Pensions in Kosovo – Challenges and opportunities

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Introduction

This paper suggests that the reform of the Kosovo pension system is a necessity in order to eliminate legal injustices and to ensure equal treatment for its citizens, as well as to reward pensions to those who work and pay contributions.

While the first pillar and special categories are paid from the state budget and in 2017 about 340 million euros have been paid for about 240 thousand beneficiaries, the second pillar (TRUST) in 2017 has paid about 27 million euros for 5175 beneficiaries. The first pillar and the special categories receive a life-long pension, while the beneficiaries of the second pillar receive only the saving amount which is variable but one can never benefit for more than 100 months from this pillar.

Those who work and pay contributions, in the end, do not have a life-long pension. On the other hand, while the invalidity of only 20% of certain categories benefits financially from the state; the same does not apply to invalidity outside these schemes. If those who are working have a job accident and remain disabled for work and with a disability up to 80%, they will not benefit anything from the state budget.

As such, the pension system in Kosovo is not in accordance and is discriminatory. In the absence of the pension reform; the number of pension schemes will continue to increase and together with them will increase the costs from the state budget. Along with them the discrimination of different groups will continue. Thos will lead to different categories antagonisms.

These and other specific issues related to the Kosovo pension system have been addressed in this paper aim to present the real situation in order to take the necessary measures to overcome these challenges at this early stage.

Methodology

The purpose of this study is to analyze the current pension schemes in Kosovo, to compare Kosovo experience with countries that have a proven track record; to identify the challenges ahead prior to the planed pension reform.

The findings of this study are primarily based on desk research data, more precisely on gathering and analyzing information already available on the governments' websites, various published articles, applicable laws and regulations, reports from organizations and other information available on the internet.

The comparison was focused on Sweden and Slovenia practices with the idea of deriving lessons from their best practices in their respective pension schemes. Sweden, as one of the countries with

the best living standards and a leader of the welfare state and Slovenia, as an example of a successfully developing country after the breakdown of former-Yugoslavia.

Pension systems and terminology

Aging of populationhas becomeone of the factors for the pension reform plans and initiatives. EU Parliament Report concludes that "…demographic change is putting pressure on state-funded pay-as-you-go (PAYG)elements of pension systems, which are a substantial part of any pension system in theEU"[1]. PAYG system alone in long term cannot satisfy needs of the elderly people neither of the state. While this hasbecome obvious and is foreseeable, different states have initiated reforms on the pension system which are compatible with these developments as well as other developments related with economic developments in the global level. Pension systems in general are categorized in three pillars or tiers, where additional financing are introduced together with PAYG system.

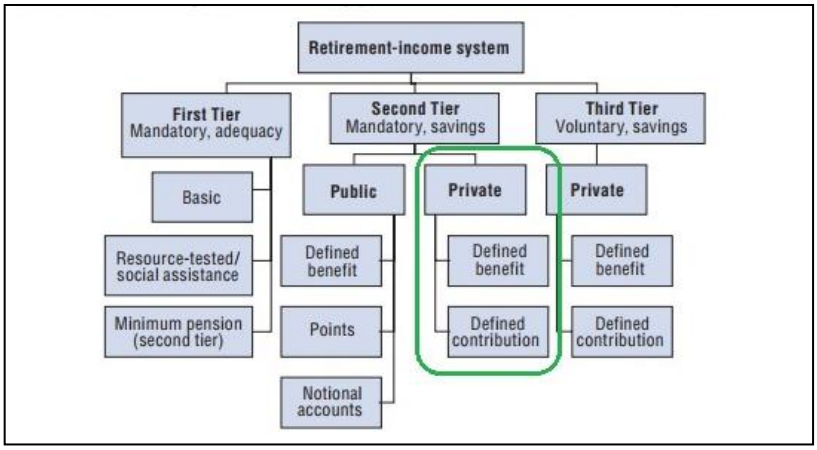

Figure 1 Different types of retirement-income provision

WB categorization of pension systems is as follows:

• First pillar: a relatively small, publicly managed, pay-as-you-go, defined benefit pillar;
• Second pillar: a privately managed, mandatory, (defined contribution), pillar;
• Third pillar: voluntary, individual account, privately managed pillar.[2]

The ILO categorization is as follows:

• A minimum anti-poverty pension, universally available but means-tested, possibly financed directly from general revenues and indexed;

[1] European Parliament (2014), Directorate General for Internal Policies, Policy Department A, Economic and Scientific Policy. Pension schemes, Page 9, Brussels.
[2]Yermo Juan (2002), Revised Taxonomyfor Pension Plans, Pension Funds and Pension Entities, Page 17.

• A mandatory public PAYG social insurance pension which would provide a reasonable replacement rate. It would be fully indexed against inflation. And it would be subject to a ceiling;

• A fully funded defined contribution scheme, perhaps privately managed, which would supplement the public scheme. This would include occupational as well as individual schemes. Their operation would need to be closely monitored and regulated.[3]

Categorization from WB and ILO differs also from the categorization made by OECD countries. In general there are few main components of the pension systems that are within these three pillars although can be found in different pillars depending which institution we are referring for.

WB Pension system/Kosovo pension system				
	Pillar zero	**Pillar one**	**Pillar two**	**Pillar three**
	Universal Pension	**PAYG, DB**	**Defined Contribution**	**Voluntary basis**
WB pension system	The zero pillar refers to pension benefits provided without a contribution requirement. These are financed from general revenues.	The first pillar refers to pensions where eligibility depends on the person having made contributions during his or her working life. DB, PAYG.	The second pillar refers to mandated defined contribution systems where individuals put their contributions into savings accounts with financial institutions, typically specialized pension funds.	The third pillar is almost identical to the second pillar, but savings are made on a voluntary rather than mandatory basis.
Kosovo pension system	Basic pension	None	Kosovo Pension Fund, TRUST	Voluntary basis
ILO Pension system/Kosovo pension system				
		Pillar one	**Pillar two**	**Pillar three**
ILO pension system		A minimum anti-poverty pension, universally available but means tested, possibly financed directly from general revenues and indexed.	A mandatory public PAYG social insurance pension which would provide a reasonable replacement rate. It would be fully indexed against inflation.	A fully funded defined contribution scheme, perhaps privately managed, which would supplement the public scheme.
Kosovo pension system		Basic pension	None	Kosovo pension fund, TRUST

Figure 2 Kosovo pension system compare to WB and ILO definition of pension pillars

WB definitions of pension pillars recognize also Zero Pillar which "refers to pension benefits provided without a contribution requirement".[4] On the other hand WB sets Basic Pension in the first pillar whereby basic pension means pension for "… all those who have fulfilled a minimum years-of-service requirement receive a flat benefit, unrelated to their own wages or the value of their contributions. Benefit may vary depending on years of service. After retirement, benefits are typically indexed to some parameter"[5]. Although by the Kosovo law this is entitled Basic Pension,itshould have beennamed Universal Pension according to the definition of these two pensions by WB.

[3] Ibid.

[4] Schwarz M. Anita and Arias S. Omar (2014). The Inverting Pyramid, Pension Systems Facing Demographic Challenges in Europe and Central Asia. Page 35, The World Bank, Washington DC.

[5] Ibid, page 36.

Pension systems can be also differentiated according to the method of calculating benefits and whether or not they are funded. Benefits can either be defined by a formula (in *defined-benefit* systems), or based on contributions that are invested in financial markets and yield an investment return (in *defined-contribution* systems). Under the defined-benefit mechanism, the pension received is usually a function of income expressed as a percentage of income per year of contribution; it may also be defined in some other manner. The distinction is that the benefit provided is specified in some way. Should financing fall short, someone, typically either the government in a public plan or the employer in an employer based plan, has the responsibility to provide the pension.

Defined Benefit	VS	Defined Contribution
Compering the 2 types of pension plans		
Retirment income stream guaranteed for life		Retirement income not guaranted for life
Employer responsible for investing the contributions		Employee responsible for investing the contributions
Amount of retirment income stream is known		Amount of retirement income is uknown
Inflation protection and survivor benefits usually built in		Inflation protection and survivor benefits not built on

Figure 3 Defined benefit VS Defined Contribution

Alternatively, under the defined-contribution mechanism, the contribution is specified as a percentage of wages, and rates are specified for employees, employers, and, potentially, the government, but the final pension is determined by the amount in one's pension account at the time of retirement, which includes both the contributions and the investment earnings on those contributions. Under this system, no specific benefit is promised; the pension is completely dependent on the money in the account, and there is no need for a guarantor of last resort.[6]Pension systems are either *pre-funded* (often called *fully-funded* orjust *funded*), with individuals' contributions invested to pay their own future benefits, or *pay-as-you-go (PAYG)*, where current retirees are paid from current contributions and each generationdepends on the younger generation to pay for their pensions. The FRY state pension system, to which Kosovo was a part of, was mandatory pay-as-you-go. These systems set pensions based on formulas that related pensions to a person's past wage history.

PAYG pensions can be based on *notional defined contributions (NDC)*, in which the benefit formula depends not only on a person's past wage experience but also on a *notional interest rate* related to growth

[6] Schwartz, Anita M.(2006) Pension system reforms (English). Social Protection discussion paper series ; no. SP 0608. Washington, DC: World Bank. http://documents.worldbank.org/curated/en/468421468166155721/Pension-system-reforms.

of wages (and employment) in the economy. A third type of PAYG system is a *point system*, in which pensions are based on the accrual of points over a work career. Such a system has less redistribution than other DB systems.

Parametric reforms are reforms introduced to a PAYG system to change contribution rates, benefitformulas, and other parameters without any larger systemic reforms like introducing funding. Going beyond such measures, a number of countries have reformed their systems to include a defined-contribution funded savings on an individual basis. Within these general categories an infinite number of combinations are possible. All systems have various advantages and disadvantages, with varying degrees and types of risk.

The Pre-Conflict Social Protection Structure

Before the 1989, Kosovo was covered by the Yugoslav pension system. This was a "pay-as-you-go"(PAYG) system in which current workers made contributions to the pension fund, and those contributions were used to pay benefits to current pensioners.

