FEDERAL NEGARIT GAZETA
OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

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PROCLAMATION No. 715/2011
A PROCLAMATION TO PROVIDE FOR PENSION OF PRIVATE ORGANIZATION EMPLOYEES

WHEREAS it is part of the country’s social policy to expand the social security system and reach citizens step by step;

WHEREAS the strengthening and sustainability of the system greatly contributes to social justice, industrial peace, poverty reduction and development;

WHEREAS it has been found necessary to put in place private organization employees pension scheme;

NOW, THEREFORE, in accordance with Article 55(1) of the Constitution of the Federal Democratic Republic of Ethiopia, it is hereby proclaimed as follows:

PART ONE GENERAL

1. Short Title
This Proclamation may be cited as the “Private Organization Employees Pension Proclamation No. 715/2011”.

Negerit G. P.O.Box 80001
2. **Definitions**

In this Proclamation, unless the context otherwise requires:

1/ "private organization employee" means a salaried person permanently employed in any private organization;

2/ "permanent employee" means an employee hired for an indefinite period in accordance with the definition assigned to it under the Labour Proclamation No. 377/2003;

3/ "private organization" means an organization established to engage in commerce, industry, agriculture, construction, social service or in any other lawful activity and which has salaried employees and includes charities and associations;

4/ "government" means the federal government and includes the regional states of the Federal Democratic Republic of Ethiopia;

5/ "region" means any state referred to in Article 47(1) of the Constitution of the Federal Democratic Republic of Ethiopia and includes the Addis Ababa and Dire Dawa city administrations;

6/ "private service" means service rendered by employees of private organizations;

7/ "benefit" means retirement pension, invalidity pension, incapacity pension or survivors' pension and includes gratuity and the refundable pension contribution;

8/ "salary" means monthly salary received by the employees of private organization, for services rendered during regular working hours without the deduction of any amounts in respect of income tax or any other matter;

9/ "beneficiary" means an employee of private organization or his survivor who receives benefits or fulfills the conditions for receiving benefits in accordance with this Proclamation;
10/ “survivor” includes persons mentioned under Article 39(3) of this Proclamation.

11/ “private organization employees pension scheme” means a system established to pay benefit and provide service to employees covered by this Proclamation;

12/ “pension fund” means fund established for the purpose of collecting pension contributions and effecting benefit payments pursuant to this Proclamation;

13/ “Agency” means the Private Organization Employees Social Security Agency established by the Council of Ministers Regulation No. 202/2011;

14/ “person” means any natural or juridical person;

15/ any expression in the masculine gender includes the feminine.

3. **Scope of Application**

1/ Without prejudice to the appropriate provisions of the Proclamation No. 270/2002 that provide pension coverage to foreign nationals of Ethiopian origin and international agreements to which the country is a party, this Proclamation shall be applicable to employees of private organizations who are Ethiopian nationals.

2/ Notwithstanding the provision of sub-article (1) of this Article:

a) employees, who have pension scheme or provident fund before the coming into force of this Proclamation, may either decide to continue to benefit from the pension scheme or the provident fund or agree to be covered by this Proclamation;
3. Notwithstanding the provision of sub-article (1) of this Article, this Proclamation shall not be applicable to:

a) domestic workers; and

b) employees of governmental international organizations and foreign diplomatic missions.

**PART TWO**

**SOCIAL SECURITY REGISTRATION AND IDENTIFICATION NUMBER**

4. **Registration**

1/ Any private organization shall, for the purpose of registration, submit to the Agency copies of its establishment law, personal data of its employee taken at the time of first employment, letter of employment issued to the employee and other particulars determined by the Agency.

2/ The time limit for submission of data in accordance with sub-article (1) of this Article shall:

a) in the case of existing private organizations and their employees, within the time to be determined by the Agency;

b) in the case of private organizations established, or employees of private organizations employed after the effective date of this Proclamation, within 60 days from the date of establishment or employment.

