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Early Retirement of Civil Servants



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This analysis was originally written in Albanian.

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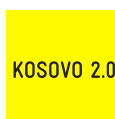
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Introduction

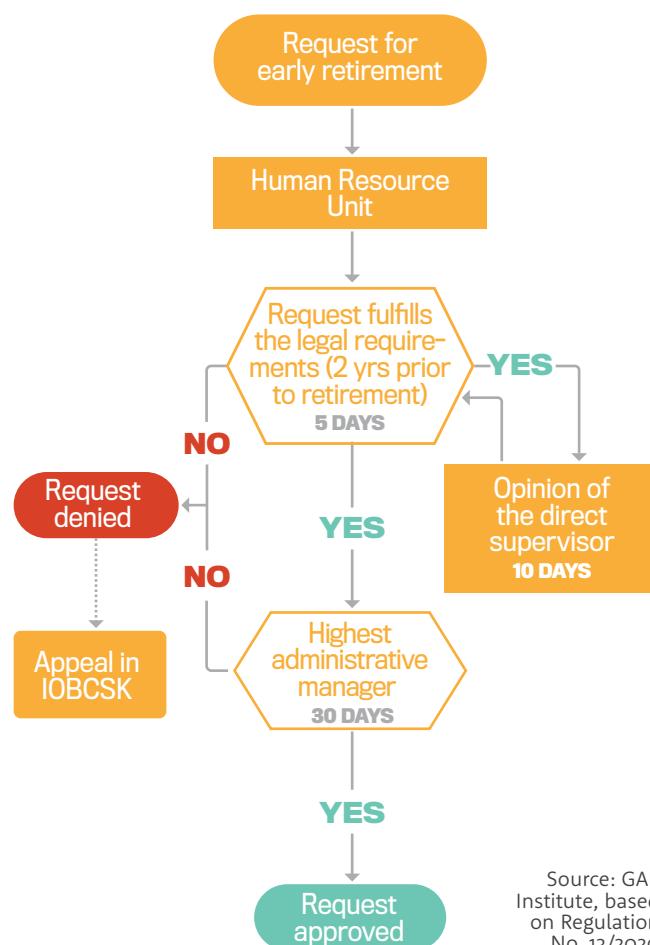
Law on Public Officials¹, which entered into force in September 2019, envisages the early retirement of civil servants. According to Article 63 of the law, civil servants can retire early, two years prior to their regular retirement age, upon request or with a decision of the institution. The early retirement payment is 70% of the basic salary until retirement age. However, to provide further detail on the early retirement procedures, the government issues bylaws.

In August 2020, the Government of Kosovo approved the Regulation on Dismissal and Early Retirement from the Civil Service². The regulation defines the procedures for early retirement at the request of the civil servant or at the initiative of the institution.

When civil servants request early retirement, such request must be submitted to the Human Resource Unit, which shall check if the legal requirements are met and, within five days, will send the request to the direct supervisor of the civil servant for an opinion, to be provided within 10 days. The Human Resources Unit will submit the civil servant's request together with the supervisor's opinion to the highest administrative managers, who have 30 days to approve or reject the request. In case of rejection, civil servants can file an appeal to the Independent Oversight Board of the Civil Service of Kosovo (IOBCSK).

Early retirement of civil servants at the request of the institution takes place when staff is reduced after a reorganization, merger with another institution or closure of the institution or termination of positions. If civil servants are not satisfied with the decision of the institution on early retirement, they can appeal to the IOBCSK.

Figure 1. Early retirement process at the request of civil servants:



Source: GAP Institute, based on Regulation No. 13/2020

¹ Official Gazette of the Republic of Kosovo. Law No. 06/L-114 on Public Officials, published on March 11, 2019. Source: <https://bit.ly/3005QDe>

