Ethiopia

Exchange rate: US$1.00 = 28.04 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 benefits are governed by identical regulations but are administered by separate public agencies.

Coverage

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

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

Voluntary coverage for self-employed persons and foreign nationals 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% 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.

The self-employed person's contributions also finance work injury benefits.

Employer: 11% of payroll; 25% of payroll for military and police personnel.

The employer's contributions also finance work injury benefits.

Government: None; contributes as an employer.

Qualifying Conditions

Old-age pension (Retirement Pension): Age 60 with at least 10 years of contributions. The qualifying conditions may be reduced for persons working under certain hazardous or arduous conditions.

Early pension: Age 55 with at least 25 years of 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 contributions (military and police).

Employment must cease.

Old-age settlement (Retirement Gratuity): Age 60 with less than 10 years of contributions.

Employment must cease.

Disability pension (Invalidity Pension): Must be assessed with an incapacity for any gainful employment and have at least 10 years of contributions.

Disability settlement (Invalidity Gratuity): Must be assessed with an incapacity for any gainful employment and have less than 10 years of 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), orphans 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 (Survivors' Gratuity): The deceased had less than 10 years of contributions and did not qualify for an old-age or disability pension.

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

Old-Age Benefits

Old-age pension (Retirement 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 contributions exceeding 10 years is paid.

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

The minimum monthly old-age pension is 744 birr.

The maximum monthly old-age pension is 70% of the insured's average monthly basic salary in the three years before retirement.

Early pension: Calculated in the same way as the old-age pension.

Old-age settlement (Retirement Gratuity): 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 contributions is paid.

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

Permanent Disability Benefits

Disability pension (Invalidity 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 contributions exceeding 10 years is paid.

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

The maximum monthly disability pension is 70% of the insured's average monthly basic salary in the three years before retirement.

Disability settlement (Invalidity Gratuity): 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 contributions is paid.

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

Survivor Benefits

Survivor pension

Spouse's pension (Widow's or Widower'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 (Surviving Child'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 (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 pension is 100% of the old-age or disability pension the deceased received or was eligible to receive.

Survivor settlement (Survivors' Gratuity): 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 settlement is 100% of the old-age or disability settlement the deceased received or was eligible 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 and collects contributions jointly with the Ministry of Finance (http://www.mofed.gov.et/).

Private Organization Employees' Social Security Agency, managed by a tripartite board, administers the private-sector program and collects contributions.

Sickness and Maternity

Regulatory Framework

First law: 1960 (civil code).

Current laws: 1994 (constitution) and 2003 (labor act).

Type of program: Universal (medical benefits) and employer-liability (cash benefits) system.

Note: 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.

Coverage

Universal (medical benefits): Citizens of Ethiopia.

Employer liability (cash benefits): Private-sector employees.

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

Special systems for civil servants and military and police personnel.

Source of Funds

Insured person

Universal (medical benefits): None.

Employer liability (cash benefits): None.

Self-employed person

Universal (medical benefits): None.

Employer liability (cash benefits): Not applicable.

Employer

Universal (medical benefits): None.

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

Government

Universal (medical benefits): The total cost.

Employer liability (cash benefits): None.

Qualifying Conditions

Cash sickness benefit (employer liability): There is no minimum qualifying period after the employee completes an employment probation period of up to 45 days.

Cash maternity benefit (employer liability): There is no minimum qualifying period. A medical certificate may be required.

Medical benefits (universal): There is no minimum qualifying period.

Sickness and Maternity Benefits

Sickness benefit (employer liability): 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. The maximum sick leave period is six months in a year.

Maternity benefit (employer liability): 100% of the employee's earnings is paid 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

Public hospitals and community health facilities provide limited free health services.

Dependents' Medical Benefits

Public hospitals and community health facilities provide limited free health services.

Administrative Organization

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

Employers pay cash benefits directly to employees.

Work Injury

Regulatory Framework

First law: 1963 (public-sector pensions).

Current laws: 2003 (labor act), 2011 (public-sector pensions), 2011 (private-sector pensions), and 2017 (civil servants).

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

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

Coverage

Social insurance

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

Private-sector program: 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: Self-employed persons, employees of non-profit organizations; workers with training-related contracts and contracts for treatment, care or rehabilitation activities; and household workers.

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 or provides benefits directly to employees).

Government

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

Employer liability: None; contributes as an employer (provides benefits directly to civil servants).

Qualifying Conditions

Must be assessed with a work injury or occupational disease. Accidents that occur while commuting to and from work are covered if the employer provides the transportation.

Temporary Disability Benefits

Temporary disability benefit (Periodical Payment, employer liability): For private-sector employees, 100% of the employee's average monthly earnings in the year before the disability began is paid for up to three months; 75% for the next three months; and at least 50% for the following six months. The benefit is paid for up to 12 months, until full recovery or certification of permanent disability, whichever is earlier. For public-sector employees, 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 (Incapacity Pension, social insurance): 47% of the insured's last monthly basic salary before the disability began is paid if the insured has an assessed degree of disability of at least 10% and is unable to work.

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

If the permanent 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 minimum monthly permanent disability pension is 744 birr.

Partial disability (Incapacity Gratuity): A lump sum of 47% of the insured's last monthly basic salary before the disability began multiplied by 60 months and by the assessed degree of disability is paid if the insured has an assessed degree of disability of at least 10% 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, pharmaceutics, and prosthetic or orthopaedic appliances.

Survivor Benefits

Survivor pension (social insurance)

Spouse's pension: 50% of the permanent 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: 20% of the permanent 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: 15% of the permanent 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 permanent disability pension the deceased received or was entitled to receive.

Survivor settlement (social insurance): A lump sum of 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.

Funeral grant (Funeral Expenses, employer liability): A lump sum of at least two times the employee's salary is paid.

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 and collects contributions jointly with the Ministry of Finance (http://www.mofed.gov.et/).

Private Organization Employees' Social Security Agency, managed by a tripartite board, administers the private-sector program and collects contributions.

Individual employers insure work injury liability through private carriers or pay compensation directly to employees or dependent survivors.

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 in 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.