Pension levels were determined by a benefit formula based on years of service and salary level. Until 1989, Kosovo had an autonomous pension fund that collected contributions and paid benefits. In 1989, these functions were centralized to Belgrade, and the regional Kosovo fund was disbanded.

Between the mid-1970s and 1989, Kosovo operated its own social protection system under legislation of the Kosovar autonomous provincial legislature. This was consistent with and under the general umbrella of Federal Yugoslav legislation. Cash transfers included contributory pensions and unemployment benefit, means-tested child allowances for contributors on low wages, and very tightly controlled social help for households with no resources. In 1989, Kosovar legislation was superseded and all entitlements and programs were incorporated directly into the Serbian social protection system and directed from Belgrade.

The pension scheme, which included age pensions (with a number of early retirementprovisions), invalidity and survivor pensions, and disability allowances. In practice, only a comparatively small

proportion of the population was in the scheme, almost all of them employed in the state sector. This was in part a reflection of the former Yugoslav pension system, which is purely a social insurance program, and for which participation for farmers was initiated only in the 1970s.

Unemployment benefit, which was both based on a contribution record and was means-tested. Theprogram was administered by the Employment Service through a regional network, which also ran a range of active labor market programs.

Child allowances were payable on a means-tested basis to people in work with low incomes. Cashpayments of social help were clearly seen as a last resort, carrying a high degree of stigma. These were given both on a regular basis and as one-time help for those experiencing temporary difficulties. Payments were targeted according to means and categorically, with the emphasis onthoseunable to work. These benefits and other social services were administered through a regional network of Centers for Social Work (CSW) similar to those found throughout former Yugoslavia.

All aspects of the systemwere financed by contributions paid by employers and employees. In practice, the latter were largely national. All salaries were set in terms of net take home pay. The various contributions were calculated as a percentage of this net pay, which itself remained unaffected by changes in a contribution rate. In addition, social protection was subsidized from the budget to some extent, including funds from the Fund for Undeveloped Regions, a Yugoslavia-wide fund which distributed resources from richer to poorer regions, and of which Kosovo should have been a major beneficiary.

Pensions after 1999

After the conflict ended, UNMIK began a social assistance program that included payments to certain categories of elderly on a need-tested basis. These payments to elderly did not cover a large share of the older population, mostly did not go to those who made past contributions, and were seen as social assistance rather than pension benefits.Between 1999-2002 there were no pension paid at all.

Pension system in Kosovo 2002		
Pillar I	Pillar II	Pillar III
State funded	Mandatory	Voluntary
Basic Pension		
Disability Pension		

Figure 4 Pension system in Kosovo 2002

On 2002, a fundamentally new pension system was designed and implemented inKosovo. The system has three components, or "pillars." Pillar I is comprised of an old-age "basic pension" (paid to all Kosovars, 65 years of age and older, permanent residents of Kosovo, Kosovar citizenship) and a disability pension, both of which are funded from general revenues rather than an earmarked wage tax. Pillar II of the system is a mandatory, defined-contribution, savings pension program. The program requires all working, habitual residents of Kosovo to contribute 5% of gross salary, matched by a 5% employer contribution. Pillar III of the system provides for supplemental, individual or employer-sponsored pension, this pension scheme is on voluntary basis.

New pension system has nothing in common with the previous pension system in Kosovo. Everything started from zero, there was no continuity with the older system.

The old pension system essentially was a three part pension system: the first pillar was public pensions paid to all Kosovars, including the disability pension when relevant; the second pillar was a savings pension system program, financed by every working person and their employer, jointly; and the third pillar was a voluntary pension program.

Pension system and pension schemes in Kosovo 2018			
Pillar I	Pillar II	Pillar III	Special laws
State funded	Mandatory	Voluntary	State funded
Basic			KPC
Disability			KSF
Contributory			Visually impaired
Work Invalid			Tetraplegic and paraplegic
Family			War valueS
Trepca			War veterans
			Shota ensemble

Figure 5 Pension schemes in Kosovo 2018

Today's pension system in Kosovo follows a similar arrangement, there are still three pillars but with additional number of special laws for certain categories which are funded by the state budget.

The current first pillar of Kosovo's pension system if fully state financed and covers all the pension categories in Kosovo, including the basic age pension, permanent disability pensions, contributory pension, family pension, work invalidity pension and early pensions of former miners (Trepca Pension). Although special pension schemes are managed by the

same ministry as pensions from the first pillar, these are regulated with special laws and are fully funded by the state budget.

In contrary to Kosovo, in the EU "*in 2015*[7]*, the two main sources of funding of social protection at EU level were social contributions, making up 54% of total receipts, and general government contributions from taxes at 43%".*These special pension schemes have been introduced in different times through different governments but mostly based on policychoices[8]; short-sighted interests of the governing elite, elections promises and based on the lobbying efforts of the different groups. If this trends of approving special laws continues, Kosovo will have pension schemes for every group of people who think that they deserve pension, are strong in lobbying and find the right momentum for politicians to support their cause, for example before elections.Special laws regulate visually impaired pension, paraplegic and tetraplegic pension, war value pension, war veterans pensions, Kosovo Protection Corps pension (from here referred to as KPC), Kosovo Security Forces (from here on referred to as

Development of First Pillar and Special pension schemes through years									
Year	**Dec-10**	**Dec-11**	**Dec-12**	**Dec-13**	**Dec-14**	**Dec-15**	**Dec-16**	**Dec-17**	**Apr-18**
First pillar	Basic	Basic	Basic	Basic	Basic	Basic	Basic	Basic	Basic
	Disability	Disability	Disability	Disability	Disability	Disability	Disability	Disability	Disability
	Contributory	Contributory	Contributory	Contributory	Contributory	Contributory	Contributory	Contributory	Contributory
	Trepca	Trepca	Trepca	Trepca	Trepca	Trepca	Trepca	Trepca	Trepca
									Family
									Work invalidity
No of Pen. Sche	**4**	**4**	**4**	**4**	**4**	**4**	**4**	**4**	**6**
Special schemes	War Values	War Values	War Values	War Values	War Values	War Values	War Values	War Values	War Values
	KPC	KPC	KPC	KPC	KPC	KPC	KPC	KPC	KPC
			KSF	KSF	KSF	KSF	KSF	KSF	KSF
					Blind	Blind	Blind	Blind	Blind
						Veterans	Veterans	Veterans	Veterans
									Tetraplegic paraplegic
No of Pen. Sche	**2**	**2**	**3**	**3**	**4**	**5**	**5**	**5**	**6**

Figure 6 Development of First pillar and special pension schemes through years

KSF) and Shota ensemble pension. These pension schemes are fully funded by the state revenues. In 2002 when the new pension system was introduced, first pillar had only two schemes, now in 2018 First pillar have 6 schemes plus 6 pension schemes defined with special laws, in total 12 schemes that are 100% funded by state budget, the tendency is increasing.

The second pillar is a mandatory contribution based. The employee and employer contribute with each 5% of the wage; this is a minimum and mandatory sum to be paid in the pension fund from each

[7] Eurostat News Release (2017), Social protection in 2015 Almost one-third of EU GDP spent on social protection, 188/2017, 8 December.

[8] International Bank for Reconstruction and Development/ The World Bank 2017), Social protection and health expenditure note Kosovo, January.

employee. On a voluntary basis: "…employers may voluntarily contribute an additional amount up to a total of ten percent (10%) of monthly salary, for a total maximum of fifteen percent (15%) of salary. Employees may also voluntarily contribute an additional amount up to a total of ten percent (10%) of their annual salary, for a total maximum contribution of fifteen percent (15%) of salary…"[9].

All these who receive pensions from second pillar can receive any pension from first pillar or from special schemes if they fulfill their conditions. In practice, any person that is receiving pension from the second pillar receives at leastone pension (basic pension) from the first pillar with possibility to receive other pensions from special schemes.

Spending and payments of two pillars		
Years	First Pillar	Second Pillar
2012	€ 158,103,474.00	€ 8,700,000.0
2013	€ 186,532,981.00	€ 10,700,000.0
2014	€ 235,025,738.00	€ 14,300,000.0
2015	€ 263,218,145.00	€ 19,300,000.0
2016	€ 321,226,929.82	€ 19,200,000.0
2017	€ 338,776,663.26	€ 27,440,000.0

Figure 8 First and second pillar payments throughout years

The third pillar remainswith voluntary schemes, supplemented either by the employer or the employee, or both at the same time. Under supplementary collective pension insurance, tax relief for employers as well as employees is foreseen. Additionally, pension insurance can be used as an incentive tool for employees; this can be integrated into the employer bonus, and also considered as a supplement to the employees' salary.These three pillars differ with regards to their size, source of financing and sometimes even the target group. However, the first pillar remains the main pillar of the Kosovar pension system. Because it covers almost all pensions, the first pillar is going to be the focus of this document. Just for comparison,on thefigure 7areshown costs of the first pillar and second pillar, practically what state is covering and what is covered through self-contribution.

Spending and payments of two pillars plus special schemes			
Years	First Pillar	Second Pillar	Special schemes
2012	€ 125,997,161.00	€ 8,700,000.0	€ 32,106,313.00
2013	€ 154,083,449.00	€ 10,700,000.0	€ 32,449,532.00
2014	€ 190,959,213.00	€ 14,300,000.0	€ 44,066,525.00
2015	€ 211,339,320.00	€ 19,300,000.0	€ 51,878,825.00
2016	€ 227,375,227.00	€ 19,200,000.0	€ 93,851,702.82
2017	€ 226,829,937.00	€ 27,440,000.0	€ 111,946,726.26

Figure 7 Payments through years for pension schemes

Thefigure 8 shows costs of the first pillar financed by state, the second pillar from contribution and special pension schemes financed by state.

[9] Assemble of Republic of Kosovo, (2012), Law No. 04/L-101 on Pension Funds of Kosovo, Article 6 Paragraph 6.2, c, 6 April Prishtina.

