

Ethiopia

Exchange rate: US\$1.00 = 20.09 birr.

Old Age, Disability, and Survivors

Regulatory Framework

First and current laws: 1963 (public-sector pensions), 2011 (public-sector pensions), and 2011 (private-sector pensions).

Type of program: Social insurance system.

Note: Public- and private-sector pensions are governed by identical regulations but are administered by separate public agencies.

Coverage

Public-sector pensions: Ethiopians employed in the public sector, government appointees, members of parliament, and military and police personnel.

Private-sector pensions: Ethiopians employed in the private sector.

Exclusions: Household workers and employees of international organizations or foreign diplomatic missions.

Voluntary coverage for self-employed persons and foreign nationals if covered by bilateral or multilateral agreements.

Source of Funds

Insured person: 7% (public and private sector) of basic salary.

The insured's contributions also finance work injury benefits.

The basic salary is the gross monthly salary paid for work performed during regular hours.

Self-employed person: Voluntary contributions up to 18% of declared income.

Employer: 11% (public and private sector) or 25% (military) of payroll.

The employer's contributions also finance work injury benefits.

Government: None; contributes as an employer.

Qualifying Conditions

Old-age pension: Age 60 with at least 10 years of service and contributions. The number of years of service and contributions may be reduced for hazardous or arduous work.

Early pension: Age 55 with at least 25 years of service and contributions (civilian); age 50 with at least one full term of service (five years) for senior government officials

and members of parliament; aged 45 to 55 (depending on rank) with at least 10 years of service and contributions (military).

Old-age settlement: Age 60 and does not qualify for the old-age pension.

Disability pension: Assessed with an incapacity for normal gainful employment with at least 10 years of service and contributions.

Disability settlement: Assessed with an incapacity for normal gainful employment with less than 10 years of service and contributions.

Survivor pension: The deceased received or was entitled to receive an old-age pension at the time of death.

Eligible survivors include the widow(er), children younger than age 18 (age 21 if disabled), and dependent parents.

The widow(er)'s pension ceases on remarriage if the widow is younger than age 45 (age 50 for a widower, no limit if disabled).

Survivor settlement: The deceased had less than 10 years of service and contributions and did not qualify for an old-age or disability pension.

Eligible survivors include the widow(er) and children younger than age 18 (age 21 if disabled).

Old-Age Benefits

Old-age pension: 30% of the insured's average monthly basic salary in the last three years before retirement plus 1.25% (civilian) or 1.65% (military) of the insured's average monthly basic salary for each year of service exceeding 10 years is paid, up to 70%.

The basic salary is the gross monthly salary paid for work performed during regular hours.

The minimum monthly pension is 503 birr.

Early pension: The pension is calculated in the same way as the old-age pension.

Old-age settlement: A lump sum of the insured's basic salary in the month before retirement multiplied by 1.25 (civilian) or 1.65 (military) and by the number of years of service and contributions is paid.

Permanent Disability Benefits

Disability pension: 30% of the insured's average monthly basic salary in the last three years before the disability began plus 1.25% (civilian) or 1.65% (military) of the insured's average monthly basic salary for each year of service exceeding 10 years is paid, up to 70%.

The basic salary is the gross monthly salary paid for work performed during regular hours.

Disability settlement: A lump sum of the insured's basic salary in the month before the disability began multiplied

by 1.25 (civilian) or 1.65 (military) and by the number of years of service and contributions is paid.

Survivor Benefits

Survivor pension: 50% of the old-age or disability pension the deceased received or was entitled to receive is paid to the widow(er).

Orphan's pension: 20% of the old-age or disability pension the deceased received or was entitled to receive is paid for each eligible orphan; 30% for full orphans.

Dependent parent's pension: 15% of the old-age or disability pension the deceased received or was entitled to receive is paid to each eligible parent; 20% if there are no other eligible survivors.

Survivor settlement: A lump sum of the retirement or disability settlement the deceased received or was entitled to receive is paid to eligible survivors (excluding the parents) in the same proportion as the other survivor benefits.

All survivor benefits combined must not exceed 100% of the old-age or disability pension the deceased received or was eligible to receive.

Administrative Organization

Public Servants' Social Security Agency, managed by a board and a director general, administers the public-sector pension scheme.

Private Organization Employees' Social Security Agency, managed by a tripartite board, administers the private-sector pension scheme.

Sickness and Maternity

Regulatory Framework

First and current law: 2003 (labor act).

Type of program: Employer-liability system.

Coverage

Employed persons in the formal sector.

Exclusions: Civil servants, including army and police personnel; workers of non-profit organizations; training-related contracts and contracts for treatment, care or rehabilitation activities; household and self-employed workers.

Source of Funds

Insured person: None.

Self-employed person: None.