5. **Social Security Registration Identification Number**

1/ Any private organization or an employee shall, upon submission of complete data for registration, be assigned with social security identification number; provided, however, that the tax identification number of the private organization or employee, if any, shall also be taken as social security identification number.
2/ Any employee of private organization, when employed by a public office or another private organization covered by social security scheme, shall notify his identification number to such office or organization.

6. Notification of Changes in Entries of Registration

1/ Any private organization shall, when change of entry of its organization or employee occurs, notify such change to the Agency, with supporting evidence, within 60 days of the occurrence of such change.

2/ Every employee of private organization shall notify, with supporting evidence, to the private organization that he is working for, any change regarding his family status.

3/ Any beneficiary who is receiving benefit shall notify, with supporting evidence, to the Agency any change in the entries of social security registration within 60 days of the occurrence of such change.

4/ Any notification of change in the entry of social security registration relating to a private organization, employee or beneficiary, shall indicate the corresponding social security identification number.

5/ Where a private organization to which a social security registration identification number is assigned has been dissolved, divided or amalgamated, the following shall notify same to the Agency, with supporting document, within 60 days from the date of the decision to such effect:

   a) the former Director or the liquidator, in the case of dissolution;

   b) the private organization to which employees have been transferred, in the case of division or amalgamation.
7. Consequences of Failure to Submit Data for Registration

1/ The concerned officer of a private organization who fails to organize, keep and timely submit data to the Agency for registration as provided under this Part shall be punishable in accordance with Article 59 of this Proclamation.

2/ Where an employee of private organization or beneficiary fails to submit timely data relating to changes in entries of registration as provided under this Part, his survivors' entitlements to benefits shall be based on the data that have already been organized and kept by the Agency.

PART THREE
PENSION SCHEME, FUND AND CONTRIBUTIONS

8. Establishment of Private Organization Employees Pension Scheme

Private Organizations Employees Pension Scheme is hereby established.

9. Establishment of Pension Fund

1/ Private Organizations Employees Pension Fund is hereby established.

2/ Where employees of private organizations consented in accordance with Article 3(2)(a) of this Proclamation, their pension or provident fund shall be transferred to the Private Organizations Employees Pension Fund established under sub-article (1) of this Article; provided, however, that the contribution which is in excess of what would have been contributed in accordance with this Proclamation shall be refunded to the employees.

10. Contribution to the Private Organizations Pension Fund

The contributions payable to the Private Organizations Pension Fund shall, based on the salary of the employee of the private organization, be:

1/ by the employer, 11%,

2/ by the employee, 7%.
11. Payment of Pension Contributions

1/ Every private organization shall deduct contributions of its employees from their salaries and pay the amount, together with its own contributions to the Pension Fund monthly.

2/ The contributions referred to in sub-article (1) of this Article shall be paid to the Pension Fund within 30 days from the last day of the month in which payment of salary has been effected.

3/ Where the private organization fails to deduct contributions of its employees from their salaries, it shall be liable for payment of same.

4/ Contributions of private organizations and employees of private organization shall be collected within the time specified under sub-article (2) of this Article by the bodies to be delegated by the Agency and paid to the Pension Fund within the first working days of the following month.

5/ The Agency shall have the power to supervise the proper computation of contributions to be collected in accordance with this Article.

6/ Where a private organization fails to pay contributions for a period of more than three months, the Agency or the delegated body has the power to cause the deduction of the arrear contributions and additional payments from the money deposited in its bank account.

7/ Any bank shall, when requested by the Agency or the delegated body, have the obligation to deduct, without any precondition, the amount of contributions to be collected pursuant to sub-article (1) of this Article from the account of the private organization and pay to the Agency or the delegated body.

8/ A private organization which pays salary to employees covered by pension scheme shall have the obligation to notify, in writing, to the Agency the branch of the bank and the account number in which it has deposited money, and any change of address of the bank and bank account within 15 days of the occurrence of such change.
In line with the directive issued by the Ministry of Finance and Economic Development to determine the rules for enabling the collection of tax by seizing and selling the property of tax payers who failed to perform their obligation to pay tax, the Agency or the delegated body shall have the power to sell, through tender, the property of the private organization for the purpose of collecting arrear contributions that could not be collected pursuant to sub-article (7) of this Article.