As these two figures shows, it remains a challenge for the future for the Kosovo budget to finance the first pillar. If the trend of last year's continues,thenin long termKosovo budgetwill have difficulties to finance first pillar. The figure below shows the number of pension schemes how they have increased since 2010 including

Development of First Pillar and Special pension schemes through years spending, number of pension schemes, number of beneficiaries, average pension									
Year	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18
First pillar	€ 108,459,365.00	€ 107,073,630.00	€ 125,997,161.00	€ 154,083,449.00	€ 190,959,213.00	€ 211,339,320.00	€ 227,375,227.00	€ 226,829,937.00	
	163,636	162,250	170,155	174,550	186,432	194,638	184,574	188,729	
	€ 55.2	€ 55.0	€ 61.7	€ 73.6	€ 85.4	€ 90.5	€ 102.7	€ 100.2	#DIV/0!
No of pension schemes	4	4	4	4	4	4	4	4	6
Special schemes	€ 24,410,137.00	€ 30,350,646.00	€ 32,106,313.00	€ 32,449,532.00	€ 44,066,525.00	€ 51,878,825.00	€ 93,851,702.82	€ 111,946,726.26	
	13,552	13,764	14,024	14,102	17,219	35,026	45,664	51,794	
	€ 150.1	€ 183.8	€ 190.8	€ 191.8	€ 213.3	€ 123.4	€ 171.3	€ 180.1	#DIV/0!
No of pension schemes	2	2	3	3	4	5	5	5	6
First pillar plus Special schemes	€ 132,869,502.00	€ 137,424,276.00	€ 158,103,474.00	€ 186,532,981.00	€ 235,025,738.00	€ 263,218,145.00	€ 321,226,929.82	€ 338,776,663.26	€ -
	177,188	176,014	184,179	188,652	203,651	229,664	230,238	240,523	-
	€ 62.49	€ 65.06	€ 71.54	€ 82.40	€ 96.17	€ 95.51	€ 116.27	€ 117.38	#DIV/0!
No of pension schemes	6	6	7	7	8	9	9	9	12

Figure 9 First pillar and special pension schemes and costs through years

the costs for Kosovo budget. New pension schemes are on hold; education, police and many other pension schemes of this kind. If the trend continues and there will be no pension reform, then in few years Kosovo will end up with more than 20 pension schemes.

First Pillar – State Financed Pensions

First Pillar						
Category	Basic	Contributory	Family	Permanent disability	Work invalidity	Early pension Trepca
Beneficiary main criteria	Age 65+,Permanent resident of Kosovo, Kosovo citizenship	Age 65+, Permanent resident of Kosovo, at least 15 years of contribution before 1999	Persons who have received family pension before 1999, Families of the person who dies and who was insured and have contributed in pension system for at least 15 years before 1999	Age 18-65, 100% permanent disability, permanent resident of Kosovo,	Individuals below 65 years who have received same pension before 1999, persons who are injured during the work and as a result have 100% permanent disability	Age 50-65, permanent resident of Kosovo, at least 10 years of contribution in mining sector until 2004, 50% disability from work, should not have other incomes or being selfemployed
Amount	€ 75	€ 158	€ 75	€ 75	€ 75	€ 105
		€ 172				
		€ 186				
		€ 230				

Figure 10 First pillar pension schemes

Pensions from the first pillar together with special pension schemes in Kosovo make the largest share of the pension system. These are state financed pensions that are available to each citizen of Kosovo, if they fulfill the foreseen conditions in accordance with the laws that guarantee these pensions. Coverage of persons over 65 is 100% with one kind of pension, pre war coverage was never over 50%.

The first pillar pensions are covered primarily by the law on Pension Schemes Financed by the State No.04/L-131. The table below explains main conditions that beneficiaries should fulfill to receive

any of these pension. According to this law, article 16, beneficiaries of any of this pension cannot receive any other pension regulated by this law or any other pension from special pension schemes that are managed and administrated by Ministry of Labour and Social Welfare. Although this is very clear stipulated on this law and in some other laws there are some special laws that don't mention it. While this is not mention in every single law, many individuals have received more than one pension from different schemes especially until 2016. In 2016, thousands individuals who were receiving two or more pensions were excluded from this possibility, they had to chose for one pension and mostly they choose for highest pension.From six pension schemes that are covered with this law, family pension and work invalidity pension has started to be implemented in 2018.

A) Basic Pension

	Law on Pension schemes financed by state Law No. 04/L-131			
Beneficiary main criteria	1) Age 65+ 2) Permanent Resident of Kosovo 3)Kosovar citizenship			
Amount	€ 75.00			
Year	2014	2015	2016	2017
Beneficiaries	125,883	132,000	120,014	122,716
Amount	€ 108,312,220.00	€ 120,456,558.00	€ 117,600,660.00	€ 113,079,075.00

Figure 11 Basic pension, criteria, beneficiaries and amount in Euro through years

Beneficiaries of the Basic pension in Kosovo are all persons "… who are permanent citizens of the Republic of Kosovo, who possess identification documents and who have reached the age of sixty-five (65)"[10].Every Kosovar who fulfill these three main criteria, no matter if he has ever worked or contributed in any pension scheme he will receive this pension. These criteria are since 2002, at that time this was the only pension scheme together with disability pension that was implemented. Under these criteria everyone over 65 was covered, nobody was left out. After 15 years, Kosovo pension system has changed, now 12 pension schemes are implemented. Situation on the ground has changed; the emergent phase that was present after the war in 1999 is not present anymore.Now most of the pensioners over age of 65 are in two schemes, basic and contributory pension. The number of beneficiaries of basic pension has two big changes through years, first with the introduction of the contributory pension and second big change was in 2016. On December 2015, MLSW adopted

[10]Assemble of Republic of Kosovo, (2014), Law No. 04/L-131 on pension scheme financed by state, Article 7 Paragraph 1, 6 May Prishtina.

Administrative Instruction 07/2015, whereby new applicants and already beneficiaries of the basic pension had to prove that they are permanent resident of Kosovo, many of them couldn't prove it. Also in 2016, Article 16 of the Law No.04/L-131 was implemented more strictly which implementation leads to ban of pension for thousands of pension beneficiaries who were receiving more than one pension. Article 16 stipulates that "The persons who are beneficiaries of any pension of pension Schemes defined with this Law, in no circumstance, can be the beneficiaries of any pension from special pension schemes that are managed and administrated by the Ministry". According to this Article, those who receive Basic pension can only receive other pension from abroad or from the second pillar but in no circumstances can receive other pension from Kosovo budget that is administrated by MLSW. This situation sometimes is called a paradox and sometimes also discriminatory while kosovars who have recently returned to Kosovo from abroad although they receive very good pension from host country they are still receiving basic pension whereby kosovars who lived in Kosovo can only receive one pension.Universal pension is implemented differently in different countries. The final aim of the universal pension is to secure that everyone over certain age (pension age mostly 65+) is receiving a pension; no one should be left without any income in the retirement age. This is implemented differently, some countries are giving this pension to everyone over age 65, and some other countries are giving this pension only to these who have no other pension or income. Recently we have an example in region that started to give social pension under certain criteria; Albania approved regulation for the social pension[11] where certain condition has to be fulfilled for social pension such as; age 70+, at least last five years to live in Albania, has no other pension, no other income etc.

In general there are three forms of Universal Pensions[12] that are used and implemented by different countries in the world.According to Pension Watch, Universal "age" pensions[13] are those where the eligibility is based solely on the age of the individual and history of citizenship/residency. Only 15

Universal age pension			
Bolivia	Botswana	Brunei Darussalem	Cook Islands
Guyana	Kiribati	Kosovo	Mauritius
Namibia	Netherlands	New Zealand	Samoa
Suriname	Timor-Leste	Seychelles	

Figure 12 Countries that are implementing Universal Age Pension

[11]Institut i iSigurimeve Shoqerore teShqiperise, Manuali, http://www.issh.gov.al/al/wp-content/uploads/2014/02/Manual_-Perfitime_2017.pdf, last time visited on 04/04/2018.
[12] Pension Watch, http://www.pension-watch.net/social-pensions-database/social-pensions-around-the-world/?keywords=universal+minimum+pension, last time visited on 04/03/2018.
[13] Ibid.

countries in the world among them Netherland and Kosovo in Europe are implementing this kind of pension.

Although Kosovo is in this group the reality shows that Kosovo is in between first and second group having in mind Article 16 of the Law No.04/L-131 that reduce basic pension only to those who receives no other pension from Kosovo budget. Kosovo basic pension is more pension tested although not fully, pensions from abroad are not listed on the law. A universal minimum[14] pension is one which effectively ensures that any person over a certain age will receive a pension. However, they have a "pensions-test" which excludes individuals who have some other form of pension (often incrementally). At least 25 countries have this kind of pension.

Universal Minimum Pensions					
Armenia	Azerbaijan	Bahamas	Barbados	Belarus	Kyrgyzstan
Bermuda	Cyprus	Estonia	Finland	Kazakhstan	Latvia
Moldova	Nepal	Panama	St Vincent*	Swaziland	Lesotho
Sweden	Switzerland	Thailand	Turkmenistan	Vietnam	Lithuania
					Maldives

Figure 14 Countries that are implementing Universal Minimum Pension

Means-tested[15] social pensions are those where eligibility is based on a test of the income and/or assets of an individual. Targeting approaches vary significantly. Many also include a pensions-test within broader criteria. At least 45 countries have means-tested social pension.

Means-tested pensions				
Argentina	Australia	Austria	Bangladesh	Belgium
Belize	Brazil (urban)	Cape Verde	Colombia	Ukraine
Costa Rica	Denmark	Dom Repub.	France	Uzbekestan
Georgia	Greece	Hong Kong	Ecuador	India
Indonesia	Ireland	Israel	Italy	Jamaica
Kenya	So Korea	Mongolia	Norway	Paraguay
Peru	Portugal	Philippines	Slovenia	South Africa
Spain	Trinidad&Tob	Turkey	Hungary	United Kingdom
USA	Chile	Uruguay	Venezuela	Vietnam

Figure 13 Countries that are implementing Means-tested Pension

It is a challenge for Kosovo to decide which way to continue regarding basic pension. Exampleswith universal pension forms that are implemented are to be analyzed and to see what suits the best for Kosovo conditions in general.