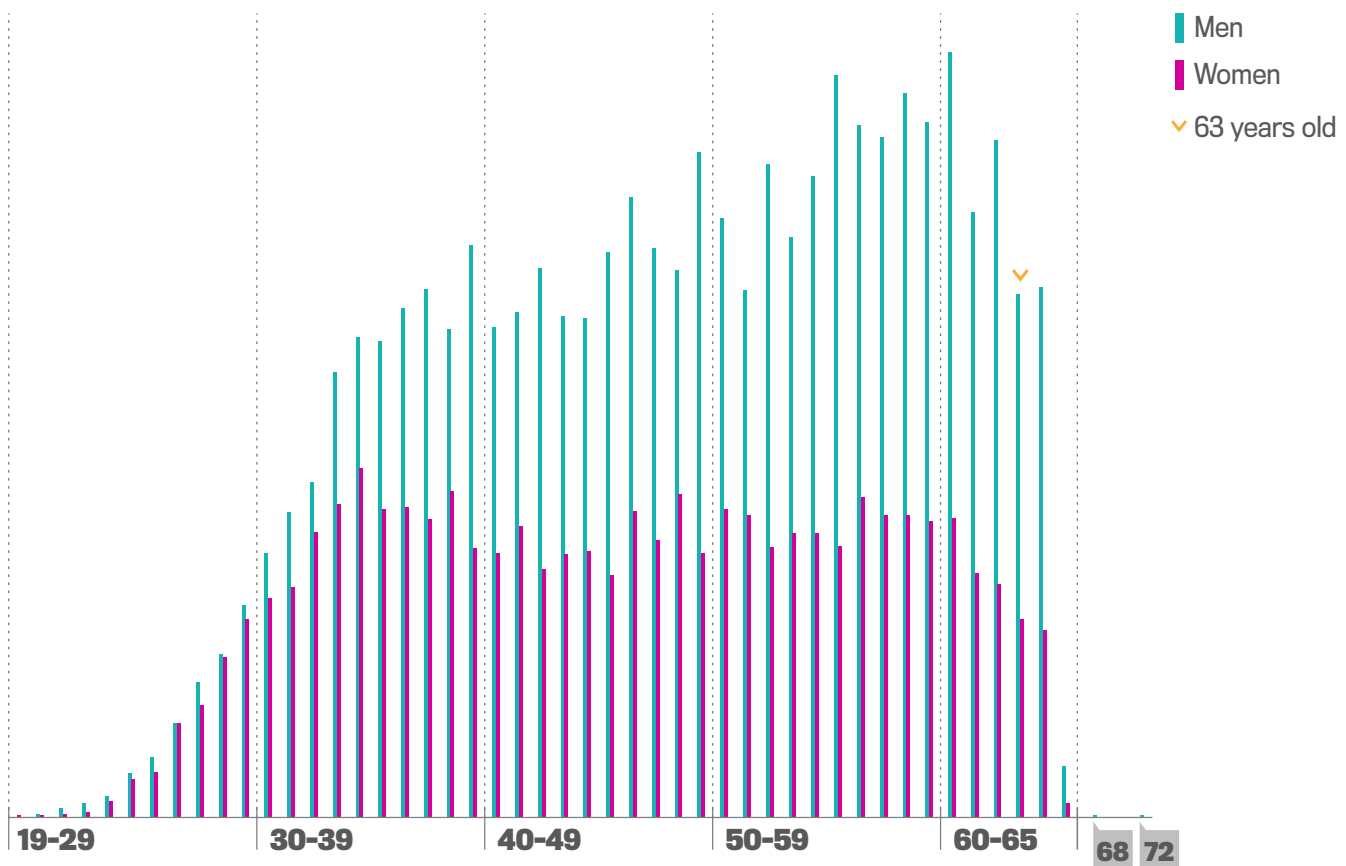
² Official Gazette of the Republic of Kosovo. Regulation No. 13/2020 on Dismissal and Early Retirement from the Civil Service. Published on August 27, 2020. Source: <https://bit.ly/2JD7aLx>

Statistics regarding the age of civil servants

From 82,885 employees in budget organizations³ as of November 2020, there are 22,129 civil servants (26.7% of all employees). Of these, 66% of civil servants are men (14,633 men) and 34% women (7,496 women).

The average age in the civil service is 47.5 years. The average age of men in the civil service is 48.3 years, and 45.9 years for women. The average work experience in the civil service is 16.6 years, of which 15.8 for women and 17 for men. The median age for men is 47.6 years, while for women it is 45.7.

Figure 2. Number of civil servants by age and gender



At the time of this research, the Department of Civil Service Administration under the Ministry of Internal Affairs and the Treasury Unit in the Ministry of Finance had no data from previous years on the number of requests for early retirement, or whether there were cases where institutions have initiated early retirement procedures⁴.

