

Ethiopia

Exchange rate: US\$1.00 = 22.4 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: Citizens of Ethiopia employed in the public sector, government appointees, members of parliament, and military and police personnel.

Private-sector pensions: Citizens of Ethiopia employed in the private sector.

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

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

Source of Funds

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

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

The insured person's contributions also finance work injury benefits.

Self-employed person: Up to 18% of declared income.

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

Employment must cease.

Old-age settlement: Age 60 with less than 10 years of service and contributions.

Employment must cease.

Disability pension: Must be assessed with an incapacity for normal gainful employment and have at least 10 years of service and contributions.

Disability settlement: Must be assessed with an incapacity for normal gainful employment and have less than 10 years of service and contributions.

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

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

The widow(er)'s pension ceases upon 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 a 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 three years before retirement plus 1.25% (civilian) or 1.65% (military and police) 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 salary paid for work performed during regular hours.

The minimum monthly pension is 744 birr (January 9, 2017).

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 police) and by the number of years of service and contributions is paid.

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

Permanent Disability Benefits

Disability pension: 30% of the insured's average monthly basic salary in the three years before the disability began plus 1.25% (civilian) or 1.65% (military and police) 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 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 police) and by the number of years of service and contributions is paid.

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

Survivor Benefits

Survivor pension

Spouse's 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 to each eligible orphan; 30% for each full orphan.

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.

The maximum combined survivor benefit is 100% of the old-age or disability pension the deceased received or was eligible to receive.

Survivor settlement: A lump sum of 50% of the old-age or disability settlement the deceased received or was entitled to receive is paid to the widow(er); 20% to each eligible orphan (30% for each full orphan).

The maximum combined survivor benefit is 100% of the old-age or disability pension the deceased received or was eligible to receive.

Administrative Organization

Public Servants' Social Security Agency (<http://www.poesa.gov.et/>), managed by a board and a director general, administers the public-sector program.

Private Organization Employees' Social Security Agency (<http://www.poesa.gov.et/>), managed by a tripartite board, administers the private-sector program.

Sickness and Maternity

Regulatory Framework

First and current laws: 2003 (labor act) and 2007 (civil servants).

Type of program: Employer-liability system. Cash sickness and maternity benefits only.

Coverage

Employed persons in the formal sector, including private-sector employees and civil servants.

Exclusions: Employees of non-profit organizations; workers with training-related contracts and contracts for treatment, care or rehabilitation activities; household workers and self-employed persons.

Special systems for military and police personnel.

Source of Funds

Insured person: None.

Self-employed person: None.

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

Government: None; contributes as an employer.

Qualifying Conditions

Cash sickness benefits: There is no minimum qualifying period. The maximum sick leave period is six months in a year.

Cash maternity benefits: There is no minimum qualifying period.

Sickness and Maternity Benefits

Sickness benefit: 100% of the employee's earnings is paid for the first month; 50% of earnings for the next two months; the next three months of leave are unpaid.

Maternity benefit: 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.

Workers' Medical Benefits

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

Administrative Organization

Ministry of Labour and Social Affairs (<http://www.molsa.gov.et/>) provides general supervision.

Work Injury

Regulatory Framework

First law: 1963 (public-sector pensions).

Current laws: 2003 (labor 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.

Coverage

Social insurance

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

Private-sector pensions: Citizens of Ethiopia employed in the private sector.

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

Voluntary coverage for self-employed persons.

Employer liability

Employed persons in the formal sector, including private-sector employees and civil servants.

Exclusions: Employees of non-profit organizations; workers with training-related contracts and contracts for treatment, care or rehabilitation activities; household workers and self-employed persons.

Special systems for military and police personnel.

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

Employer liability: Not applicable.

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: None; the total cost as an employer (provides benefits directly to civil servants).

Qualifying Conditions

There is no minimum qualifying period.

Temporary Disability Benefits

Temporary disability benefit (employer liability): For private-sector workers, 100% of the employee'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 or until full recovery or certification of permanent disability. For civil servants, 100% of the employee's average earnings is paid until the employee recovers and resumes work or is medically certified as permanently disabled.

Permanent Disability Benefits

Permanent disability pension (social insurance): 47% of the insured's monthly basic salary in the month before the disability began is paid if the insured has at least a 10% loss of work capacity and is unable to work.

An authorized medical board assesses the degree of disability.

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

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

Partial disability benefit (social insurance): A lump sum of 47% of the insured's basic salary in the month before the disability began multiplied by 60 months and by the assessed degree of disability is paid if the insured has at least a 10% loss of work capacity but is able to work.

An authorized medical board assesses the degree of disability.

Workers' Medical Benefits

Social insurance: No statutory benefits are paid.

Employer liability: Benefits include general and specialized medical and surgical care, hospitalization, pharmaceuticals, and prosthetic or orthopaedic appliances.

Survivor Benefits

Survivor pension (social insurance)

Spouse's pension: 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 upon 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 each full orphan.

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.

The maximum combined survivor benefit is 100% of the disability pension the deceased received or was entitled to receive.

Survivor settlement (social insurance): A lump sum 50% of the partial disability settlement the deceased was entitled to receive is paid to the widow(er); 20% to each eligible orphan (30% for each full orphan).

The maximum combined survivor benefit is 100% of the disability pension the deceased received or was entitled to receive.

Administrative Organization

Public Servants' Social Security Agency (<http://www.psssa.gov.et/>), managed by a board and a director general, administers the public-sector program.

Private Organization Employees' Social Security Agency (<http://www.poessa.gov.et/>), managed by a tripartite board, administers the private-sector program.

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.