B) Contributory pension

Contributory pension is covering all individuals who " *who have citizenship of Kosovo and who:1.1. have reached the age of sixty-five (65);*

[14] Ibid.
[15] Ibid.

1.2. should have pension contribution-payer work experience, according to the Law on pension and disability insurance, No. 011-24/83 (Official Gazette of SAPK No.26/83) before the date 1.01.1999"[16].Although the scheme is called contributory, amount of the pension and categorization has nothing to do with amount of the contribution paid before 1999, it is fully covered by state budget. Implementation of this scheme has started on 2008 while on 2015 the categorization within this scheme has been established and started to be implemented in 2016. Due to insufficient data about the contribution paid before 1999, categorization has been done according to education. According to these criteria there are four categories: a) Primary education; b) Secondary Education; 3) Higher Education and 4) Superior education. Amount of the pension differs from the category to which the recipients belong.

	Law on Pension schemes financed by state Law No. 04/L-131			
Beneficiary main criteria	1) Age: 65+ 2) 15 years of work contribution paid before 1999 a) Categoriation on 2016: 1) Primary School; 2) Secondary School: 3) High School and 4) Faculty			
Amount	€ 140.00	€ 140.00	€ 158	€ 158
			€ 172	€ 172
			€ 186	€ 186
			€ 230	€ 230
Year	2014	2015	2016	2017
Beneficiaries	38,651	40,365	41,315	43,300
Amount	€ 61,865,918.00	€ 68,237,577.00	€ 86,690,367.00	€ 90,672,452.00

Figure 16 Contributory pension, criteria, beneficiaries, amount paid through years

Contributory	
DoB	1966
Start Working	1984
15 years of work experience	1999
Reteired	2031

Figure 15 Contributory pension last beneficiaries entries

This pension scheme is temporary, technically the last individuals who can receive this pension are these born in 1966, who supposedly have started to work with 18 years that means on 1984. These are the last one who technically can receive contributory pension and these persons will retire in year 2031. Technically the number of individuals who receives contributory pension could continue to increase until 2031. After 2031 there will be no more new individuals who will entry on this pensionscheme and this will lead to the decrease of beneficiaries and after some years this scheme will be closed. Regarding this scheme there are some open issues that are still to be answered. According the Law No. 04/L-131, Article 8, Paragraph 6 says that " With this Law there shall be recognized the work experience on contribution-payer pension for the years 1989-1999 of the employees of education, health and others who have worked in the system of the Republic of Kosovo". While contribution of the workers in

[16]Assemble of Republic of Kosovo,(2014), Law No. 04/L-131 on pension scheme financed by state, Article 8 Paragraph 1, 6 May Prishtina.

education sector is recognized since 2016, on health sector needs to be recognized but it remains unclear who are the "others". This needs to be specified on the law otherwise pressure on Ministry will continue from different groups who pretend that they are the "others".

Years	2017
65+, estimation	144,718
Basic Pension Beneficiary	122,716
Contributory Pension Beneficiary	43,300
	- 21,298

Figure 17 Comparison of KSA estimation with MLSW data of persons over 65

Both pension schemes, basic and contributory have the same age condition 65+ and being permanent resident of Kosovo. Number of beneficiaries of basic and contributory pension does not reflect the number of persons over 65 who live in Kosovo. According to Kosovo Statistic Agency data and estimation the number of persons over 65 who lives in Kosovo is much lower than the number of beneficiaries of the basic and contributory pension. Although in 2016 the number of these receiving basic pensions has decreased due to the new administrative instruction of MPMS, better management of the Ministry and Pension Departmentthere arestill thousands of beneficiaries of basic and contributory pension although they are not permanent resident of Kosovo.

C) Permanent Disability Pension

Permanent disability pension scheme is implemented since 2002. At beginning this scheme has covered all individuals who had a permanent disability. Beneficiaries' main criteria[17] for this scheme are: age between 18-65, being permanent resident of the Kosovo and 100% of permanent Disability.

	Law on Pension schemes financed by state Law No. 04/L-131			
Beneficiary main criteria	1) Age 18-65 2)Permanent Resident of Kosovo 3)100% Permanent disability			
Amount	€			75.00
Year	2014	2015	2016	2017
Beneficiaries	18,318	19,056	19,833	19,481
Amount	€ 16.821.950	€ 18,220,360.00	18,697,755.00	18,878,980.00

Figure 18 Disability pension, criteria, beneficiaries and amount paid through years

In mean time there have been two laws approved; law for visually impaired and law for tetraplegic and paraplegic individuals. Beneficiaries of these two pension schemes have crossed from permanent disability scheme to their respective scheme. Payment for disability scheme is 75 euro, while the payment for two other special schemes is much higher with payment foreseen for medicaments and

[17] Assemble of Republic of Kosovo, (2014), LawNo. 04/L-131 on pension scheme financed by state, Article 9 Paragraph 2, 6 May Prishtina.

very important payment for personal assistant. If the same trend continues, then in the future the number of individuals who receive permanent disability pension will decrease while the number of special laws will increase for different groups within these pension scheme, for example; Down Syndrome, Autism etc. The challenge in this pension scheme is among others which way to go, to have laws for every disability group or to have one law for all groups with disabilities. Right now we have both whereby some groups with specific disabilities are discriminated; they are paid much less although they have almost same needs as groups covered with special laws.

D) Trepca pension scheme

Early pension for Trepca miners is 105 euro. This scheme was meant to cover all *" …miners of the complex "Trepca", and other miners employed in other mines of Kosovo, who meet the criteria set forth by this Law"*[18]. This article is in contradiction with Article 10, paragraph 1 which says that "*The right to early pension shall be realized by all employees of the "Trepca" complex and other mines of Kosovo, who have lost their employment until the end of the year 2004*"[19]. The contradiction is that while Article 3, Paragraph 1.7 says "…*miners of the complex "Trepca*"…", Article 10 Paragraph 1 says " …*all employees of the "Trepca" complex*…", "miners" and "all employees" of the Trepca complex makes a huge difference. Again Article 10, Paragraph 2 is in contradictory with Article 10, Paragraph1 while is in the same line with Article 3, Paragraph1.7, this article says "Miners". Criteria for early Trepca pension are set in Article 10, Paragraph 2and are as follows;

"*Early pensions shall be paid to all miners of the complex "Trepca" and other miners employed in the mines of Kosovo, and of other employees in mines if they:*

2.1. are citizens of the Republic of Kosovo;

2.2. possess identity documents from the respective body of Republic of Kosovo;

2.3. are at the age from fifty (50) – sixty-five (65);

2.4. have at least ten (10) or more years work experience in mines;

[18]Assemble of Republic of Kosovo, (2014), Law No. 04/L-131 on pension scheme financed by state, Article 3 Paragraph 1.7, 6 May Prishtina.

[19]Assemble of Republic of Kosovo, (2014), Law No. 04/L-131 on pension scheme financed by state, Article 10 Paragraph 1, 6 May Prishtina.

2.5. have not concluded employment relationship or self-employed;

	Law on Pension schemes financed by state Law No. 04/L-131			
Beneficiary main criteria	1) Age: 50-65 2)Permanent Resident f Kosovo; 3) Contribution paid at lest 10 years in the mining sector ; 4) Disability of more than 50% caused by work;			
Amount	€ 105.00			
Year	2014	2015	2016	2017
Beneficiaries	3,580	3,217	3,412	3,232
Amount	€ 3,959,125.00	€ 4,424,825.00	4,386,425.00	4,199,430.00

Figure 19 Trepca pension, criteria, beneficiaries and amount paid through years

2.6. if they prove that their employment relationship has been terminated without their fault;

2.7. are unable to work due to deterioration of their health condition, provided that the invalidity level to be above fifty percent (50%)"[20].

Challenge for this pension scheme is to clarify who will benefit, miners or all employees of Trepca complex. Beneficiaries of this pension scheme will receive this pension until they are of age 65, after that age they will fall under one of the pension scheme where they fulfill criteria. In few years this pension scheme will be closed, there will be no more new applicants.

E) Family Pension

	Law on Pension schemes financed by state Law No. 04/L-131			
Beneficiary main criteria	1) Individuals who have received family pension before 1999 2)Permanent Resident f Kosovo; 3) Families of the individuals who dies and have contributed 15 years before 1999 4) Families of the individuals who dies from accident at work or dies from professional illnes			
Amount	75Euro plus 20% for each child under 18 or 26 if he/she studies			
Year	2014	2015	2016	2017
Beneficiaries				
Amount				

Figure 20 Family pension, criteria and monthly amount

Family pension started to be implemented in 2018. Main criteria to receive family pension are; a)" … *by all former users of family pension who are under the age of sixty-five (65)"*[21];b) *"…byclose family members of former insured person, who has died after the date of 01.01.1999, who prove that the insured person has paid for fifteen (15) years the contributions for pension experience"*[22]; c)"*…by family members of the employee, who has died after 01.01.1999, as a result of injury or occupational disease, regardless to the period of work experience"*[23]. Amount for this pension is same as basic pension, 75 euro. It is important to note that amount of this pension

[20]Assemble of Republic of Kosovo, (2014), Law No. 04/L-131 on pension scheme financed by state, Article 10 Paragraph 2, 6 May Prishtina.

[21]Assemble of Republic of Kosovo, (2014), Law No. 04/L-131 on pension scheme financed by state, Article 12 Paragraph 1, 6 May Prishtina.

[22]Assemble of Republic of Kosovo, (2014), Law No. 04/L-131 on pension scheme financed by state, Article 12 Paragraph 2, 6 May Prishtina.

[23]Assemble of Republic of Kosovo, (2014), Law No. 04/L-131 on pension scheme financed by state, Article 12 Paragraph 3, 6 May Prishtina.

is not taking into consideration salary or contribution paid during the work time what is not the case in almost all other pension systems used by different countries.