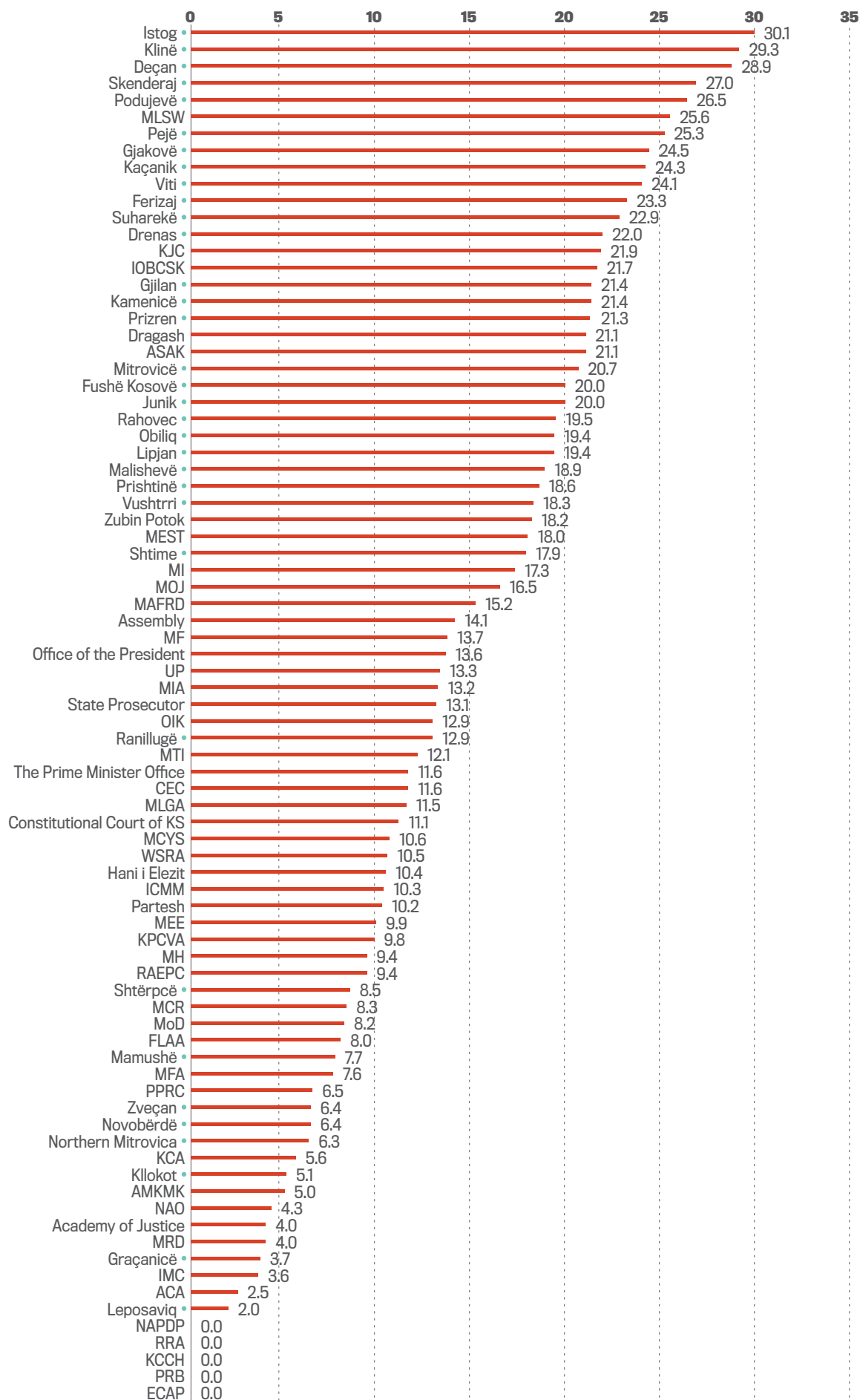
Of the total number of civil servants, 3,118 are over the age of 60 (14.1%). 1,091 civil servants are 63 years old or older (7.9% of the total number of civil servants). In some budget organizations the number of civil servants over the age of 60 is as high as 30.1% of the total. Five institutions⁵ have no employees over the age of 60.

³ Budget organizations means central level institutions, municipalities, independent agencies which are funded by the Kosovo Budget.

⁴ Interview with Naser Shamolli - Director of the Legal Department at the Ministry of Internal Affairs, December 14, 2020; Interview with Ahmet Ismaili - Director of Treasury at the Ministry of Finance, December 15, 2020.