10. It is prohibited to deduct from pension contributions for payment of service charges, money transfer charges or debt or for any other purpose.

11. The Agency may delegate any of the activities in relation to the collection and enforcement of pension contributions to other bodies.

12. **Administration of Pension Fund**

The Pension Fund established under Article 9 of this Proclamation shall be administered by the Agency.

13. **Utilization of Pension Fund**

1. The Pension Fund shall be utilized only for:

   a) effecting benefit payments stipulated in this Proclamation;

   b) investment in treasury bonds and other profitable and reliable investments to be specified by directive of the Ministry of Finance and Economic Development, and

   c) covering the operational expenses of the Agency.

2. The Pension Fund may not be attached or secured in respect of any debt.

14. **Actuarial Analysis and Evaluation**

The Pension Scheme shall be evaluated by actuaries every five years.
PART FOUR

PERIOD OF SERVICE AND RETIREMENT AGE

15. Commencement of Period of Service

1/ The period of service of employee of a private organization shall begin with the date of his employment.

2/ Notwithstanding the provision of sub-article (1) of this Article, where an employee of a private organization has pension scheme or provident fund prior to the coming into force of this Proclamation, the pension fund or the provident fund shall be transferred to the Private Organizations Pension Fund, and the service period shall be counted to the extent the pension fund or the provident fund covers the contributions to have been made in accordance with Article 10 of this Proclamation.

3/ The service that an employee of a private organization rendered to public offices shall be counted where his contribution to the Public Servants Pension Scheme is transferred to the Private Organizations Employees Pension Scheme. For the purpose of counting the service, the organ which administers the Public Servants Pension Scheme shall transfer, within one month, the personal records of the employee and the contribution to the Private Organizations Employees Pension Fund.

16. Calculation of Period of Service

1/ Period of service shall be calculated in complete years, months and days.

2/ Without prejudice to the provisions of sub-articles (2) and (3) of Article 15 of this Proclamation, the period of service of an employee of private organization shall include all services rendered to public offices and private organizations covered by the Private Organizations Employees Pension Scheme.

3/ For any employee of private organization the following shall be counted as period of service:

a) period of service beyond retirement age, if lawfully retained in service;

b) period of service which was interrupted without interruption of payment of salary;
6. Period of service referred to under sub-paragraph (3) from (c) to (e) of this Article shall be counted from as period of service only where the employee pays the contributions for himself including that of the employer for cases the employee to effect payments of same.

b) without prejudice to any international agreement to which Ethiopia is a party, the service rendered by the private organization covered by the Payroll or Payroll-organized Employees Pension Scheme before his retirement age.

For any employee of a private organization, the second article of this implementation shall not apply to the following, and the employee renders as period of service spent in an international organization:

b) without prejudice to any international agreement to which Ethiopia is a party, the service rendered by an employee before his retirement age.
17. Retirement Age

1/ The retirement age of an employee of a private organization shall be 60 years based on the date of birth registered when he was employed for the first time.

2/ On the basis of studies submitted to it by the Agency, the Council of Ministers may determine higher retirement age than the age provided for under sub-article (1) of this Article with respect to professions that may deserve special consideration.

3/ On the basis of studies submitted to it by the Agency, the Council of Ministers may decide retirement age lesser than the age provided for under sub-article (1) of this Article for employees of private organizations working on hazardous jobs or on jobs involving risks to health and life.

PART FIVE
RETIREMENT PENSION AND GRATUITY

18. Retirement Pension

1/ An employee of a private organization who has completed at least 10 years of service and retires upon attaining retirement age shall receive retirement pension for life.

2/ An employee of a private organization who has completed at least 20 years of service and separates from the service by voluntary resignation or for any other cause other than those provided for in this Proclamation shall receive retirement pension for life upon attaining retirement age.

3/ An employee of a private organization who has completed at least 25 years of service and separates from the service by voluntary resignation or for any other cause other than those provided for in this Proclamation shall receive retirement pension for life beginning with five years prior to retirement age.
4/ Without prejudice to the entitlement of pension right up on attainment of retirement age the provisions of sub-article (3) of this Article shall not be applicable to an employee of a private organization who separates from the service on grounds of disciplinary measures.

