Shaqiri, 2016: 93). The KPST invests most savings in Western financial markets, and more recently in national government bonds.

However, various shortcomings surfaced – in particular in terms of income maintenance – leading to calls for change. Since the government-funded pensions were tied to the extreme, food poverty line, the amounts paid out under these pension programmes usually remained very small compared to the growing market wages, and so were unable to narrow the growing income gaps. In addition, despite wide pro-market structural reforms, the employment rate remained low (generally under 30%), meaning that the majority of citizens did not save under Pillar II. Pillar III never really got going, either: to this day, there is only one pension fund in place – the Kosovar Slovenian Pension Fund – and it manages less than 1% of total pension savings in the country. In addition, former workers under socialism who had contributed to the former PAYG, had either already retired or had limited time left in which to contribute to the KPST. The amount that they could save into the scheme, plus their Pillar I pensions could not provide a decent income, and so former workers under socialism were particularly unhappy.

Following Kosovo's declaration of independence in 2008, the UNMIK pension system was kept in place, but it saw important institutional change through layering in the government-financed pensions tier (Pillar I). Immediately in 2008, a flat pension amount was added for former workers under socialism, over and above the basic pension; later, this flat payment was stratified, according to the former workers' education. Other specific pension schemes were created for individuals with impaired vision; for persons with tetraplegia and paraplegia; for former Kosovo Protection Corps and Kosovo Security Force members; and for the surviving dependants of former workers under socialism. And funds have been allocated in recent years for early retirees from the Kosovo police. These schemes involve new and particularistic (rather than universal) eligibility criteria for pension income, as well as between-group inequalities in terms of payments, and are determined by government decision, rather than being tied to the extreme poverty line, as the universal basic and disability pensions are.

This pension system design and its changes create some peculiar features, by comparison with pension systems elsewhere in the region. In the rest of the Balkans, although government-funded pensions are growing everywhere, most pension expenditure is through PAYG employer-employee-financed schemes. In Kosovo, while pension income from Pillar II should grow in relevance over the long term, currently it makes up only 5% – more than 95% of all pension expenditure comes from government revenue (see ESPN, 2019). Under the PAYG systems, the amount of a pension often bears some relation to prior earnings or contributions; but in Kosovo, the amount is flat or status based, and may discourage interest in employment.

The cumulative institutional changes after UNMIK amount to substantial changes in policy goals, at least in the short term. Other Kosovo government-financed particularistic transfers – as well as social assistance for poor families and children with disability – include compensation for early retirees from the former Trepça mining complex; benefits for military and civilian invalids of war and for the families of military and civilian victims of war and of missing persons; compensation for war veterans; compensation for former political prisoners; compensation for victims of rape during war; compensation for members of the Shota dance ensemble; etc. Most of these institutions were created or transformed after 2008. In some policy analyses, they are considered to be part of Pillar I of Kosovo's pension system; in others they are regarded as part of the wider government-financed social protection (IMF, 2016; Kllokoqi, 2018). Either way, overall these and the new pension schemes created after 2008 have contributed to a substantial change in the original government-financed safety net: it now extends to far more people than during UNMIK; many rights now discourage employment (IMF, 2016: 6, 8); the payments made to different groups are quite unequal and often reflect the power of interest groups; and government spending on the safety net – although the lowest in the region – has continually expanded in recent years and now amounts to nearly 30% of total government expenditure.

2 Reform trends

The reforms implemented during the most recent reporting period (July 2017 – July 2020) have not been substantial. They have either raised pension payments or have continued to add particularistic layers to Pillar I. There have been no sweeping reforms or important pension policy shifts.

Pension payments recently increased by up to 20%. Most government-funded pensions and minimum pension saving withdrawals at the KPST have been raised twice since 2009. Most recently, on 19 February 2019, the government decided to raise the universal basic pension and the pensions for survivors and disability pensioners of self-management socialism by 20%; meanwhile, the pensions of former workers under socialism who had contributed to the old PAYG system were increased by 15% (Kosovo Government, 2019). This meant that the basic pension was raised from €75 to €90 a month, while the minimum pension for former contributors to PAYG rose from €158 to €182 a month, and the maximum pension increased from €230 to €265 per month (KAS, 2019b). The decision was implemented retroactively, to cover January and February 2019.