F) Work disability pension

Work disability pension started to be implemented in year 2018. Main criteria to be fulfilled are 100% disability as result of accident at work or professional illness. Individuals who have received this pension before 1999 automatically will continue to receive from 2018[24].

	Law on Pension schemes financed by state Law No. 04/L-131			
Beneficiary main criteria	1) Individuals below 65 who have received this pension before 1999 2)Permanent Resident f Kosovo; 3) Individuals who because of the accident at work have 100% disability			
Amount	€			75.00
Year	2014	2015	2016	2017
Beneficiaries				
Amount				

Figure 21 Work disability pension, criteria and monthly amount

Amount of the work disability pension and permanent disability pension is 75 euro which means that persons who fulfill criteria for work disability pension practically they are already receiving permanent disability pension while main criteria is to have 100% permanent disability. Main challenge here remains the amount of the work disability pension and percentage of disability. What happens with these workers that have not fully work disability but have 60% or 70% work disability? Under current legislation in Kosovo these individuals will not receive any kind of support from the state no matter if they have worked or not. Second challenge is the amount paid, is same as disability and basic pension, currently 75 euro. If a person has an accident at work, even if his salary during that time was more than 1000 euro, he will receive 75 euro only if he is "lucky" having 100% disability and fulfills criteria for paraplegic and tetraplegic pension then he will become more. This pension scheme needs to be discussed and analyzed so that we have the right treatment for this group, work invalidity have different treatment in most pension systems but none is like that in Kosovo.

Special laws

[24]Assemble of Republic of Kosovo, (2014), Law No. 04/L-131 on pension scheme financed by state, Article 11 Paragraph 1, 6 May Prishtina.

In addition to the law on pensions financed by state, there are laws that cover pensions for special categories. Such laws are the Law of War Veterans No. 04/L - 261, the Law of the Persons with Visual Impairment No.04/L-092, the Law on KPC pensions No. 08/L-100, the Law on KSF No. 04/L-084, the Law of War Values, and the Law on the Rights of Paraplegic and Tetraplegic Persons. Below are presented individual tables with a detailed breakdown for each law that guarantees pensions for special categories in Kosovo.

1) Pension scheme for blind persons Law No. 04/L-092

	Pension scheme for visually impaired Law No. 04/L-092			
Beneficiary Criteria	Visually impaired persnons, no matter what age			
Amount	Not less tha 125 Euro, plus 125 euro for personal assistant. Amount related to the minimum wage.			
Year	2014	2015	2016	2017
Beneficiaries	3,144	3,387	3,627	2,001
Amount	€ 5,440,580.00	€ 5,724,945.00	€ 5,410,507.00	€ 5,511,886.00

Figure 22 Visually impaired pension scheme, criteria, beneficiaries and amount paid through years

This pension scheme is covering all persons who are visually impaired regardless of their age. Monthly pension of this scheme is related with minimum wage in Kosovo, nowadays is not less than 125 plus the same amount will be paid for personal assistant if there is a positive decision of the medical commission for this. Recipients from this scheme will continue to receive this pension also after they receive retirement age 65, they are not obliged to move to the basic pension or another pension scheme. While numbers in the table above in 2014, 2015 and 2016 shows recipients and personal assistant, numbers in 2017 shows only visually impaired recipients and not their personal assistants who are also paid.

2) Pension scheme for Kosovo Protection Corps, Law No. 03/L-100

Individuals benefiting from this pension scheme among others must be at least 45 years old and have a minimum 5 years service at KPC[25]. Family members under certain conditions are beneficiaries of KPC pension as well. Article 11

	Law on Kosovo Protection Corps Law No. 03/L-100			
Beneficiary Criteria	Minimum Age 45, at least 5 years of service at KPC			
Amount	Age 45- 50% of the average salary of last 3 years at KPC Age 50- 70% of the average salary of last 3 years at KPC			
Year	2014	2015	2016	2017
Beneficiaries	844	[illegible]	[illegible]	1,001

Figure 23 KPC pension, criteria, beneficiaries and amount paid through years

for direct beneficiary and Article 21 for family beneficiary of this law allows individuals to continue to receive KPC pension even when they work, "*The beneficiary shall be entitled to receive the pension despite any other public or private employment*". Amount of the pension is settled by this law, Article 10 and it is comprised by the percentage; 70% of the KPC pension and 50% for an early KPC pension[26] and by the average salary of the last three years paid to the given KPC member. Beneficiaries of KPC pension according this law have no restriction to receive other pension although this restriction is in almost all other laws. For example according the law on pensions scheme financed by state, Article 16, a KPC pension beneficiary cannot receive a contributory pension even if he or she fulfills criteria for that pension, according this law he has to decide which pension he wants. According the law on KPC pension there are no restriction of this kind.

3) Pension scheme for Kosovo Liberation Army war veterans Law No. 04/L-261

The law on war veterans has been changed on December 2016 with Law No. 05/L-141, but still it is implemented the basic law until the categorization of the veterans is finalized[27].

	Law on Kosovo Liberation Army war veterans Law No. 04/L-261			
Beneficiary main criteria	Citizen of Kosovo and foreign citizen who has become a member of KLA, and who has been active till the end of the war			
Amount	170 euro			
Year	2014	2015	2016	2017
Beneficiaries			28,207	36,032
Amount			€ 47,864,133.49	€ 65,854,653.50

Figure 24 War veterans pension, criteria, beneficiaries and amount paid through years

According to the Law No. 04/L-261, Fighter Veterans benefiting from this scheme according to Article 3 Paragraph 1.3.2 are "*citizens of Kosovo or foreign citizens who has become a member of KLA, and has been registered as an armed and uniformed soldier by the commands, headquarters of operational zones of KLA, respectively General Headquarters of KLA, and who has been active till the end of the war*". According the law on war veterans, Article 16 Paragraph 2 and 3, War Veteran "*may not benefit any pension from other pension schemes funded by the state*" and alsowar veterans "*who are employed in public or*

[25]Assemble of Republic of Kosovo, (2008), Law No. 03/L-100 on the pension for Kosovo protection Corps members, Article 7, Paragraph 1.1, 10October Prishtina.
[26]Assemble of Republic of Kosovo, (2008), Law No. 03/L-100 on the pension for Kosovo protection Corps members, Article 10, Paragraph 2, 10 October Prishtina.
[27]Assemble of Republic of Kosovo, (2016), Law No. 05/L-141 on amending and supplementing the Law No. 04/L-261 on Kosovo Liberation Army War Veterans, Article 16A, Paragraph 3.1, 30DecemberPrishtina.

private sector shell not have the right to get the pension". Article 17 of this law foresees that War veterans who are"*employed in the public or private sector, after reaching the legally prescribed age for retirementshall be entitled to a pension supplement equal to the pension of the Fighter Veteran*". Fighter Veteran pension can be inherited after the death of veteran by the unemployed spouse, juvenile children and parents of the veteran, if they are not beneficiaries of social insurance pensions. The level of pension for inheritors should be 70% of the pension given to the veteran that has died.

Most important changes made with the new Law on war veterans includes, categorization of war Veterans into three categories based on that when they joined the KLA,with different payment for each category; the general budget for realization of the payment of KLA Fighter Veteran pension cannot exceed 0.7% of the Annual Gross Domestic Product and war veterans who work in private enterprises are entitled up to 50% of the veteran pension.

Amount for each category is set in the law Article 16A[28]:

a) Category One, two hundred and fifty (250) Euro;

b) Category Two, one hundred and seventy (170) Euro;

C) Category Three, one hundred and twenty (120) Euro.

Article 16A, Paragraph 6 foresees that"*in case of excess of 0,7% of the Annual Gross Domestic Product, then the reduction of pension occurs proportionally to all beneficiaries from this Law*".

Challenges on this pension scheme are many, including categorization. The most important one remains on number of war veterans benefiting from this scheme. There is a general opinion of all involved groups on this pension scheme that the current number is too high and it does not reflect the real number of war veterans.

4) Pension scheme for Kosovo Security Forces law No. 04/L-084

[28]Assemble of Republic of Kosovo, (2016), Law No. 05/L-141 on amending and supplementing the Law No. 04/L-261 on Kosovo Liberation Army War Veterans, Article 16A, Paragraph 4, 30 December Prishtina.

Law on pension for KSF foresees pension for the active member of KSF, KSF member disability pension, reserved members of KSF and for their families in case of death of the KSF member. The amount of the pension for KSF active members is written on the law Article 7 Paragraph 2 which says "*The base pension payment for the KSF active member is forty percent (40%) of the KSF member's gross salary at the moment of the retirement. For every year of service as active KSF member, the coefficient increases for two percent (2%), but it cannot exceed sixty percent (60%) of the gross salary*". For disability pension of KSF member amount of the pension according to Article 7 Paragraph 3 is "*The amount of a KSF member's disability pension shall be calculated depending on the degree of permanent disability for work gained during the service. The active member enjoys a disability pension from twenty to one hundred percent (20-100%) of the gross salary, at the time of disability. For each year of service as KSF Active member, the financial payment increases for two percent (2%) in the percentage coefficient, but it cannot exceed one hundred percent (100%) of gross salary*".

	Law on pension of KSF Law No. 04/L-084			
Beneficiary main Criteria	Minimum age 50 for NCO, and 55 for Officers; Minimum 20 years of service; Former KPC who serves at least 3 years at KSF			
Amount	40% of the last gross salary plus 2% for each years of service but cannot excede 60% of gross salary			
Year	2014	2015	2016	2017
Beneficiaries	134	171	218	288
Amount	€ 424,189.00	€ 591,961.00	€ 766,051.00	€ 1,201,248.00

Figure 25 KSF pension, criteria, beneficiaries and amount paid through years

KSF reserve member is eligible for regular KSF pension when he has at least 20 years of service in KFS and has reached the age 65. According to Article 10 Paragraph 1 "*The amount of a KSF Reserve member's pension shall be calculated based on a percentage of member's gross salary and time of service" and article 2 "Percentage is calculated with zero point five percent (0.5%) for each year of service in the KSF based on the member's rank at the time of retirement*".