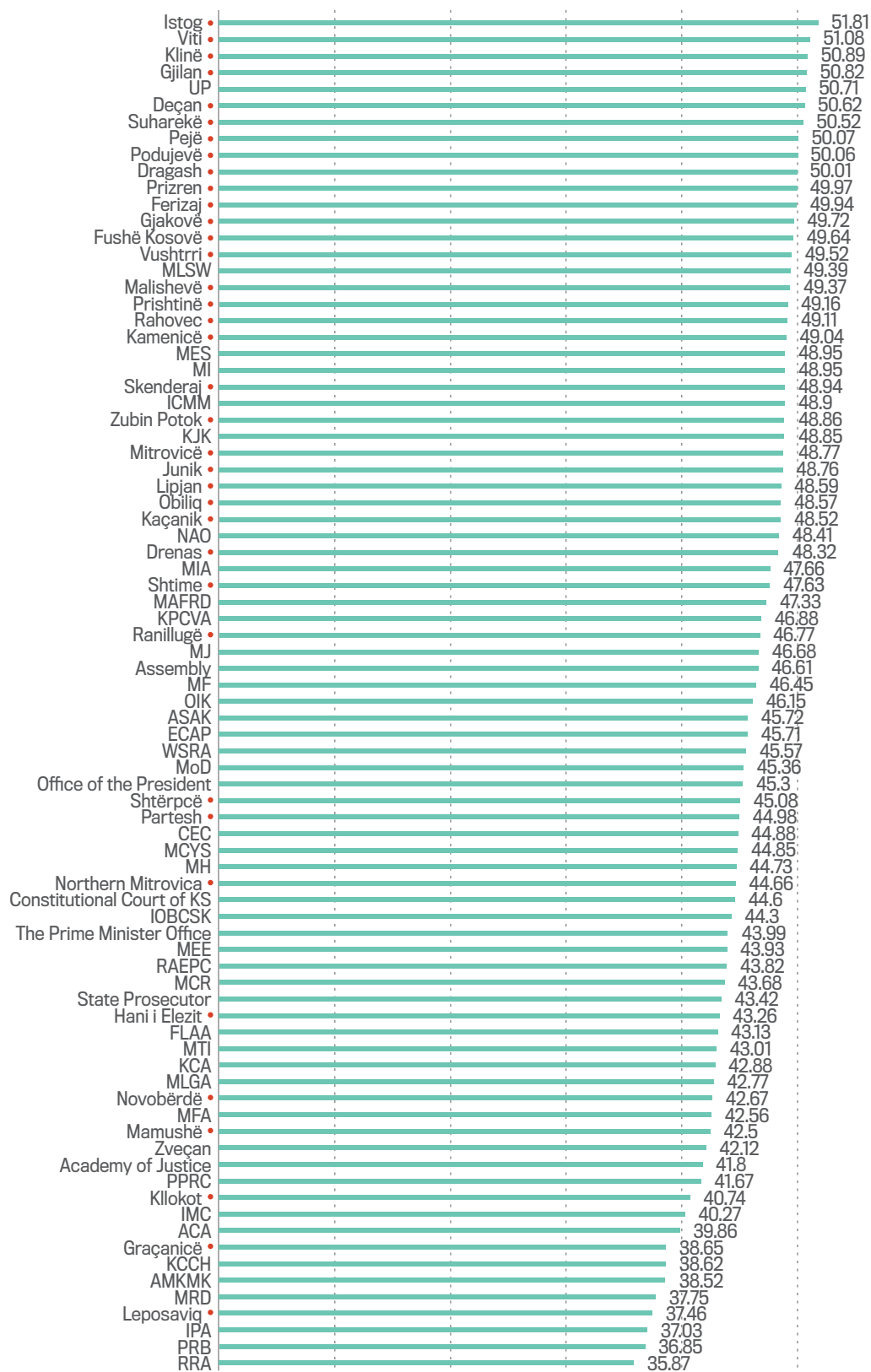
⁵ Information and Privacy Agency, Public Procurement Review Body, Election Complaints and Appeals Panel, Railway Regulatory Authority, Kosovo Council for Cultural Heritage.

Figure 3. Percentage of civil servants 60+ years by budget organizations



In terms of the average age of civil servants by institution, it moves from over 50 to 36 years⁷.

Figure 4. Average age of civil servants by budget organizations



6 Municipalities: Istog/Istok, Viti/Vitina, Klinë/Klina, Gjilan/Gnjilane, Deçan/Decane, Suharekë/Suva Reka, Pejë/Pec, Podujevë/Podujevo, Dragash/Dragas, and the University of Prishtinë.

7 Information and Privacy Agency, Public Procurement Review Body, Railway Regulatory Authority.

The average age of civil servants is higher in municipalities (47.5) than in central institutions (45.1) or independent institutions (43.3).

Financial costs of early retirement

According to the budgetary impact assessment for the Regulation on Early Retirement of Civil Servants, the government anticipates that the budget cost for early retirement may be covered within the budget of the Department of Civil Service Administration.

Table 1. Budget of the Department of Civil Service Administration 2020-2022

Years	2020	2021	2022
Wages and allowances	166,200	167,031	167,066
Goods and services	125,000	125,000	125,000
Total	291,200	345,068	346,642

According to this financial assessment, it is understood that the Government of Kosovo does not expect to receive numerous requests for early retirement, nor a need for early retirement at the request of the institution.

Based on the average base salary of civil servants over the age of 63 which, according to data provided by the Treasury, is 386.69 Euros, an estimation of the costs of early retirement of civil servants can be made.

Table 2. Budget cost modeling for early retirement of civil servants over the age of 63

Early retirement rate of civil society over the age of 63	Number of civil servants	70% of average base salary	Maximum period of early retirement (months)	Budget cost
10%	109	270.7€	24	708,151€
20%	218	270.7€	24	1,416,302€
30%	327	270.7€	24	2,124,453€
40%	436	270.7€	24	2,832,605€
50%	545	270.7€	24	3,540,756€
60%	655	270.7€	24	4,255,404€
70%	764	270.7€	24	4,963,555€
80%	873	270.7€	24	5,671,706€
90%	982	270.7€	24	6,379,857€
100%	1,091	270.7€	24	7,088,009€

If all civil servants over the age of 63 retire early 24 months before their legal retirement age, it would cost the Kosovo budget 7 million Euros. If, for instance, only 10% of civil servants over the age of 63 request early retirement, the maximum cost would be 708 thousand Euros.