Teachers who had worked in the Albanian parallel educational system during the 1990s began receiving compensation, in addition to their pensions. On 14 March 2019, a law (Official Gazette, 2019) came into force, recognising the right of former teachers to cash compensation: up to 17.5% of the current average wage of a primary school teacher was added to their pension. This brought the monthly pension of former teachers up to €338. In 1989, when Kosovo lost its former status as a Socialist Autonomous Province (granted under the former SFRY Constitution in 1974), the majority Albanian population organised itself into a 'parallel state', providing parallel education in the Albanian language. Back then, the teachers were paid from the proceeds of a solidarity tax of 3% gathered from Albanian households; but their income was low and their commitment was widely recognised as part of the political resistance towards Belgrade. Nowadays, teachers, like war veterans, remain an influential interest group. The March 2019 law added the latest layer to the increasingly particularistic and complicated Pillar I pension schemes in Kosovo, which are governed by several laws and regulations.

More systematic reform plans and discussions were halted by early elections. In December 2018, Kosovo's Ministry of Labour and Social Welfare (MLSW), headed by the Social Democratic Initiative (NISMA), put forward a concept-document for reform (MLSW, 2018). This proposed the establishment of certain social security institutions paid for by employer and employee contributions, including a top-up PAYG pension programme to improve the pension income provided through Pillar II. In February 2019, an ad-hoc committee led by the Social Democratic Party (PSD) was created by Parliament; it furthered the work done by the MLSW, coming up with an improved reform proposal. This proposal envisaged a PAYG programme offering, among other things, a minimum pension related to the national minimum wage. It proposed further social insurance institutions to deal with the working age and children, and suggested ways of putting an end to the particularistic layering in Pillar I. International organisations (such as the World Bank, the International Monetary Fund and the European Commission), local non-governmental organisations, unions, experts and other actors were all involved in the pension reform discussions. However, a snap election was held in October 2019, which led to the formation of a new government. In March 2020, this new government, led by Vetëvendosje (Self-determination) and the Democratic League of Kosovo (LDK) published its governing programme, which envisaged a 'reform of the pension system, including legal and organisational, as well as international cooperation aspects'. However, the programme did not further specify the intended aims and characteristics of the reform. Although Vetëvendosje is the main left-leaning party in Kosovo, it can sometimes be difficult to predict its policy stance. For example, it quite surprisingly chose to scrap the MLSW entirely and integrate its various departments into new ministries. But in March

2020, Parliament passed a motion against the new government, just 52 days after it was appointed; at this point the LDK left the coalition.

3 Assessment of adequacy

3.1 Current adequacy

Consumption-based poverty indicators suggest declining overall poverty in Kosovo; but after families living on social assistance, families with pensions as the main source of their income are the poorest. In the period between 2000 and 2017, the Kosovo Agency of Statistics (KAS) and the World Bank jointly produced regular official extreme and absolute poverty indicators, based on household consumption data.[1] According to this so-called 'objective' measurement of poverty, extreme poverty declined by 7 percentage points (p.p.) during the reference period, while absolute poverty fell by 16.5 p.p. (see Statistical Annex, section 1). Poverty among women generally declined as well, but it remained higher than among men. A separate indicator for the population aged 65 or over in poverty did not appear in the official figures, apart from in 2009 (KAS and World Bank, 2011: 10), when headcount poverty for age groups 65–79 was under 30% and the lowest of any age group. Based on the main individual activity, poverty among retirees declined by 18 p.p. as well. However, according to the same official reports, poverty among families that have pensions as their main source of income, although generally declining, remained high and second only to the poverty of those families dependent on social assistance cash benefits (KAS and World Bank, 2011, 2019). More recent consumption poverty indicators based on the Household Budget Survey (HBS) have not been published, and these indicators are not comparable to the relative income-based indicators issued by the European Statistical Office (Eurostat) for European Union countries.[2]

Old-age poverty has declined due to both increased payments in some pension schemes and wider economic development. While basic pensions are tied to the extreme poverty line, the increase in other pension payments has likely contributed to better poverty protection for retirees. For example, in 2017, the extreme, food poverty line was €95 a month for equivalised five-member families. Since basic pensions were €95, this meant that no family that depended on only one basic pension was considered to be in extreme poverty. The absolute poverty threshold was €133 – thus, a family that was dependent on one basic pension would have been in poverty, but a family dependent on a pension paid to a contributor to the former PAYG scheme would not have fallen into consumption poverty.[3] Thus, the increase in the pension payments under the various schemes had an impact on the decline in poverty. In addition, there was an improvement

[1] Extreme poverty is calculated as the cost of 2,100 calories of common food per day per adult; absolute poverty is calculated by dividing the value of extreme poverty by the percentage of food share in total household consumption (World Bank, 2001: 49–50). In 2009, the extreme poverty rate for an individual was reported as equivalent to €1.02 a day and absolute poverty – €1.55; in 2017, extreme poverty was €1.31 and absolute poverty – €1.85.