Eligible for family pension in case of death of the KSF member is the spouse, children and parents. Spouse pension is 60% of the pension of the KSF member who dies, children pension amounts 10% for each child but it should not exceed 40% of the pension of the deceased KSF member. One of the parents has the right to 60% of the pension of the deceased KSF member.

5) Law on war values Law No. 04/L-054

	Law on pension for War values Law No. 04/1-054									
Beneficiaries categories	Family of martyrs	War invalid of KLA	Civilian invalids as result of war	War civilian vitims	Caretaker for war invalids	Caretaker for family of war invalid after his death	Caretaker for families of missing persons in the war	Caretaker for civilian invalids of war	Families of the civilian missing person	Families of civilian invalids aftr his death
Beneficiary main criteria	Close family members	War invalids of KLA with invalidity from 20%-100%	Civilian invalids as result of war with invalidity from 40%-100%	Close family members	Caretaker for war invalids with invalidity from 81%-100%	Close family members	Close family members	Caretaker for war invalids with invalidity from 81%-100%	Close family members	Close family members
Amount	a martyr: 448.13 € two martyrs: € 537.76 three martyrs: 582.57 € four martyrs: 627.39 € more than four martyrs: € 672.19	Body injury over 80%: 448.13eur 71-80%: 412.5 € 61-70%: 393.75 € 51-60%: 375 € 41-50% : € 356.25 31-40%: 318.75 € 21-30%: 225 € +	Body Injury over 80%: 152.5 € 61-80%: 136.25 € 40-60%: 120 € + guardian for invalid with body injury over 80%: 50.13 €	one victim: 168.75 € two casualties : 202.50 € three fatalities : 219.38 € four casualties: € 236.25 four or more casualties : € 253.13	guardian for invalid with body injury over 81%: 225 Euro	80%: 385.50 € 71-80%: 330 € 61-70%: 315 € 51-60%: 300 € 41-50%: 285 € 31-40%: 255 € 21-30%: 180 €		Caretaker for civilian invalid of war with body injury over 80%: 50.13€	one missing: 168.75 € two missing: 202.50 € three fmissing: 219.38 € four missing: € 236.25 four or more missing: € 253.13	Body injury over 80%: 123.25 € 61-80%: 110.25 € 40-60%: 97.25 €

Figure 26 War value pension, criteria, amount per scheme

The law on the status and the rights of the martyrs, invalids, veterans, members of Kosovo liberation army, civilian victims of war and their families is implemented since 2012. This law covers almost all different categories that, as result of war, need support from the state. As table above shows within this law there are 10 different pension schemes including caretakers for some categories. In general, the number of beneficiaries has decreased and it is to be expected to continue decreasing in the future. The table below shows the number of beneficiaries in last four years and the total amount paid to this category.

	Law on pension for War values Law No. 04/1-054			
Year	2014	2015	2016	2017
Beneficiaries	13,097	12,951	12,680	12,472
Amount	€ 35,988,761.00	€ 37,694,371.00	€ 37,292,179.82	€ 36,693,456.76

Figure 27 War value pension, beneficiaries and amount paid through years

6) Law on the status and rights of paraplegic and tetraplegic persons Law No. 05/L-067

This pension scheme has started to be implemented in 2018. Until now individuals who fulfill the criteria for this scheme should had receive permanent disability pension. Whereas as many persons that fall under this scheme,will be

	on the status and rights of paraplegic and tetraplegic persons Law No. 05/
Beneficiary main criteria	paraplegic and tetraplegic individuals
Amount	170 euro plus 170 euro for personal assistant plus 50% of additional

Figure 28 Paraplegic and Tetraplegic pension, criteria and monthly payment

excluded from the permanent disability scheme.

7) Law on Shota ensemble 04/L-164

	Law on ensamble Shota Law No. 04/L-164
Beneficiary main criteria	Mail members age 50 Female members age 45
Amount	Not defined

Figure 29 Shota ensemble pension, criteria

There are no pension receivers under this law until now.

Overview over pension schemes financed by state budget

The pension schemes from the first pillar,along with pension schemes regulated through special laws are financed by state budget. In long term, this is a big challenge for the Kosovo budget knowing that in 2017 the total amount of these pension schemes was around 338 million euro by a Kosovo total budget of 1.8 billion euro for 2017. Even more important is that although the total amount is so high, in general pensions are very low. The tendency shows that a new pension scheme will most probably be introduced, and total spending will go higher but pension will remain low.

Another issue that needs to be addressed is that although in Kosovo, according the estimation of KSA in 2017, there were around 152, 482 persons over the age of 65 who are permanent residents of Kosovo; there are still 166,016 individuals who are receiving basic and contributory pension. If KSA data are to be trusted, then there are over 13,000 thousand individuals who are receiving one of these two pension without fulfilling criteria for permanent resident. We may believe these data if we bear in mind the decrease of the recipients of the Basic Pension from year 2015 to 2016 for more than 15,000 thousand. According to MLSW data from 2017 there are around 64,222 individuals who most probably are younger than 65 and are receiving at least one kind of pension.

Although there are numerous articles in different laws (not in all) that prohibit the possibility of receiving two or more pension financed by the state budget, this has happened in the past.

Law on pension schemes financed by state, Article 16 is very clear and says that "The persons who are beneficiaries of any pension of pension Schemes defined with this Law, in no circumstance, can be the beneficiaries of any pension from special pension schemes that are managed and administrated by the Ministry".

The law on the status and rights of the martyrs, invalids, veterans, members of Kosovo liberation army, civilian victims of war and their families Article 5, Paragraph 1.4 says that "the beneficiaries of pensions under paragraph 1.1, 1.2 and 1.3 of this Article, may not be the beneficiaries of any other pension from other pensional scheme applicable in Kosovo, unless otherwise defined in this Law".

Law on KSF pension, Article 5, Paragraph 3 says that "Beneficiaries entitled to a KSF pension foreseen by this Law should choose one of the following benefits: pension that they are eligible according to this Law or other benefits foreseen by other applicable Laws".

Although these articles are very clear, until 2015, thousands of individuals were receiving more than one pension.

On the other hand, the Article 16 of the law on pension scheme financed by state,enables individuals who came to live in Kosvo from another country after retirement to Basic Pension although they receive pension from another state which is usually a very high pension comparing with Kosovo pension and on the other side, this is prohibited for Kosovars who receive 75 Euro and fulfill the criteria for another pension of few hundred Euros. For example, a Kosovar who has worked in Germany or Switzerland, and has reached age 65 and has retired, comes back to live in Kosovo he is entailed to receive a basic pension or contributory pension although he is receiving a pension of more than 1000 Euro from country where he has worked. In contrary a 65 old Kosovar who lives in Kosovo, he is receiving Basic Pension and he fulfills criteria for another pension from other pension schemes for example,KSF pension, he has to choose solely one pension.

Issues that need to be addressed are to be found also within permanent disability pension scheme. To receive a permanent disability pension a person has to be 100% disabled. Question that arises is what happens with persons who are 75% disabled or 65% or less or more than that. According to the

Comparison of the disability payments from Kosovo budget				
	Pillar I		Special Law pension scheme	
Disability	Permanent disability pension	Work disability pension	Civilian war invalid	War invalid KLA
21%-30%				€ 225.0
31%-40%				€ 318.8
41%-50%			€ 120	€ 356.3
51%-60%				€ 375.0
61%-70%			€ 136	€ 393.8
71%-80%				€ 412.5
81%-100%			€ 152.00	€ 448.1
100%	€ 75.0	€ 75.0		

Figure 30 Disability payments compared by scale of invalidity for different pension schemes

current legislation individuals with less than 100% disability have no right to any income at all or pension.

In contrary,the Law of War Values sets pensions for disability starting from 20% disability and up. According to this law, disability of 20% is paid three times more than 100% of the disability by the Law on permanent disability. Also work disability pension is paid only when disability is 100% and the amount is same as by permanent disability pension, it doesn't take into account contribution paid or the salary before becoming disability.

This brings us further to the next issue, what happens with individuals who have accident at work or because of professional illness have disability of 20%, 40%, 50% and further. According to current law they don't receive almost anythingin long term; they will lose their job and will have no income at all. What is important here is to open the issue of insurance from accident at work. This is a pillar that most of the countries have and in the future this may become problematic for Kosovo in signing international agreements with other countries especially with countries where Kosovar Diaspora is very large but most important what happens with these people.

Within First Pillar and Special Laws on pension schemes remains a very crucial as well: can Kosovo continue to pay from the budget all these pension schemes without receiving any contribution, or is Kosovo ready to pay all these pension schemes from the budget while many of these who receive these pensions are paying pension contributions to another entity. Answering this question will clarify the road that the pension reform will take.

Overview over the Second Pillar

Second pillar of pension scheme in Kosovo is mandatory and is based on the contribution paid by employee and employer. Mandatory payment consists of 10% of the salary, each 5%, but in voluntary basis this can go up to maximum 15%. Figure 31shows data from second pillar in last 6 years, the amount that is collected and amount that is paid. In the future it is to be expected that both amounts will rise. In year 2017, Second Pillar was managing more than 1.6 billion Euros. If we see trends in collection and withdrawal from second

Second Pillar		
Year	Collected	Withdrawal
2012	€ 113,000,000.00	€ 8,700,000.00
2013	€ 119,200,000.00	€ 10,700,000.00
2014	€ 128,700,000.00	€ 14,300,000.00
2015	€ 137,500,000.00	€ 19,300,000.00
2016	€ 151,500,000.00	€ 19,200,000.00
2017	€ 159,800,000.00	€ 27,440,000.00

Figure 31 Second pillar collection and withdrawal through years

pillar, if we predict aging of Kosovo population, if we approximately foresee economic growth in Kosovo, then we can except that total amount managed from second pillar only will grow. In nearly future there will be more than 3 billion Euros managed by Second Pillar while amount collected will be sufficient to pay those who will achieve retirement age. Billion of Euros will be started to be spent only when the withdrawal will be higher than the collection.Pension is paid when a person reaches retirement age of 65 or beforehand because of the permanent disability. Payment is made in three ways depending on the amount that is saved. If the amount saved in the retirement age is below 3000 Euro, than this amount is paid immediately in one rate. If the amount is more than 3000 euro but less than 20000 euro, then the recipients will receive 200 euro monthly until the money is out. If the amount of the money saved is more than 20000 Euro, then the recipients will receive 1% of the total amount monthly until the money is out, within 100 months.