5/ Where it is ascertained that an employee of a private organization who has separated from service in accordance with sub-article (2) or (3) or (4) of this Article becomes incapable of fulfilling the medical conditions of service due to health problems prior to attaining the retirement age, he shall receive retirement pension for life starting with the month following such ascertainment, in case he dies, his survivors shall be paid benefits starting with the month following his death.

19. **Amount of Retirement Pension**

1/ The retirement pension due to any employee of a private organization shall be 30% of his average salary of the last three years preceding retirement and shall be increased by 1.25% for each year of service beyond 10 years.

2/ The retirement pension to be paid pursuant to sub-article (1) of this Article may not exceed 70% of the average salary of the employee of a private organization for the last three years preceding retirement.

20. **Retirement Gratuity**

An employee of a private organization who has not completed 10 years of service and retires on attaining retirement age shall receive gratuity.

21. **Amount of Retirement Gratuity**

The gratuity payable in accordance with Article 20 of this Proclamation shall be his salary for 1.25 month preceding retirement multiplied by the number of years of service.
PART SIX

INVALIDITY PENSION AND GRATUITY

22. Invalidity Pension

Employee of private organization who has completed at least 10 years of service and separates from service due to health problems preventing him from engaging in any remunerated work shall receive invalidity pension for life.

23. Amount of Invalidity Pension

The invalidity pension payable in accordance with Article 22 of this Proclamation shall be calculated as provided under Article 19 hereof.

24. Invalidity Gratuity

An employee of private organization who has not completed 10 years of service and separates from service on becoming unfit for service due to health problems shall receive invalidity gratuity.

25. Amount of Invalidity Gratuity

The gratuity payable in accordance with Article 24 of this proclamation shall be calculated as provided under Article 21 hereof.

26. Reimbursement of Pension Contribution

1/ An employee of private organization who separates from service:

   a) due to resignation after completing 10 years, but prior to completing 20 years of service; or

   b) for any other cause other than those specified by this Proclamation prior to 20 years of service.

shall be paid an amount equal to the total pension contributions made by him excluding contributions of the employer.

2/ An employee of private organization who separates from work due to resignation prior to completing 10 years of service shall not be entitled to any benefit.
27. Definitions

1/ "employment injury" means an occupational accident or occupational disease.

2/ "occupational accident" means any organic injury or functional disorder suddenly sustained by an employee during or in connection with the performance of his work, and shall include the following:

   a) any injury sustained by an employee of private organization while carrying out orders given by a competent authority outside of his regular work or working place or working hours;

   b) any injury sustained by an employee during or outside of working hours while attempting to protect the private organization from accident or destruction irrespective of an order given by a competent authority;

   c) any injury sustained by an employee while he is proceeding to or from his place of work in a transport service vehicle provided by the private organization which is available for the common use of its employees or in a vehicle hired and expressly destined by the organization for the same purpose;

   d) any injury sustained by an employee before or after his work or during any interruption of work, if he is present in the work place or the premises of the private organization by reason of his duties in connection with this work;

   e) any injury sustained by an employee as a result of an action of the private organization or a third person during the performance of his work.
The provisions of Article 27 of this Proclamation shall apply only where the employee has not sustained the injury solely by his conduct or understanding.

Any injury resulting from a disease or injury, the extent of which is not made known, shall be deemed to be intentionally caused by the negligence of the employer, if the following conditions are fulfilled:

1. The employee of the private organization is working at a place which is not included in the list of places where such diseases are prevalent.
2. The disease is a communicable disease or an epidemic disease which is prevalent in the area where the work is done, and the employee is within the area.
(2) the kind of work or surrounding that gives rise to the disease;

(3) the minimum duration of exposure to the agent causing the disease.

2/ The schedule issued in accordance with sub-article (1) of this Article shall be revised periodically as necessary.

30. Presumption

1/ Where a disease listed in the schedule is contracted by an employee of private organization engaged in the corresponding work place or kind of work, it shall be presumed an occupational disease.