[2] Income-based data suggest old-age poverty is declining as well. Kosovo conducted a European Union Statistics on Income and Living Conditions (EU-SILC) survey for the first time in 2018, but (as of early April 2020) the survey had not yet been edited and approved for third-party use at KAS. EU-SILC would have provided more thorough and comparable insights into pension adequacy relative to other European countries. However, calculations of the at-risk-of-poverty (AROP) rate based on HBS income data – the same surveys as are used by KAS and the World Bank for official indicators – suggest that the poverty rate for the 65+ population declined by 5.9 p.p. between 2009 and 2015 (see Statistical Annex, section 2). According to the same data, the relative median at-risk-of-poverty gap (65+) showed less old-age poverty compared to the population aged 64 or under (-0.7 in 2007 and -6.6 in 2005).

[3] Still, in both cases, such families would fall under the AROP income threshold measured in terms of household income. But a family that depended on a former contributor pensioner (with secondary and higher education), on a pensioner from a later particularistic scheme (e.g. Kosovo Security Force pensions) or on someone who received only individual pension savings from the KPST, plus one more adult basic pensioner, would be above the AROP income threshold.

in other indicators: between 2009 and 2015, average family income rose from €404 to €533 (own calculations based on HBS data); between 2009 and 2018, GDP rose by €2.7 billion, while GDP per capita increased by €1,422 a year (IMF, 2020) and 120,960 more people were making mandatory pension savings – meaning that they were working (KPST, 2009, 2018).

Pensions do not maintain a decent income, as average income relative to market wages is quite low for most retirees. For example, a former self-management PAYG contributor's total pension income – an average of €210 paid by the government, plus the minimum withdrawal from the KPST savings (which, until fully consumed, cannot be lower than €200 a month) – amounted to 91% of the average net monthly market wage (€450) in 2019 (KAS, 2019a). However, average KPST savings are used up within less than four years of retirement; and in 2018, fewer than 5,000 people were receiving KPST savings (KPST, 2018: 65). Without additional KPST saving, former self-management PAYG contributors receive just over 45% of average net monthly wages; and basic pensioners (who make up more than 70% of the pensioner population) receive just 21% of net market wages.

Women make up the majority of basic pensioners, are underemployed and receive lower wages in the private sector – leading to a considerable pension gap. Women make up the majority in those pension schemes that have the lowest payments. At the end of 2019, women accounted for 65.5% of universal basic pensions, but only 15.3% of better-paying pensions for former PAYG contributors; this is a legacy of low female employment under socialism. Even in 2019, the overall employment rate was 31.6% – but only 14.1% for women, indicating gender inequality in current pension savings (KAS, 2019a). Average monthly pension savings for women in KPST were €37.80, compared to €42 for men; this indicates that women were receiving lower wages in the private sector (wages are equal in the public sector). Women's savings are particularly weak in the self-employed sector, with a gap of nearly €9 per month compared to men (KPST, 2018). The still low rate of female employment, combined with lower savings in the KPST, will keep the gender gap in pension income high in the future.

Retirees' self-perceived poverty is also high. Drawing on survey data, recent studies by public health researchers have found that up to 47% of the old-age population (52% of elderly women) in Kosovo perceive themselves to be poor or extremely poor (Jerliu et al., 2012); that four elderly people in 10 report an inability to access health care; and that elderly women (60%) and men (45%) report high levels of self-perceived poor health (Toçi et al., 2014). The absence of a public health insurance programme has an impact on a pensioner's income as well, since the need for medicine increases with age; according to the World Bank (2016), up to 40% of total health expenditure in Kosovo is involves private, out-of-pocket financing. Public long-term care is very rare (for example, in 2019 there were only 121 elderly people in state-run residential care), but legislation does not specify how the use of care services should be taken into account (in practice, full pensions are paid to care beneficiaries). On the positive side, most Kosovars live in privately owned housing, so most retirees do not need to pay rent. There are no official statistics on pension duration, but in 2019 life expectancy at birth was 76.7 years (11.7 years after retirement).

