FEDERAL REPUBLIC OF NIGERIA

Development of social security
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DEVELOPMENT OF SOCIAL SECURITY
(NIR/91/012)

1. INTRODUCTION

In common with virtually all African countries formerly administered by the British, a National Provident Fund was introduced in Nigeria in 1964 to provide a basic form of social security to formal sector workers outside the scope of public servants pension schemes. The International Labour Organisation had recommended, in 1960, the establishment of a provident fund and undertook a comprehensive review of the scheme's operations by means of a consultancy in 1967.

At the time of its inception, it was recognised that the provident fund system had limitations in the effectiveness of the benefit it provided and it was accepted that, in the long-term, it would be desirable to convert to a scheme providing pensions and based on social insurance principles. This objective has gathered momentum in recent years as the provident fund system throughout Africa has proved unable to cope with the impact of economic decline and, in particular, inflation.

A Ministerial Committee formulated in 1984 detailed proposals for conversion to a pensions scheme based on social insurance principles and these proposals were reviewed and expanded by an NPF Management Committee in 1987. Further progress was not made until 1990 following the appointment of a new Director General for the NPF and as a result of discussions between the NPF, the Federal Ministry of Employment and the ILO Regional Adviser for Social Security it was decided that technical assistance would be sought from the ILO to finalise the planning of a social insurance pensions scheme.

Accordingly, a technical cooperation project was signed between the Government, the UNDP and the ILO in August 1991 which provided for ILO execution of inputs and activities relating to the following immediate objectives:

- the formulation of detailed proposals for the conversion of the National Provident Fund into a social insurance pension scheme

- the development of a strategy for social security provision in Nigeria.

The project commenced in January 1992.

The following experts and consultants were appointed by the Director-General of the ILO to carry out assignments in Nigeria in accordance with the project document:
Mr. H. Wolf (Netherlands) - Chief Technical adviser and Expert in Social Security Planning and Legislation. (6 months from June to December 1992).

Mr. Y. Pettersson (Sweden) - Social Security Actuary (5 months from January to April and August to October 1992)

Ms. F. Howell (Australia) - Social Security Training Consultant (4 months from May to September 1992)

Mr. M. Whitelaw (Australia) - Social Security Consultation (2 months from February to April 1992).

This is the principal project report which also relates to the activities of the Chief Technical Adviser. Separate technical reports have been prepared in respect of the work of the consultants.

Acknowledgments

The Director-General of the ILO would like to record his appreciation of the support provided to all project staff by the Director-General of the National Provident Fund, Alhaji M. Dangana and his staff, in particular, the principal counterpart, Dr. Ogunbambi, Executive Director (Operations).
2. SUMMARY OF PROJECT ACTIVITIES AND CONCLUSIONS

Although, for the most part, the inputs and activities of this technical cooperation project were directed specifically at assisting the National Provident Fund in preparing for its conversion to a pensions scheme based on social insurance principles, it was also intended to set this objective in the broader framework of the general development of social security in Nigeria. This was considered essential firstly to ensure progress towards a coherent range of social protection measures which complemented the Government's economic reform and other programmes relating to human resource development. Secondly, it was recognised that in the desire to take urgent action to address longstanding social protection deficiencies there was a risk that measures would lack uniformity and consistency and would in fact compete for limited resources.

These two objectives were pursued throughout the project with varied success. Progress towards conversion of the NPF into a Nigeria Social Insurance Trust was achieved with the formulation of policy proposals for the scheme and the drafting of relevant legislation, but project inputs were revised during execution to reflect the need for assistance with the strengthening of the administration; particularly in the areas of operations, computerisation and staff training. On conclusion of the project, the draft legislation was awaiting enactment but it was also apparent that the administration of the NPF requires additional strengthening before it is able to adequately respond to the challenges of the new scheme and the commitment to decentralisation and commercialisation.

The integration of schemes and policy cohesion for social protection remains an area of concern which requires further attention. In addition, to the proposed NSIT which will provide earnings-related pensions to both public and private sector workers, separate proposals have been developed for a similar scheme for civil servants. The proposed National Health Insurance scheme being developed with ILO technical assistance within the Ministry of Health will also be based on contributions paid by employers and employees in accordance with social insurance principles. During 1992 the Government enacted the National Housing Fund decree which is also to be financed partially by earnings related contributions from employers and employees. Apart from the fact that all these schemes will depend on the same financial base, they will also carry out similar functions and will duplicate activities.

2.1. The National Provident Fund provides the basic social security provision for private sector workers in Nigeria. It covers about 1.3 million persons working for employers with 10 or more employees. It is a public corporation under the supervision of a management board, appointed by the Minister of Employment, Labour and Productivity. The NPF has recently been accorded a greater degree of autonomy based on the recommendations of a
comprehensive review of public corporations conducted by the Technical Committee on Privatisation and Commercialisation.