Employer: The total cost (provides benefits directly to employees).

Government: None.

Qualifying Conditions

Cash sickness benefits: Must be currently employed.

Cash maternity benefits: Must be currently employed.

Sickness and Maternity Benefits

Cash maternity benefits: Paid leave is provided for 30 days before and 60 days after the expected date of childbirth; may be extended if there are complications arising from childbirth.

Cash sickness benefits: 100% of earnings is paid for the first month; 50% of earnings for the next two months; the next three months of leave are unpaid. Leave doesn't have to be continuous. The maximum sick leave period is six months in a year.

Workers' Medical Benefits

A new health insurance system for public- and private-sector workers was approved by parliament in 2010 (social health insurance proclamation 2010) and is in the process of being implemented.

Administrative Organization

The Ministry of Labour and Social Affairs (<http://www.molsa.gov.et/English/Information/Pages/VissionMVission%20Mission.aspx>) provides general supervision.

Work Injury

Regulatory Framework

First law: 1963 (public-sector pensions).

Current laws: 2003 (labour act), 2007 (civil servants), 2011 (public-sector pensions), and 2011 (private-sector pensions).

Type of program: Social insurance and employer-liability system.

Note: Public- and private-sector pensions are governed by identical regulations but are administered by separate public agencies.

Private insurance may be available for public enterprises and private-sector employees under the 2003 labor proclamation.

Coverage

Public-sector pensions: Employees in the public sector, senior government officials, members of parliament, military and police personnel.

Private-sector pensions: Employees in the private sector.

Exclusions: Household workers and employees of international organizations or foreign diplomatic missions.

Voluntary coverage for self-employed persons.

Source of Funds

Insured person

Social insurance: See source of funds under Old Age, Disability, and Survivors.

Employer liability: None.

Self-employed person

Social insurance: Contributions may be paid.

Employer liability: None.

Employer

Social insurance: See source of funds under Old Age, Disability, and Survivors.

Employer liability: The total cost (pays insurance premiums).

Government

Social insurance: See source of funds under Old Age, Disability, and Survivors.

Employer liability: The total cost (provides benefits directly to civil servants).

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Temporary Disability Benefits

Temporary disability benefit (employer liability): For private-sector workers, 100% of the insured's average earnings is paid for three months; 75% for the following three months; and at least 50% for the remaining six months. The benefit is paid for 12 months, until the insured is medically certified as no longer disabled, or medically certified as permanently disabled. For civil servants, 100% of the insured's average earnings is paid until the insured recovers and resumes work or is medically certified as permanently disabled.

Permanent Disability Benefits

Permanent disability pension (social insurance): 47% of the insured's earnings in the month before the accident occurred if the insured has lost at least 10% of work capacity and the capacity to do any remunerated work.

An authorized medical board assesses the degree of disability.

If the value of the disability pension is less than or equal to the insured's entitlement to the old-age pension, the old-age pension is paid, up to 70% of the insured's monthly basic salary.

Partial disability benefit (social insurance): A lump sum of 47% of the insured's earnings in the month before the accident occurred multiplied by 60 months and by the

assessed degree of disability is paid if the insured has lost at least 10% of work capacity but not the capacity to work.

An authorized medical board assesses the degree of disability.

Survivor Benefits

Survivor pension (social insurance): 50% of the disability pension the deceased received or was entitled to receive is paid to the widow(er).

The widow(er)'s pension ceases on remarriage if the widow is younger than age 45 (age 50 for a widower, no limit if disabled).

Orphan's pension (social insurance): 20% of the disability pension the deceased received or was entitled to receive is paid for each eligible orphan; 30% for full orphans.

Dependent parent's pension (social insurance): 15% of the disability pension the deceased received or was entitled to receive is paid to each eligible parent; 20% if there are no other eligible survivors.

Survivor settlement (social insurance): A lump sum of the partial disability settlement the deceased received or was entitled to receive is paid to eligible survivors (excluding the parents) in the same proportion as the other survivor benefits.

All survivor benefits combined must not exceed 100% of the disability pension the deceased received or was entitled to receive.

Administrative Organization

Public Servants' Social Security Agency, managed by a board and a director general, administers the public-sector pension scheme.

Private Organization Employees' Social Security Agency, managed by a tripartite board, administers the private-sector pension scheme.

Unemployment

Regulatory Framework

Under the 2003 labor proclamation, employers must provide severance pay in case of: unfair dismissal; workforce restructuring; the employer's death, insolvency, or bankruptcy; the employee's death at work; physical incapacity; or HIV/AIDS diagnosis. Severance pay is 30 times the employee's average daily wage during the last week of employment for the first year of service plus 10 times for each additional year of service, up to the employee's annual salary. An additional amount is paid for bankruptcy and workforce restructuring.