3.2 Future adequacy

Pension adequacy is unlikely to improve in the future if the current pension system remains in place. Entries to the government-financed pension lists for former PAYG contributors should end in 2025; thereafter the scheme's costs will decline steadily until it exhausts. New regular retirees will receive the basic pension plus their savings with the KPST. While the basic pension is tied to the extreme poverty line, as things stand people's KPST savings could run out quite rapidly, as only 10% (5% paid by employers and 5% by employees) of Kosovars' real gross wages are paid into their mandatory pension savings, and the KPST has reported a general investment return of

2%. Calculating using the average salary of a public school teacher, as a good sample of average wages, during pension reform discussions the KPST estimated that (based on the existing savings investment return and wage growth trend) a teacher's savings after 30 years of contributions would allow a payment worth 36.9% of market wages for 12 years of retirement, or 45.2% after 35 years of contribution (KPST, 2018b). After they use up these savings, retirees depend entirely on the basic pension. This scenario does not take account of any potential financial market crises. Given the low employment rate, frequent breaks in the employment record, low savings and potential market instability, future pension income that relies on this design will not meet the needs of most citizens, who will face poverty and poor social care services.

Pension reform initiatives, if implemented, have the potential to improve pension adequacy. In light of the ongoing debate involving the multiple stakeholders, the pension reform documents drawn up by the former MLSW and the Kosovo Parliament provide sound alternatives for improving the sustainability and fairness of government-financed pension expenditure through the application of universal criteria. In addition, they propose a PAYG top-up scheme (the MLSW proposed a 'defined contribution' scheme, while Parliament suggested a 'notional defined contribution' scheme) to ensure pension savings income throughout retirement and a minimum contributory pension. These reforms would enhance pension adequacy and financial security.

Basic pension fund leakage and the addition of new particularistic schemes are further challenges to future adequacy. In 2019, 7.8% of the population was estimated to be aged 65 years or over. However, that same year 10.1% were receiving a basic pension and a pension for former PAYG contributors. Many people in the administration believe that the 2011 national census may have had deficiencies, but also that there is expenditure leakage. During 2015–2016, the MLSW cancelled around 10,000 basic pensions (which are paid only to residents), on account of beneficiaries living abroad, unreported deaths, etc. On the other hand, some government transfers (such as payments to war veterans) discourage thousands of individuals from entering the employment market, which will have an impact on their future savings.

3.3 Challenges for future adequacy

Future pension adequacy will depend greatly on financial market performance. The Kosovo Pension Savings Trust usually invests most savings in Western financial markets, and more recently in national government bonds. During the 2008 financial crisis and 2018, the KPST reported total losses of €177 million. During the Covid-19 crisis, in March 2020, it reported that it had repatriated nearly half of investments in Kosovo and had redirected others into cash investments and multi-asset portfolios. Whatever the consequences of the Covid-19 crisis, KPST savings will always be dependent on market fluctuations and will be particularly unfavourable for individuals who retire immediately after the crisis. No other country in Europe concentrates all its mandatory pension contributions in individual invested savings in this form. Although the KPST remains fairly transparent in its dealings with its contributors and the public, certain concerns were expressed some years ago by central bank officials about the potential danger of political interference in investment decisions. Such issues raise concerns that the experience of the previous generation of self-management PAYG contributors could be repeated – they could not enjoy their contributions, while their flat pensions are paid by all citizens through taxation (i.e. the burden is spread across the entire society).

Powerful interest groups, a highly fragmented political landscape and demographic changes may not be conducive to reform. Local powerful interest groups – such as former workers under self-management socialism and war veterans – may challenge any reforms that aim to improve pension adequacy, fearing that the reforms could reduce their current benefits. Various influential international organisations often prefer the status quo to ambitious reforms (IMF, 2018). The political landscape is very fragmented: governments are usually formed from several parties and most collapse within a short period of time; this serves to discourage any focus on long-term policy. Kosovo has the youngest population in the region, but even it is ageing; and with the country's historical low level of employment, pension adequacy will be impossible to achieve through individual pension savings or even PAYG pensions alone. Thus, government-financed pension expenditure will realistically remain extensive.

3.4 Solidarity mechanisms

The existing limited data suggest that the impact of pension transfers on reducing market poverty and inequality among the elderly is growing. Kosovo's pensions (see Statistical Annex, section 3) reduce both the AROP rate and Gini income inequality among the elderly population, compared to the market situation (pre-tax and pre-transfers). The impact is considerably higher in female-headed households. The impact of pensions improves once income tax is taken into consideration: government-financed pensions are not taxed, while KPST savings are subject to personal income tax rates. The impact of pensions and taxes was higher in 2015 than in 2011, which suggests an improving redistributive capacity of pension transfers and taxes; but more surveys over time – in particular the EU-SILC – should provide better information. One important reason for the positive impact of pensions could be the 100% coverage rate of universal basic pensions, which are not related to work history.