If, through a strategic decision or legal amendments, the government decides to lower the early retirement age for persons over the age of 60, to ensure that their positions are not replaced and reduce the number of employees in public institutions, the annual cost for early retirement can reach up to 10 million Euros.

Certainly, not all positions of retired civil servants can be afforded to not be replaced. This is a particular issue for the local level, with around 30% of civil servants expected to retire in some municipalities in the next five years.

Conclusion

Kosovo has the highest employment rate in the public sector as a share of total employment. Slightly more than 30% of employees in Kosovo work in the public sector. The average for the Balkan countries is 27.2%, in European Union countries it is 23.7%, while the average employment in the public sector in the OECD countries is 21.1%.⁸

Therefore, public administration reform should also envisage a reduction in the number of civil servants. In a 2015 report, GAP Institute recommended a freeze in new recruitment procedures in the public administration, non-replacement of vacant positions following retirement of employees, and reassigning jobs.⁹

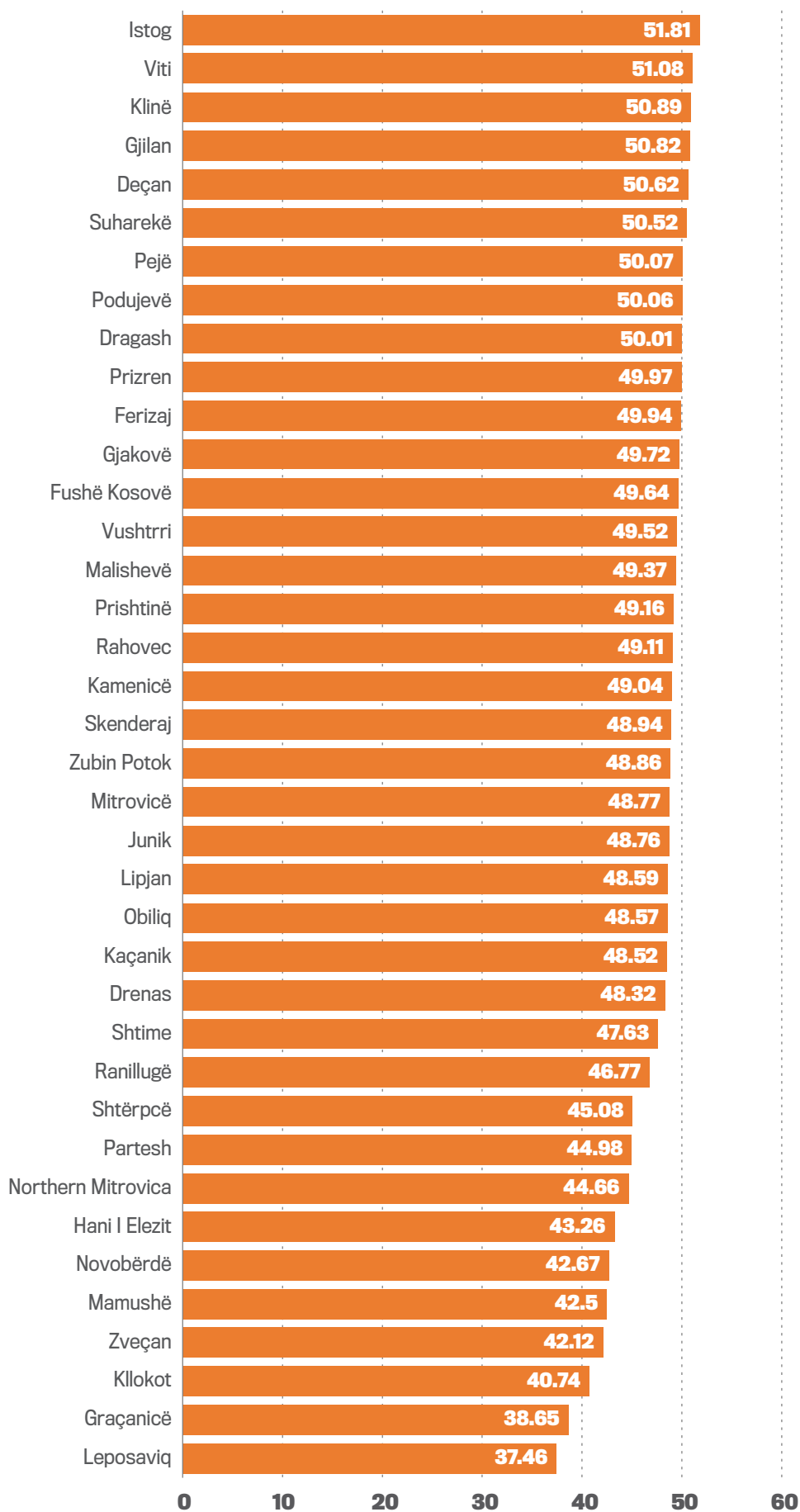
To this end, in its new strategy for the public administration reform, the Government of Kosovo should also envisage a reduction in the number of civil servants. To encourage early retirement with the initiative of civil servants, the government should also consider lowering the age for early retirement or provide full payment of wages until the legal age of regular retirement is reached.

