

## Ethiopia

Exchange rate: US\$1.00 equals 8.78 birr.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First and current law:** 1963 (public employees), with 1974, 1975, 1996, 1999, 2003, 2004, and 2006 amendments.

**Type of program:** Social insurance system.

#### Coverage

Public-sector employees only, including military and police personnel and employees of government-owned enterprises.

#### Source of Funds

**Insured person:** 4% of basic salary.

The insured's contributions also finance work injury benefits.

**Self-employed person:** Not applicable.

**Employer:** 6% (civilian) or 16% (military) of payroll.

The employer's contributions also finance work injury benefits.

**Government:** None, except as an employer.

#### Qualifying Conditions

**Old-age pension:** Age 60 with at least 10 years of service and contributions.

Early pension: Age 55 with at least 25 years of contributions (civilian personnel); aged 45 to 55 (depending on rank) with at least 10 years of contributions (military personnel).

**Old-age settlement:** Age 60 and does not meet the qualifying conditions for the old-age pension.

**Disability pension:** The insured must be assessed as incapable of normal gainful employment and have at least 10 years of service and contributions.

**Disability settlement:** The insured must be assessed as incapable of normal gainful employment and have less than 10 years of service and contributions.

**Survivor pension:** The deceased met the contribution conditions for the old-age pension or was a pensioner at the time of death.

Eligible survivors are the widow(er), children younger than age 18, and dependent parents.

**Survivor settlement:** Paid to eligible survivors if the deceased had less than 10 years of service and contributions and was not eligible for a pension.

Eligible survivors are the widow(er) and children younger than age 18.

#### Old-Age Benefits

**Old-age pension:** The pension is equal to 30% of the insured's average monthly basic salary in the last 3 years before retirement, plus 1.125% (civilian) or 1.5% (military) of the insured's average monthly basic salary for each year of service exceeding 10 years.

The minimum monthly pension is 100 birr.

The maximum monthly pension is equal to 70% of the insured's average monthly basic salary.

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

**Benefit adjustment:** Benefits may be adjusted by the Council of Ministers every 5 years.

**Old-age settlement:** A lump sum is paid equal to the insured's basic salary in the month before retirement times the number of years of service.

#### Permanent Disability Benefits

**Disability pension:** The pension is equal to 30% of the insured's average monthly basic salary in the last 3 years before the disability began, plus 1.125% (civilian) or 1.5% (military) of the insured's average monthly basic salary for each year of service exceeding 10 years.

The maximum monthly pension is equal to 70% of the insured's average monthly basic salary.

**Benefit adjustment:** Benefits may be adjusted by the Council of Ministers every 5 years.

**Disability settlement:** A lump sum is paid equal to the insured's basic salary in the month before the disability began times the number of years of service.

#### Survivor Benefits

**Survivor pension:** 50% of the deceased's monthly pension is paid to the widow(er).

The pension ceases on remarriage.

**Orphan's pension:** Each eligible orphan receives 20% of the deceased's pension; 30% for full orphans.

**Dependent parent's pension:** Each eligible parent receives 15% of the deceased's pension; 20% in the absence of other eligible survivors.

**Survivor settlement:** A lump sum is paid to each eligible survivor. The lump sum is calculated using the percentage rates used to calculate the survivor pension or orphan's pension.

Benefit adjustment: Benefits may be adjusted by the Council of Ministers every 5 years.

### **Administrative Organization**

Accountable to the prime minister and managed by a board and a director general, the Social Security Agency administers the program.

### **Sickness and Maternity**

#### **Regulatory Framework**

No statutory benefits are provided.

The public service amendment proclamation (2002) and the labor proclamation (2003) require employers to provide paid sick leave for up to 3 months: 100% of earnings is paid for the first month; thereafter, 50% of earnings.

The public service amendment proclamation (2002) and the labor proclamation (2003) require employers to provide paid maternity leave for up to 45 days after childbirth; thereafter, paid sick leave may be paid in the event of complications arising from childbirth.

### **Work Injury**

#### **Regulatory Framework**

**First and current law:** 1963 (public employees), with 2003 amendment.

**Type of program:** Social insurance system.

The labor proclamation (2003) allows for the provision of private insurance for public-sector employees.

#### **Coverage**

Public-sector employees only, including military and police personnel and employees of government-owned enterprises.

#### **Source of Funds**

**Insured person:** See source of funds under Old Age, Disability, and Survivors, above.

**Self-employed person:** Not applicable.

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

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

### **Qualifying Conditions**

**Work injury benefits:** There is no minimum qualifying period.

#### **Temporary Disability Benefits**

A lump sum is paid equal to 45% of the insured's monthly basic salary multiplied by 5 years times the assessed degree of disability.

Benefit adjustment: Benefits may be adjusted by the Council of Ministers every 5 years.

#### **Permanent Disability Benefits**

**Permanent disability pension:** The pension varies from 45% to 70% of the insured's monthly basic salary, according to the assessed degree of disability.

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

Benefit adjustment: Benefits may be adjusted by the Council of Ministers every 5 years.

#### **Survivor Benefits**

**Survivor pension:** 50% of the deceased's pension is paid to the widow(er).

The pension ceases on remarriage.

**Orphan's pension:** Each eligible orphan receives 20% of the deceased's pension; 30% for full orphans.

**Dependent parent's pension:** Each eligible parent receives 15% of the deceased's pension; 20% in the absence of other eligible survivors.

Benefit adjustment: Benefits may be adjusted by the Council of Ministers every 5 years.

### **Administrative Organization**

Accountable to the prime minister and managed by a board and a director general, the Social Security Agency administers the program.