The existing redistribution – from the whole of society towards all the elderly and towards increasingly segmented retiree groups that are based on social status – may cost the poor more than the rich. The pension income issued by the KPST does not involve any vertical (from richer to poorer) or horizontal (between groups) classic redistribution, since savings are individual. Currently, however, most pension transfers are financed from government revenue, which comes largely (up to 85%) from consumption taxes (ESPN, 2019). Since the poorer sections of the population spend relatively more of their income on living than do richer sections, this could imply lots of perverse redistribution – i.e. from the worse-off to the better-off. The universal basic pension covers all categories of elderly people, including those without a work history (and especially women); but the better transfers increasingly target politically powerful social groups, such as former workers under socialism and war veterans. Among the former workers under socialism, pension payments do not reflect their former contribution levels or how long they made those contributions. Rather, anybody who can prove 15 years of contributions to the former PAYG scheme receives a full pension, though the amount depends on the level of education – primary, secondary, professional tertiary school and university education.

4 Recommendations

There is scope to raise pension contributions and strengthen the pension system. Kosovo's 10% charge for mandatory pension savings is the lowest pension contribution rate in the region and is inadequate to ensure a decent pension in retirement. The highest tax charge on personal income is similarly 10%. This scope for raising contributions may be used at the same time to strengthen the pension system. Recent local reform initiatives and discussions on adding a PAYG institution or similar – which would work towards providing more social solidarity, improved income and adequacy in retirement, and financial sustainability – would make sound improvements and merit serious consideration from the government and its national and international partners. As the initiatives correctly point out, the reforms could be used to discourage further unsustainable layering in the government-paid pensions (Pillar I). The reforms could also address the future pension adequacy of the self-employed and atypical workers. However, policy-makers should be realistic about Kosovo's potential to successfully manage such complex institutions in the present context.

Pension insurance (and wider social insurance) might be used as an incentive to improve Kosovo's employment rate. The low employment rate is, among other things, a consequence of weak government interest in active labour market policy and in using tax incentives. The government may select good examples from the countries of the region and the continent to improve the employment of students, youth and women (such as by covering contributions). At the same time, improved social insurance covering retirement, unemployment, work disability, illness, etc. might motivate informal workers to declare their work and join the system. In an institutional framework where such rights are absent, workers do not have many rational incentives to declare their work. The government – which collects most of its revenue from consumption taxation – similarly does not have a strong incentive to strengthen control of the shadow economy.

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Statistical Annex

Table A.1 Percentage of population in official consumption poverty in Kosovo, between 2009 and 2017

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017-2011
Extreme poverty	12.1	8.2	10.2	7.8	5.7	6.9	5.1	5.8	5.1	-7
Absolute poverty	34.5	29.2	29.7	23.7	17.8	21.5	17.6	16.8	18	-16.5
Male	33.9	28.5	29.2	23.5	17.7	21.2	17	16.5	18.3	-15.6
Female	35	29.9	30.3	25.8	18.9	26.8	23.3	21.2	14.8	-20.2
Main activity - retired	32.2	28.1	29.6	28.3	12	14.9	13.9	11.6	14.2	-18
Main income source - pension	43.4	43.4	43.6	34.3	21.7	25.1	27.8	22.4	29.3	-14.1

Source: KAS and World Bank, 2011-2019

Table A.2 At-risk-of-poverty-rate (AROP)

	2009	2011	2015	2015-2009
Population 65+	22.6	18.7	16.7	-5.9
Entire population	22.6	19.4	23.3	0.7

Source: Own calculations based on Household Budget Survey.

Table A.3 Poverty and inequality reduction of pensions and taxes among population 65+ compared to pre-tax-pre-transfer situation, %

	2011	2015	*2015b**	2015-2011
AROP reduction of pensions	18.9	32.8	*72.9*	13.9
AROP reduction of pensions & taxes	26.8	40.7	*72.9*	13.9
GINI reduction of pensions	15.5	15.6	*33.7*	0.1
GINI reduction of pensions & taxes	13.4	17.5	*32*	4.1

**Women headed households*

Source: Own calculations based on Household Budget Survey.

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