Example of Second Pillar pension payment possibility										
	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Total amount saved 50,000.00 Euro	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	4 Months	8 years and 4 months
Monthly payment 1%, 500 Euro	€ 6,000	€ 6,000	€ 6,000	€ 6,000	€ 6,000	€ 6,000	€ 6,000	€ 6,000	€ 2,000	€ 50,000

Figure 32 Lasting of payment from second pillar

In any circumstance pension from the second pillar cannot last more than 8 years and 4 months (100 months), no matter how much money is saved. Example in figure 32 shows that every person who is saving money in the second pillar, he will receive all his money back maximum within 8 years and 4 months, practically by age 73 years and 4 months he will receive his last pension from second pillar. After this age pensioner will continue to receive only Basic Pension from the state budget that currently is 75 euro or other pension if he or she fulfills the criteria required. Here is important to see what pension means and if second pillar fulfills the criteria to be called pension. According to Cambridge dictionary pension means "an amount of money paid regularly by the government or a private company to a person who does not work anymore because they are too old or have become ill". The definition here doesn't say for how long the pension will be paid but it says when it begins to be paid and it lets us understand that this will last as long as we live. Law on pension funds of Kosovo in Chapter 1, Article 1 where definitions are it says that pension is a"…a regular monthly payment made to a Participant (or Beneficiary) for life, beginning at Pension Age,

disability or death of the Participant under this Law"[29].Second pillar pension scheme in Kosovo fulfills the criteria when it comes to begin the payment of pension but it doesn't the fulfill criteria of the lifelong payment after retirement age. In this case although we pay mandatory to the second pillar as long as we work again at the end we will receive no pension as long as we live. This is more a saving account, and that's a problem. Does government has the right to force his citizens to save their money in a special fund without giving them any kind of guaranty for the pension, even if the money is lost. If government forces his citizens to pay money in a special fund, then the same government should guarantee for the reason the money is saved and this brings a greater role to the state on the second pillar. Second pillar monthly payment is not a pension as long as it is not lifelong paid after retirement age. Figure 33 shows that even after 15 years of the establishment of this pillar, persons who are retired

Second Pillar payment through years										
Year	Withdraw in Mil Eur	Total	65+	Amount in Mil Eur	65+ less then 3,000 euro	Amount	65+ over 3,000 euro	Amount	Average	Months to be paid
2012	€ 8,700,000.00	3,864	2,484	€ 6,453,000.00	1,790	€ 2,485,000.00	694	€ 3,968,000.00	5,717.58	29
2013	€ 10,700,000.00	3,567	2,676	€ 8,259,000.00	1,402	€ 1,572,000.00	1,274	€ 6,687,000.00	5,248.82	26
2014	€ 14,300,000.00	4,045	3,095	€ 11,342,000.00	1,556	€ 1,538,000.00	1,539	€ 9,804,000.00	6,370.37	32
2015	€ 19,300,000.00	4,438	3,468	€ 15,897,000.00	1,468	€ 1,510,000.00	2,000	€ 14,387,000.00	7,193.50	36
2016	€ 19,200,000.00	4,445	3,432	€ 15,176,000.00	1,641	€ 1,441,000.00	1,791	€ 13,735,000.00	7,668.90	38
2017	€ 27,440,000.00	5,175	4,036	€ 22,779,000.00	1,552	€ 1,641,000.00	2,484	€ 21,138,000.00	8,509.66	43
2018	€ 12,100,000.00	3,868	2,083	€ 10,467,000.00	1,030	€ 745,000.00	1,053	€ 9,722,000.00	9,232.67	46

Figure 33 Second pillar payment through years

in the meantime, in average receive pension from this pillar just for few months. These data show that the second pillar savings are spent in less than four years, that means that individuals who have saved in the second pillar will remain without pension when they reach age 69. In 2017, in average, the pension from the second pillar has lasted only 43 months.

Data from Second Pillar are not very promising for the future. Monthly payment is not very high, in 5 years the monthly payment has increased but it is so low that in long term it plays aminor role for future pensioners of this scheme. Even if we have an economic wonder in Kosovo, and we will start paying 100 euro a month from this year (in that case average salary in Kosovo would be 1000 euro), in the end, if we

Average contribution in the second pillar				
Year	Employee Monthly	Employer Monthly	Employee Yearly	Employer Yearly
2012	€ 38.56	€ 25.58	€ 462.72	€ 306.96
2013	€ 38.94	€ 29.80	€ 467.28	€ 357.60
2014	€ 41.29	€ 30.41	€ 495.48	€ 364.92
2015	€ 42.21	€ 31.48	€ 506.52	€ 377.76
2016	€ 44.42	€ 32.25	€ 533.04	€ 387.00

Figure 32 Monthly average contributions

[29]Assemble of Republic of Kosovo, Law No. 04/L-131 on pension funds of Kosovo, Chapter 1, Article 1Definition, 6 April 2012, Prishtina.

work 40 years we will have saved 48000 euro. That means that in 2058 we will receive a pension of 480 Euros for 8 years and 4 months, practically until 2066. There are two questions that need to be answered: what will be the real value of 480 Euros in the period 2058-2066 and what will happen after reaching age 73, knowing that people are living longer every year.

Other questions that need to be answered are those of what will happen if we have a global economic crush like we had in 2008, in that year the second pillar needed 6 years to recover from losses because of the economic crush. What will happen if the Bank where my money is saved will bankrupt? Banks in Kosovo are not insured 100%. Worst case example is, I receive my first pension in May 2018, in June 2018 the bank bankrupts and I will not receive pension any longer. My money, my savings from 16 years (2002-2018) will be simply lost. One thing is for sure, if we want lifelong pensionafter age 65 and if we want guaranty for money that we have saved, then the state should take more responsibility for the second pillar; ways in which to do that remain to be explored and discussed.

Examples from other countries

Similarly to Kosovo's pension schemes, in other countries pensions are usually organized around three main pillars: basic pensions, occupational pensions and private-voluntary pensions. But, contrary to the Kosovar numerous pension schemes, after the age of 65, all the pensioners move to the same basic age pension (or an equivalent state funded one); no other laws guarantee additional pensions. In cases when, there is a need to support another category, then the law guarantees a payment-benefits, not a pension. These schemes are elaborated below.

Sweden

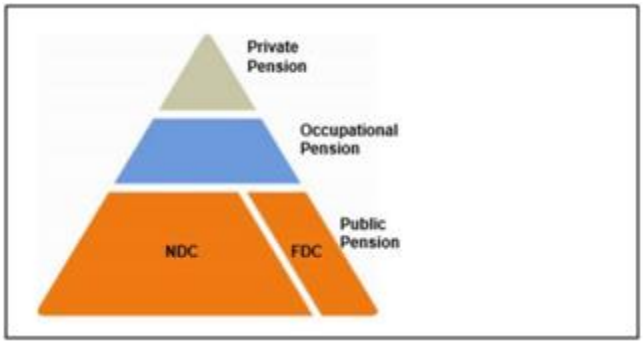

Figure 33 Pension system in Slovenia

The central mission of Sweden's pension system is to assure to the maximum extent possible an adequate standard of living for people in old age through a benefit paid to an employee who retires from his/her job after the prescribed age. With an exception for civil servants, including the members of defense forces and police officers, who may have old

age pensions at favorable conditions, such as the right to retire earlier, pensions paid to employees earlier than the prescribed age fall under severance payments, not pensions.

The first pillar of Sweden's pension system is public pensions. Public pensions are carried out based on three systems: the income based pension which amounts to 17.21 % of the taxable income; the premium pensions which amounts to 2.5%; the guaranteed pensions for those who have little or no work income. The first two systems are funded jointly by the employer and the employee; the third (guaranteed pensions) is financed by the central government at a reduced rate for a person with an income pension.

The reason why the person who has had a source of income, receives the basic age pension with a lower amount because there is an expectation that pensions may be covered also from the contributing ones. Otherwise, it is financed from the central government budget only if the person has not had an adequate job, hence is unable to receive an adequate pension and as such may receive the guaranteed pension. For individuals with low guaranteed benefit due to short residence in Sweden, e.g. immigrants who have arrived in mid-life, there is an income-tested minimum pension. So, only 1/3 of the public pensions, respectively the guaranteed pension, is at times financed directly from the national budget/general revenues, whereas the other 2/3rds of the public pensions are financed through income and premiums; in essence the first pillar is self-financed.

The second pillar of Sweden's pension system is the occupational schemes. These are determined by collective bargaining; specifically there is a separate plan for privately employed white collar workers, a plan for privately employed blue-collar workers, a plan for civil servants/central government employees (combined benefit and contribution) and a plan for civil servants/municipal employees (combined benefit and contribution). Pension funding for first two types is a defined contribution of 4.5 % of the salary, and for the second two it is a combined benefit and contribution plan, respectively a pay-as-you-go for the benefit component, and 2.3 % and 4.5 % for the contribution component.

The third pillar of Sweden's pension system is private pensions. These are offered as life annuity. The pension is taxable along with earnings. Deductions in taxes are applicable, up to limits.

Slovenia

Slovenia's allocated pension funds are EUR 4.4 billion, but only 1.3 billion are derived from the state budget. Pension contributions and the invalidity insurance are paid from the pension fund, comprised of money paid by employers and employees for an employee. Other benefits such as unemployment benefits, family benefits, such as those of families of war veterans and other social assistance schemes are paid through a different fund. They do not constitute pensions.