2.2. Benefits are based on accumulated contributions paid by members and their employers at the rate of 12% of salaries. But the failure to revise an earnings ceiling set at N.100 has effectively resulted in a flat rate contribution of only N.8 per member (equivalent to only 1.6% of the monthly minimum wage). Thus the impact of the benefits has declined dramatically.

2.3. The NPF has poor credibility among employers and its members which results from:

- inadequate benefits based on lump-sums, derived from a very low contribution rate and poor investment performance

- inadequate delivery due to its inability to maintain accurate up to date records and as a result of an excessive centralisation of authority

- ineffective and inappropriate procedures

As a consequence, there is extensive non-compliance by employers in the payment of contributions and considerable lack of cooperation among both employers and members in providing the necessary information to enable the scheme to be administered.

2.4. Government and NPF management has recognised these deficiencies and is attempting to redress them. In doing so, however, it is faced with a formidable array of tasks which will take time to complete. There is a commitment to the creation of a more autonomous organisation based on the recommendations of the Technical Committee for Privatisation and Commercialisation and a new Board has been established and a new management structure introduced. There is also a commitment to the decentralisation of NPF operations to state offices. In addition and complementary to decentralisation, it is also committed to the installation of a new computer system. Finally, it is anxious to introduce as soon as possible a new scheme which will provide better social security benefits. All these major tasks lay before an organisation which already has considerable difficulty in coping adequately with its existing responsibilities.

2.5. A Ministerial Review Committee on Social Security has formulated proposals for a more comprehensive scheme to replace the NPF. The principal elements of these proposals are:

- Coverage will be extended to all private sector employees working for an employer with five or more employees.

- Benefit will be paid in the form of periodical payment in respect of the contingencies of retirement, invalidity, and death with provision for supplementary lump-sum payments.

- The contribution rate will be substantially increased and will be payable by employers and insured persons on an earnings related basis.

- The Workmens Compensation Act will be replaced by an Employment Injury Scheme based on social insurance principles.
- The NPF should be replaced by the Nigerian Social Insurance Trust Fund.

Several of the proposals are inconsistent with ILO Minimum Standards - see Annex 2. In particular whilst those relating to benefit to surviving dependants is seen by Government as an interim problem, reconsideration is urged before enactment of the legislation.

2.6. A draft Decree providing for the establishment of the Nigeria Social Insurance Trust Fund has been prepared and approved in principle and is awaiting enactment. Draft regulations which provide specific instructions on all aspects of the implementation of the scheme have also been prepared.

2.7. It is recommended that the NSITF should be financed with a limited degree of advance funding according to the scaled premium system. The actuary has recommended an initial contribution rate of 8% equally divided between employers and insured persons.

2.8. A special NPF committee was established under ILO guidance to review NPF operations and recommend revision and development compatible with the commitments to decentralisation, computerisation and the social insurance pension scheme. This resulted in recommendations relating to the reallocation of functions and revision of procedures based on decentralisation to state offices, supported by comprehensive staff training and improved public relations. Implementation of these recommendations should be regarded as a prerequisite to the commencement of the new social insurance scheme.

2.9. The ILO Expert on Computerisation recommended that operations should be decentralised to state offices where data relating to employers and insured persons within that state could be stored and processed on micro-computers. This would leave Zonal offices with a monitoring and coordinating role and would presume the maintenance of a national data base only at Headquarters. These recommendations have not been accepted by Government and it is understood that a contract has been signed for the supply of a mainframe computer NPF Headquarters with minis in zonal offices and no provision for microcomputers in state offices.

2.10. Whilst decentralisation is the declared objective, at the present time work-flow is impeded by an over-concentration of authority at the top, a failure to communicate and a distribution of staff which does not reflect the priorities of the organisation. The ILO Training Consultant focused on management and personnel development aspects but there is a need to ensure practical improvements in this important area.

2.11. Because of the generally poor image of the NPF with regard to the administration of the existing scheme, there is a particular need to plan carefully for the implementation of the proposed scheme and to accompany this planning with a comprehensive public education programme. It is essential that the scheme gains the support of a sceptical and suspicious public.

2.12. Although it is the intention of the Government to introduce the new scheme early in 1993, it is considered that this would leave insufficient time for all the necessary preparations regarding procedures, forms, computer systems, training and public education. It is considered that a minimum period of 6 months should be allowed for these aspects and that the scheme should not be introduced before 1 September 1993 at the earliest. (This delay
need not inhibit the implementation of a new contribution rate which could apply to the provident fund in the interim and thus provide some improvement in members' balances prior to conversion).

2.13. Although the ILO actuary has recommended that the Employment Injury scheme intended to replace the Workmens Compensation Scheme should commence with a 2% contribution payable by employers, it is not considered feasible to start the scheme at the present time. There has been insufficient time within the project even to consider all the policy implications associated with this scheme and considerable preparation will be required before the scheme can start operations.