2/ Where an employee of private organization who had recovered from an occupational disease is re-infected due to continued placement in the occupation corresponding to the disease listed in the schedule, he shall be presumed to have contracted the occupational disease afresh.

3/ Notwithstanding sub-article (3) of Article 27 of this Proclamation where an employee of a private organization engaged in the eradication of endemic or epidemic disease contracts same, it shall be presumed an occupational disease.

31. Admissibility of Evidence

Production of evidence may be permitted to prove that a disease not listed in the schedule issued under Article 29 of this Proclamation is of occupational origin, and that a disease listed in the schedule has been manifested in different symptoms from those indicated therein.
32. Notification of Accident

Where an employee of private organization sustains occupational injury, the private organization shall notify, in writing, the occurrence of same to the Agency within 30 days of such occurrence. Failure to do so shall make the private organization liable for the injury sustained by the employee.

33. Assessment of Employment Injury

1/ The extent of employment injury sustained by an employee of private organization shall be assessed by authorized medical board.

2/ Any medical board shall assess the extent of employment injury based on the schedule issued pursuant to Article 29 of this Proclamation.

3/ When it deems necessary, the Agency may refer the assessment to another medical board for further evaluation.

34. Incapacity Benefit

Incapacity pension for life or incapacity gratuity shall be paid, as the case may be, to an employee of private organization who sustains employment injury of not less than 10%.

35. Incapacity Pension

An employee of private organization who sustains employment injury of not less than 10% and separates from work due to permanent incapacity that prevents him from engaging in any remunerated work shall receive incapacity pension for life.

36. Amount of Incapacity Pension

1/ The amount of incapacity pension to be paid in accordance with Article 35 of this Proclamation shall be 47% of his salary which he was receiving during the month prior to the occurrence of the injury.
2/ If the retirement pension to which the employee of private organization is entitled is higher than the incapacity pension to be paid pursuant to sub-article (1) of this Article, he shall receive the retirement pension.

37. **Incapacity Gratuity**

1/ An employee of private organization who sustains employment injury of not less than 10% without loss of capacity to work shall receive incapacity gratuity in the form of lump sum.

2/ If the employee of private organization is entitled to compensation for damage in accordance with the appropriate law or collective agreement from the employer or insurance benefit, he shall not receive the incapacity gratuity to be paid pursuant to sub-article (1) of this Article.

38. **Amount of Incapacity Gratuity**

The amount of incapacity gratuity payable in accordance with sub-article (1) of Article 37 of this Proclamation shall be equal to 47% of the monthly salary of the employee of private organization which he was receiving during the month preceding the occurrence of the injury multiplied by 60 and the percentage of injury sustained.

### PART EIGHT

**SURVIVORS PENSION AND GRATUITY**

39. **General**

1/ Pension shall be paid to the survivors of an employee of private organization who dies:

   a) while receiving retirement or invalidity or incapacity pension; or

   b) while in service upon completing at least 10 years of service; or

   c) due to employment injury.

2/ If an employee of private organization who has not completed 10 years of service dies before he separates from the service, his survivors falling under sub-article (3)(a) and (b) of this Article shall receive gratuity.
3/ The following shall be considered as survivors:
   a) a widow or widower;
   b) children of the deceased who are under the age of 18 years or in case of disabled child or child with mental health problem, under the age of 21 years;
   c) parents who were wholly or mainly supported by the deceased preceding his death.

40. **Widow’s or Widower’s Pension**

1/ The amount of pension payable to a widow or widower shall be 50% of the pension to which the deceased was or would have been entitled.

2/ Widow’s or widower’s pension shall be discontinued from the beginning of the month following remarriage where:
   a) the age of widow is less than 45 years; or
   b) the age of widower is less than 50 years.

3/ A widow or widower shall return the pension received in violation of sub-article (2) of this Article.

4/ The provisions of sub-articles (2) and (3) of this Article shall not be applicable to disabled widow or widower.

5/ Where a widow or widower is entitled to more than one pensions in accordance with the provisions of this Article, the one that is higher shall be paid.