8 OECD. Government at a glance. Western Balkans 2020 – Kosovo. 2020. Source: <https://bit.ly/3nMargc>

9 GAP Institute Size of the Public Administration. July 2015. Source: <https://bit.ly/2LzOltF>

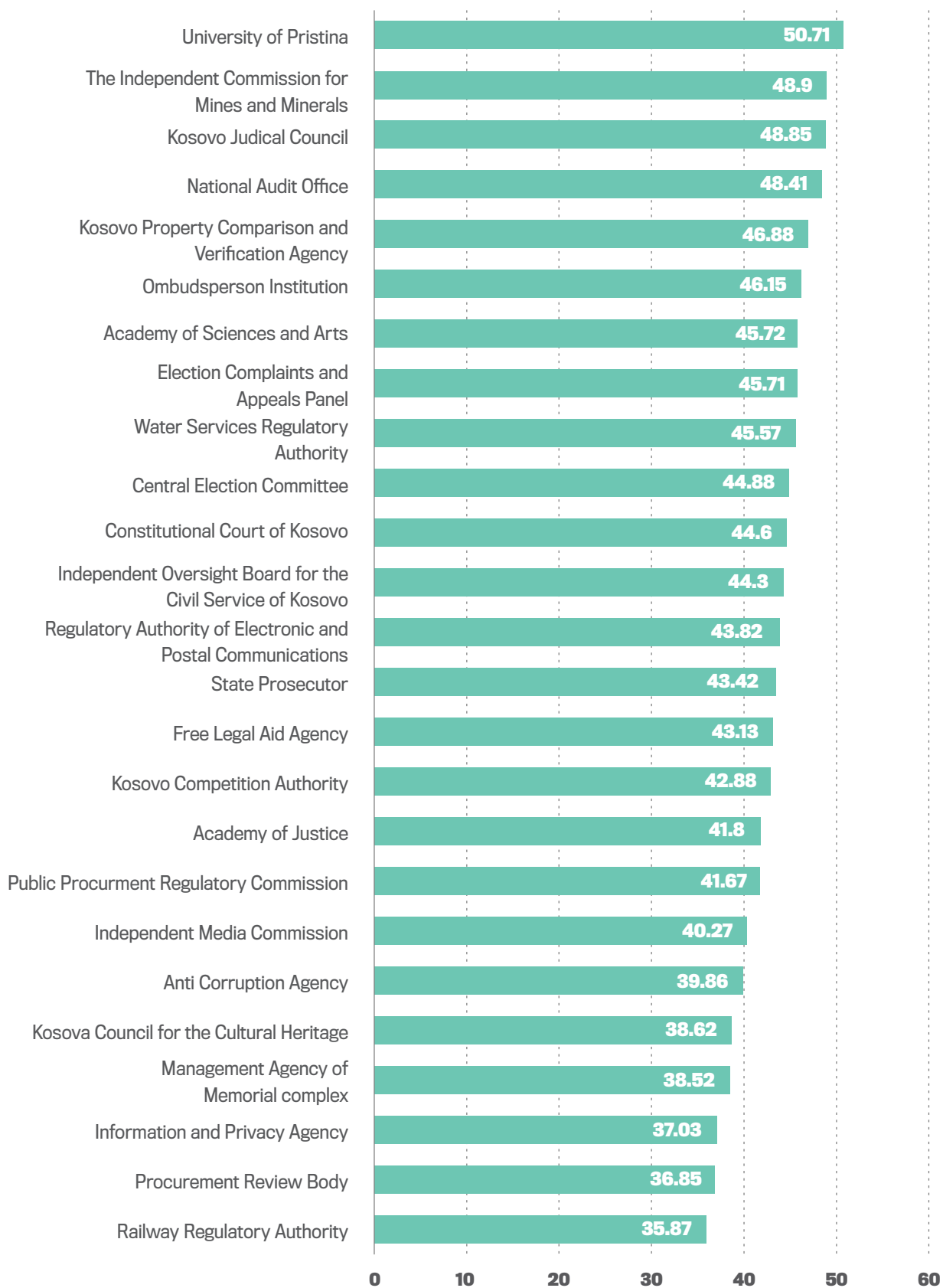