2.14. There is a general lack of coordination between social protection schemes operating in Nigeria both as regards policy aspects and as regards their operation. This stems from the absence of an overall strategy and from the absence of any central coordinating authority such as a National Social Security Authority. The result is that schemes are devised and develop which seem to compete with each other for available resources and which duplicate infrastructures and records. There is a need for more integration or at least greater coordination.

2.15. It is apparent that the scale and breadth of the activities both under this project and related to other social protection objectives cannot be completed within the timescale. This is relevant both to the implementation timetable of the NPF and to the provision of technical assistance.

2.16. It is considered that priority should be given during the next phase of the development of social security in Nigeria to the following aspects:

- The finalisation of procedures and regulations necessary for the operation of a social insurance pension scheme.

- The establishment of an efficient organisational and functional structure within the NPF based on the recommendations of the NPF Operations Review Committee.

- The introduction a computer system consistent with the above.

- The adoption of an adhoc solution to updating NPF records prior to conversion.

- An internal education programme concerning the new scheme for all the staff members of NPF.

- A comprehensive regional public education programme, supported by employers and employee organisations.

- To ensure coordination between the many and different aspects of operations concerning the implementation of the new scheme, consideration should be given to create a new, temporary ad-hoc position of a "change Manager", to give guidance to this implementation.

- Consideration should also be given to the development of a social protection strategy and to the possible integration of schemes (i.e.
integration of NSIT scheme with the civil servants pension scheme, the NHIS scheme and the National Housing Scheme) under a National Social Security Authority or alternatively to the establishment of a specialised organisation for the collecting of contribution and data for all the schemes in Nigeria.

2.17. It is considered that further technical assistance is essential to support the Government both in the specific objective of the strengthening and conversion of the National Provident Fund and in the broader objective of the general and strategic development of social protection schemes in Nigeria.
CHAPTER 3
SOCIAL SECURITY IN NIGERIA

EXISTING SOCIAL SECURITY SCHEMES - THEIR DEVELOPMENT and DEFICIENCIES

3.1. A general perspective of social security in Nigeria.

Existing social security and social protection schemes in Nigeria were established as a supplement to the traditional support provided by the extended family. They arose, as elsewhere in Africa, to meet the needs of urban-based wage earning labour which developed in response to the commercialisation of the economy and the expansion of public administration. These workers were initially viewed as disadvantaged in that they were separated from the support provided as part of the cultural and economic pattern of life in rural communities.

The new social security schemes were thus directed at the needs of workers dependent on regular earnings and specifically to provide some financial support on the temporary or permanent interruption of such earnings, and, in particular, on retirement. They consist of the following:

3.2. The National Provident Fund

The basic social security provision in Nigeria is the National Provident Fund, which was established by the National Provident Fund Act, 1961, under the supervision of the Federal Ministry of Employment, Labour and Productivity. The scheme was introduced primarily as a compulsory savings scheme for workers in the private sector and non-pensionable workers in the public sector. Its objective was to offer some economic protection to contributing members on termination of employment by virtue of old-age, invalidity, and death by means of lump-sum payments. It was also originally intended to pay Sickness Benefit under the scheme, but this was never put into effect. The Fund is financed by contributions from employers’ and employees’ (there is no government contribution) and it is organised on a funding basis with individual accounts for each person covered.

The scheme is based on the principle of compulsory savings and accounts are maintained for members to record contributions paid in respect of them. Registration is compulsory for employers with 10 or more employees. The scheme currently covers some 1.3 million workers employed by approximately 7,000 employers. Contributions are paid monthly and are shared equally between employers and employees. Contributions were originally calculated at the rate of 12% of the employees’ gross monthly wage, but an earnings ceiling of N.62.50 applied since 1973 has effectively set a total flat rate contribution of N.8 per worker/per month. Although no attempt is made to maintain accounts for ‘casual workers’, employers are required to pay contribution of 6% of wages of casual workers, which is paid into the general fund account.
Details of contributions are extracted from schedules submitted at quarterly intervals by employers. Contributions paid in respect of members are supplemented annually by interest based on investment performance (with allowance for administrative expenditure): the current rate of interest awarded to members is 7%.

Members can claim entitlement to benefits in the form of lump-sum payments representing the balance of their account in the following circumstances:

- **Old-Age Benefit** - lump-sum payment at age 55 subject to retirement.
- **Survivors Benefit** - member's entitlement on death may be paid to next-of-kin;
- **Invalidity Benefit** - lump-sum payment if the employee becomes permanently incapable of work because of sickness or injury;
- **Emigration Grant** - lump-sum payment of balance in account if member emigrates permanently.
- **Withdrawal Grant** - if unemployed for 2 years but not 55 years of age, the member may withdraw balance of contributions.