41. **Surviving Child’s Pension**

1/ The amount of pension payable to surviving child shall be 20% of the pension to which the deceased was or would have been entitled.
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46. Mode and Period of Payment of Pension

1. Payment of pension shall be effected monthly.

2. Retirement pension shall commence to accrue as of the first day of the month following that in which the employee of private organization retires.

3. Invalidity pension shall commence to accrue as of the first day of the month following that in which the invalidity of the employee of private organization is ascertained by medical board.

4. Incapacity pension shall commence to accrue as of the first day of the month following that in which the permanent total incapacity sustained by the employee of private organization is ascertained by medical board.

5. Survivor’s pension shall commence to accrue as of the first day of the month following that in which the beneficiary dies.

47. Mode and Period of Payment of Gratuity

1. Payment of any gratuity shall be effected in lump sum at once.

2. Retirement or invalidity gratuity shall be payable beginning with the first day of the month following that in which the employee of private organization separates from the service.

3. Incapacity gratuity shall be payable beginning with the day where evidence ascertaining the injury and its degree is submitted.

48. Period of Limitation

1. Any claim for payment of arrears of pension or payment of gratuity shall be barred by limitation after 3 years.

2. A claim for reimbursement of pension contribution shall be barred by limitation after 3 years from the date in which the employee of private organization attains retirement age or dies.

3. The period of limitation shall begin to run from the day following that in which the right may be exercised.
4/ The period of limitation shall not include the following:
   a) period lapsed due to a court process started to establish right;
   b) period lapsed due to failure of a private organization to submit evidentiary documents on time;
   c) periods necessary for the decision of benefit entitlement by the Agency.

49. None-Transferability of Benefit Entitlement

The right to receive benefits shall not be pledged or transferred by inheritance or any other means.

50. Attachment of Benefits

Benefits payable in accordance with this Proclamation shall not be attached in relation to any debts unless ordered by a court in respect of:

1/ public fines, taxes or charges; or
2/ fulfillment of the obligation to supply maintenance in accordance with the relevant law.

PART TEN

MISCELLANEOUS PROVISIONS

51. Relationship Between Entitlements

1/ If an employee of private organization who receives retirement benefit is employed as a permanent employee in a private organization covered by this Proclamation and has not reached the retirement age, his new service shall be added to his previous service, provided, however, that if the retirement pension based on the accumulated service is less than the previous one, he shall have the right to receive the previous retirement pension.

2/ Without prejudice to the provisions of Part Eight of this Proclamation, if a beneficiary is entitled to more than one benefit, the amount of benefit to be paid shall be decided in accordance with the directive to be issued by the Agency.
3/ Where up on the date of the coming in to force of this Proclamation an employee separated from service and being receiving retirement pension benefit for life from pension fund transferred to the Private Organizations Employees Pension Scheme in accordance with sub-article (2) of Article 9 of this Proclamation, he shall continue to receive the same amount he has been receiving before the coming in to force of this Proclamation.

52. **Objection to Provide Evidentiary Data and Duty to Cooperate**

1/ In accordance with the direction of the Agency any private organization shall collect, compile and submit to the Agency, in accordance with the form and within the time limit specified by the Agency, particulars and evidences relating to each of its employees which are necessary for the implementation of this Proclamation.

2/ Any person shall furnish written evidence or appear and testify or give his opinion when so requested by the Agency for the purpose of implementing this Proclamation.

3/ Appropriate bodies shall have the duty to cooperate with the Agency in collecting pension contributions pursuant to delegations of powers under sub-article (4) of Article 11 of this Proclamation.

53. **Decision of the Agency**

1/ The fulfillment of conditions for entitlement to any kind of benefit payable in accordance with this Proclamation and the amount of the benefit shall be decided by the Agency.

2/ The decision of the Agency to be rendered in accordance with sub-article (1) of this Article shall be based on its own record, evidentiary data submitted to it in accordance with Article 52 of this Proclamation, and as may be appropriate, on additional evidences produced by the beneficiary.