Annex

Annex 1. Average age of civil servants by municipality

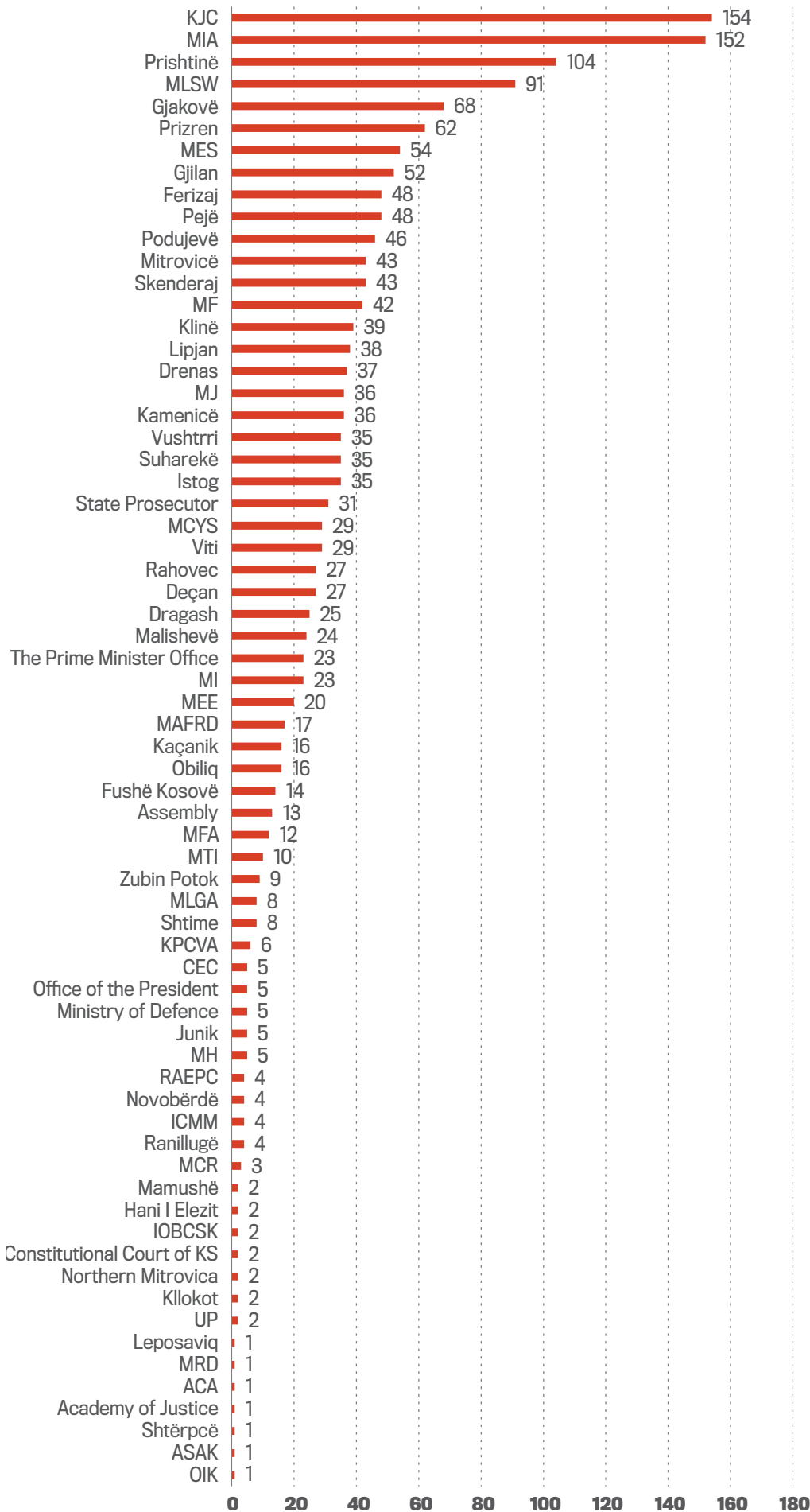


Annex 2. Average age of civil servants in central institutions

Annex 3. Average age of civil servants in independent and judicial institutions