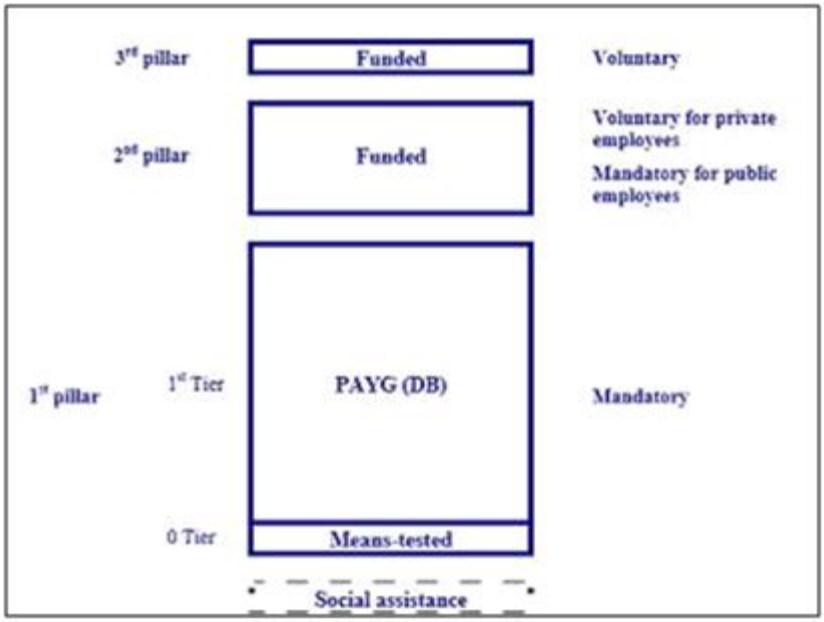

Figure 34 Pension system in Slovenia

The first pillar of the Slovenian pension system is a mandatory is PAYG scheme. The contribution rate amounts to 24.35 % of the gross wages, where employees pay 15.5%, employers contribute 8.85%, and the self-employed must cover the total amount. This pillar also covered a zero tier, financed by the state, with the purpose to cover those who are left unprotected from the general pension scheme. While this portion of the first pillaris dispensed with the new pension reform in Slovenia,it is expected to be replaced by permanent cash assistance. This accounts for demographic projections of population changes in the future and the influence they are expected to have on the long-term sustainability of the pension system.The second pillar is an occupational scheme. It is mandatory in the public service, the banking sectors and hazardous occupations; and voluntary in other sectors (if at least two-thirds of employees agree to join). Almost 50% of employed people, are enrolled in the voluntary occupational system. Despite some foreseeable challenges, Slovenia's second occupational pillar has achieved high coverage and life insurance penetration is the highest in the region.The third pillar is a private-voluntary scheme. It represents personal savings, subject to tax relief.

Comparisons

Public pensions are guaranteed pensions, but not necessarily state funded pensions[30].Referring to the example of Sweden, its national budget allocates a large amount of its funds to the social programs, but not to public pensions. Kosovo's pension scheme assimilates all first pillar/public pensions in state pensions (TRUSTI which is financed separately, is part of the second pillar).

In fact, Kosovo's first pillar is one of the rarest that is fully financed by the state budget; there were 326,941,674 Euros projected to be spent on financing the numerous pension schemes for the 2017 (without counting social schemes); which makes almost 20 % of the country's total revenues. This is a very large portion of the budget spent on pensions, especially considering that most of the countries are followinga policy of pension system privatization. For example, Sweden's expenses of the budget spent on pension amounts to roughly 6.6 % to all of the money spend on social categories.

Year	2014	2015	2016	2017
Total revenues	€ 1,345,000,000.00	€ 1,470,000,000.00	€ 1,634,000,000.00	€ 1,725,000,000.00
Direct tax revenues	€ 188,000,000.00	€ 207,000,000.00	€ 222,000,000.00	€ 232,000,000.00
Total pension spending	€ 235,025,738.00	€ 263,612,431.00	€ 321,226,929.82	€ 338,776,663.26

Figure 35 Budget spending trends on pensions

Further, for the Kosovo budget, the total amount of the revenues projected for 2017 are 1,725,000, 000 Euros from which 232,000, 000 Euros, are generated from direct taxes, i.e. taxes collected directly from Kosovo citizens. Throughout the years 2014 – 2017, the revenues generated from taxes are much less than the total pension spending (see table above). In other words, all revenues collected from the taxpayer's money go to cover the financing of the pensions of somebody else and that is not enough.Furthermore, Kosovo's first pillar finances also early pensions for special categories, 6 in total. Slovenia suggests a different approach to treat the categories that are not old-age pensions; to finance them, but not through the pension fund; instead to create a different benefit fund as a part of other forms of social assistance[31]. This is also present on the system of Sweden through the early severance payments[32]. This practice enhances the pension system, because the state assists categories that need help before the age of 65, without running the risk of providing double pensions; and unlike in Kosovo, the citizens of Sweden and Slovenia are able to essentially receive a basic old age pension that does not discriminate after the age 65.

[30]Organisation for economic co-operation and development, (2011), "Estonia, review of the private pensions systems." [Online]. Available at: http://www.oecd.org/finance/private-pensions/49498084.pdf.
[31]Ministry of Labour, Family, Social Affairs and Equal Opportunities, (2009) Modernization of the Pension System in the Republic of Slovenia. [Online]. Available at: www.mddsz.gov.si/.../pageuploads/.../document.modernisation.pension.system_final...,
[32]Ministry of Health and Social Affairs. "The Swedish Pension Agreement and Pension Reform" (2009), [Online].

The public pensions must correspond to contributions. Referring to the pension schemes of Sweden, individuals pay 7 % of their current income and certain social benefits in the form of a general pension contribution. Employers pay 10.21 per cent of current salaries in the form of old-age pension contribution. That makes a total of 17.21 per cent of salaries or other remuneration.Depending on the situation, these might take specific forms from relative adequacy (based on past standard of living), absolute adequacy (income up to an agreed-upon absolute standard of living) and partly relative and partly absolute (larger benefit per dollar contributed to lower income groups). The latter is especially relevant to Kosovo and its lower income groups. For instance, the pensions that are available for the people who have been employed before 1999 are delivered through the state budget based on the educational degree acquired, rather than (gainful) employment. Looking back to the 80's and early 90's, many people who wanted to register in educational institutions were denied this opportunity due to political reasons. Consequently, later they became unable to find a job that today would set the path for providing better pensions. At present, the same people receive the minimal pension. After being discriminated once, this group of people is re-discriminated again through the current pension scheme. The partly absolute pension scheme of old age could be an option for this lower income group to receive a more equitable treatment from the government. However, in any other case, pension contributions must have a direct connection to gainful employment.

All in all, pensions do not hinder work incentives. Pensions are an important component of compensation; incentives associated with pension plans influence the behavior of the worker[33], and might lead the state to create dumping with pensions. Generally, it is expected that after lifelong contributions, workers are more likely to retire at the specified retirement age, rather than quit before reaching the retirement age. Kosovo's case suggests the opposite – precisely because of the lack of the employee contributions combined with the financial security coming through the state early pensions, the incentives of the workers to join the labor force decrease.

For instance, early pensions provided to former KPC employees, who are on their forties, on average reach the amount of 280 Euros; 280 Euros is a good average salary and for many of the recipients it constitutes a safe income[34]. Research on minimum pensions estimates that the pension influence peaks

[33] Clark, Robert L. , Quinn, Joseph F. "Effects of pensions on labor market and retirement."(1999), ERISA/Brookings Institutions. [Online] Available at: http://www.bc.edu/content/dam/files/schools/cas_sites/economics/pdf/workingpapers/wp431.pdf

[34]Salihu, Njomza. "Pjesëtarët e TMK-sëMarrinRritjen e Pensioneve" (2012) Kallxo, [Online], Available at: http://kallxo.com/gjnk/pjesetaret-e-tmk-se-marrin-rritjen-e-pensioneve/

at the early retirement age, thus reduces the labor supply of eligible workers. Further, noncontributory social assistance in old age reduces the work incentives of older workers[35]. That is, pensions that are received without earlier contributions from the beneficiary. In the already competitive labor market of Kosovo, these eligible workers may easilyget de-incentivized to put their skills in the labor market. Surely, not all get de-incentivized because they are cases of such pension beneficiaries that do have a job. But, again receiving a pension while working (and with that, becoming eligible for another pension) is not consistent with the idea of pensions.

Conclusion

Kosovo Pension System was planned to be simple and sustainable from the financial point of view. The idea behind this simplicity was to have the second pillar as defined contribution that will cover all employed people and universal basic pension for all others who are not working. After 16 years of this system we have 12 different pension schemes in the first pillar, 10 pension schemes more than in 2002 with growing tendency (pension on police forces, law on education etc.). While the first pillar is funded 100% from the state budget this is becoming more and more a heavy burden for Kosovo. In 2017 it was around 340 million euro. In near future Kosovo budget will not have the possibility to cover all the costs of the first pillar.

The Second Pillar, although meant to secure pension for those who are working and contributing in this pillar, is not being applicable now. Even 16 years after the introduction of this pillar, these who have contributed to this pillar are receiving pension in average for 26 months, just above two years. Calculations within the current legislation on this pillar and other related development show that even if we work for 40 years we will not receive lifelongpension.
Putting all together with the current pension system in Kosovo, it is for sure that one day after we will reach age 65; we will receive a basic pension (75 Euro), no matter if we have worked or not; after the age of 73 we will be all equal, poor and old.

[35]Jemenez Martin, Sergi. "The incentive effects of minimum pensions." (2014), IZA, World of Labor, [Online], Available at: http://wol.iza.org/articles/incentive-effects-of-minimum-pensions.pdf

On the other hand, the current system through special laws guaranties a lifelong pension even for those who are healthy and in beginning or mid-30s.Contrary to what was said above, outside the special schemes, the current pension system guaranties that if you are in beginning or mid 30s, and you are working; but if one day you might have an accident at work and become with a disabilityof 75% or even 80%, then you receive nothing.

Recommendation deriving from this study paper is ought to be simple: there shall not be any new pension schemes, no more special laws on any kind of pension. The reform on pension systemshould begin. The current pension system review and reformin Kosovo is a necessity rather than a policy choice.