3/ In the case of a difference between the records of the Agency and evidentiary data submitted to it, the prevailing evidence shall be decided by the Agency.
54. Review of Decisions

1/ The Agency may review its previous decision upon request by an aggrieved beneficiary or on its own initiative.

2/ Without prejudice to the provision of Article 50 of this Proclamation, where upon review, the Agency finds that there is reasonable ground for cancellation, deduction or termination of benefits, it may suspend payment to the extent the benefit is to be cancelled, deducted or terminated.

3/ Notwithstanding the provisions of Article 50 of this Proclamation, if the Agency, upon review, has decided to deduct the benefit or the benefit paid is contrary to this Proclamation, it shall have the power to deduct the amount paid thereof from the benefit of the beneficiary and transfer same to the Pension Fund.

55. Appeal

1/ A beneficiary who is aggrieved by the decision of the Agency made pursuant to Article 53 or Article 54 of this Proclamation shall have the right to lodge an appeal to the Social Security Appeal Tribunal established pursuant to Article 57 of Public Servants Pension Proclamation No. 714/2011.

2/ Article 56 of the Public Servants Pension Proclamation No. 714/2011 shall be applicable to employees of private organizations lodging appeals pursuant to sub-article (1) of this Article.

56. Tax Exemption

No tax shall be payable on benefits received, pension contribution collected and profits earned from investment of the Pension Fund, in accordance with this Proclamation.

57. Transitory Provisions

1/ Previous laws and directives shall remain applicable to legal situations created before the coming into force of this Proclamation.
2/ The pension contributions to be collected in accordance with Article 30 of this Proclamation shall, based on monthly salary, be:

a) from employees of private organizations, five percent (5%) for the first year, six percent (6%) for the second year and seven percent (7%) as of the beginning of the third year from the effective date of this Proclamation;

b) from private organizations, seven percent (7%) for the first year, eight percent (8%) for the second year, nine percent (9%) for the third year and eleven percent (11%) as of the beginning of the fourth year from the coming into force of this Proclamation.

3/ The percentages to be used for the calculation of retirement pension and invalidity pension pursuant to Article 19 and Article 23 of this Proclamation shall be, 1.15% for the first year, 1.19% for the second year, 1.22% for the third year and 1.25% as of the beginning the fourth year after the coming into force of this Proclamation.

4/ The salary ratios to be used for the calculation of the retirement gratuity and invalidity gratuity in accordance to Article 21 and Article 25 of this Proclamation shall be, 1.15 months’ salary for the first year, 1.19 months’ salary for the second year, 1.22 months’ salary for the third year and 1.25 months’ salary as of the beginning of the fourth year from the effective date of this Proclamation.

5/ Until the Agency issues the schedule referred to in Article 29 of this Proclamation to determine the degrees of incapacity, the practices followed by medical boards shall remain applicable.

6/ Notwithstanding the provision of Article 61 of this Proclamation, with respect to employees of private organization:

a) payment of pension contributions shall start as of the 8th day of July, 2011;

b) without prejudice to the provision of Article 51(3) of this Proclamation, benefits shall commence to accrue as of the next month of one year after the effective date of this Proclamation.
58. Power to Issue Regulation and Directive

1/ The Council of Ministers may issue regulations necessary for the implementation of this Proclamation.

2/ The Agency may issue directives necessary for the implementation of this Proclamation and regulations issued pursuant to sub-article (1) of this Article.

59. Penalty

Whosoever is unwilling to submit evidentiary document under his possession or obstructs the implementation of this Proclamation is punishable, unless a higher penalty is prescribed in the Criminal Code, with rigorous imprisonment not exceeding 5 years and a fine not exceeding Birr 10,000 (ten thousand Birr).

60. Inapplicable Laws

No laws, or customary practices shall, in so far as they are inconsistent with this Proclamation, have force and effect in respect of matters provided for in this Proclamation.

61. Effective Date

This Proclamation shall enter into force up on the date of publication in the Federal Negarit Gazeta.

Done at Addis Ababa, this 24th day of June, 2011

GIRMA WOLDEGIORGIS

PRESIDENT OF THE FEDERAL
DEMOCRATIC REPUBLIC OF ETHIOPIA