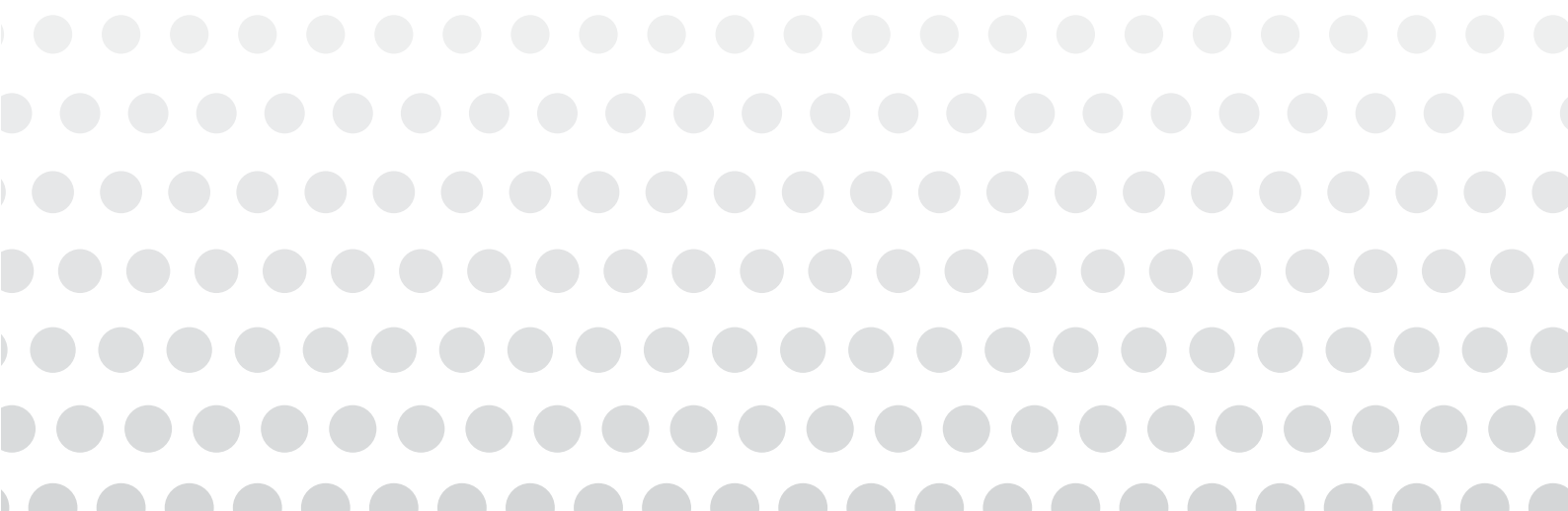
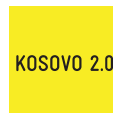


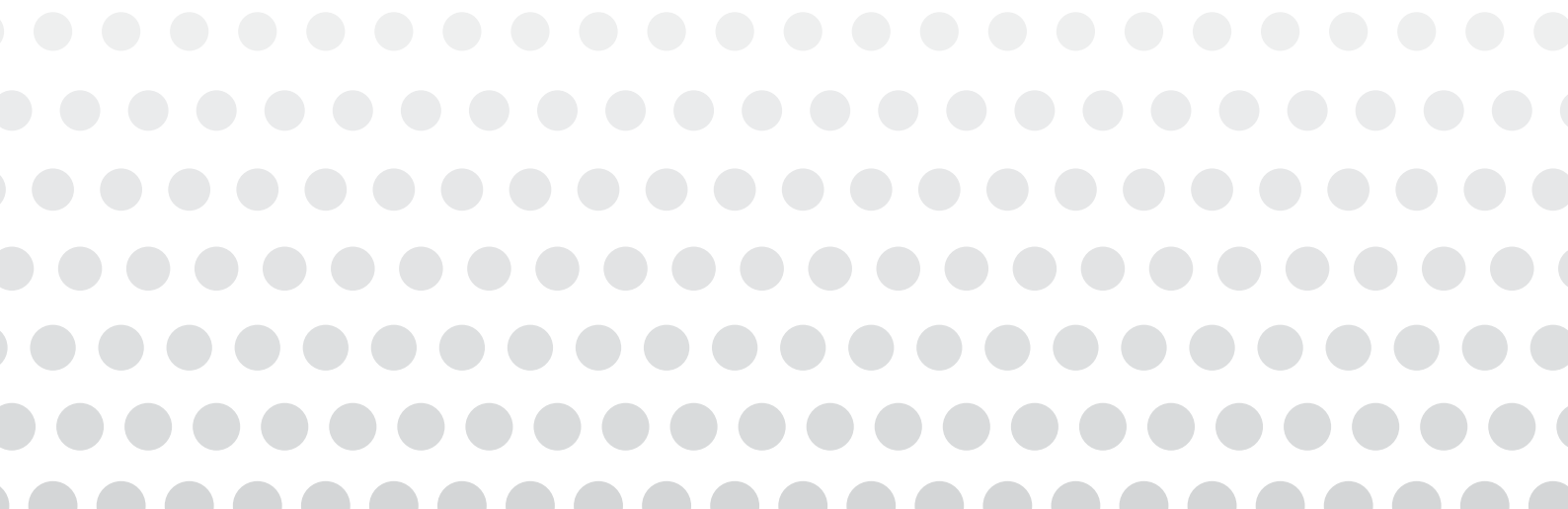
Annex 4. Civil servants who have reached the age of 63





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