The National Provident Fund has not been able to fulfil the expectations which lay behind its inception. It was envisaged that the scheme would provide the basis of financial security to workers at the end of their working lives. This has proved not to be the case. The level of contribution has dwindled substantially in real terms over the years and this has been compounded by a consistent failure to secure a real rate of return on investments. Furthermore, whilst the provident fund system is simple to understand, it suffers from several inherent deficiencies:

- benefit is based purely on accumulated contributions and there is no built-in insurance element which protects those who are not able to maintain lifetime membership
- benefit is not related to the needs of the member at the time of termination
- benefit is paid as a lump-sum which invariably is not converted into a basis for continuing financial security.

The National Provident Fund has also experienced considerable administrative difficulty, in particular with regard to maintaining accurate current accounts for members and in collecting contributions and information from employers. Latterly, these difficulties have been compounded by a breakdown in the computer operations which are crucial to the administration of the scheme. As a consequence, the credibility of the scheme has been further eroded by delays in processing claims. (These aspects are discussed at length in Chapter 4).

### 3.3. Public sector pension schemes

Permanent civil servants are generally covered by the provisions of the Pensions Decree which provides earnings-related pensions (and gratuities) on a non-contributory basis on retirement from service. Normal pensionable age
is age 55 but an officer may retire voluntarily at age 45 and receive a reduced pension subject to a minimum of 10 years service. The rate of pension is related to the length of service and pre-retirement earnings and upto 25% of the pension may be commuted to a lump sum. Gratuities are awarded if an officer dies in service or retires before completion of the qualifying period.

If an officer dies on duty as a result of an employment related injury, his widow is entitled to a pension of 60% of his annual earnings with supplementary increases for dependent children. Members of the Armed Forces are provided with pensions on retirement on a similar basis to civil servants.

3.4. The Workmen's Compensation scheme.

Most of those working as employees both in the public and private sector are covered by the provisions of the Workmen's Compensation Decree 1987 which requires employers to provide compensation of prescribed amounts in respect of incapacity, disablement or death as a result of an employment related accident or occupational disease. The scheme, which is supervised by the Ministry of Employment, is based on the concept of employer liability under which the worker is obliged to claim against his employer and inevitably this tends to result in delay, dispute and reluctance to claim, particularly because there is no requirement imposed on employers to insure against their liability. Although the scheme seeks to provide compensation in respect of long-term contingencies (permanent disablement and bereavement) the benefits are paid in the form of a single lump-sum. The relevant ILO Convention (No. 121, Benefits in the case of Employment Injury 1964) envisages the provision of benefits through a social security scheme, rather than a Workmen's Compensation Scheme of the employer-liability type.

3.5. Medical Care

In principle there is a general entitlement to free medical care from public medical facilities but in practice this service is deficient both in quality and quantity. As a consequence, considerable reliance is placed on medical facilities provided by private organisations including those associated with religious and charitable bodies. Only about 50% of the population has access to adequate medical care and the health status of the country reflects these deficiencies, which are described in detail in the report on the UNDP/ ILO project - Implementation of the National Health Insurance scheme (NIR/91/002).

PROPOSALS FOR REFORM

3.6. New initiatives for improved social protection

The schemes described above have not been able to provide the level of protection and security envisaged. To an extent, this is due to economic factors beyond the control of both administrators and Government. Real incomes have been falling consistently in the face of high rates of inflation and currency devaluation. (The Naira is now worth only about one-thirtieth of what it was worth in 1980). In 1986, Government sought to address fundamental imbalances in the economy by the introduction of a structural adjustment programme (SAP) but the measures associated with this had an adverse impact on real incomes, employment levels and public expenditure on social services.
In order to mitigate these adverse consequences, Government has, in recent years, initiated a number of measures to improve the level of social protection.

The formulation of a National Health Policy in 1988 served to focus attention on a number of deficiencies in the provision and financing of medical care. Arising from this, it was decided that a National Health Insurance scheme should be introduced with the dual objective of providing additional financial resources for the health sector and guaranteeing to those covered access to a comprehensive range of medical treatment. It is the intention that the scheme should be based on social insurance principles and phased in gradually so that eventually it would cover the entire labour force. Initially, it is proposed that the scheme will cover private sector employees working for employers with more than 10 employees and public sector employees in four pilot states. Detailed planning for the implementation of the scheme is currently being undertaken through under project NIR/91/002.

In recognition of the difficulties facing most Nigerians as regards finding reasonable and affordable accommodation, the Government adopted a new National Housing Policy in February 1991. The basic objective of this policy is to ensure that all Nigerians own or have access to decent housing accommodation at affordable cost by the year 2000. As a response to the fundamental problem of housing finance, the policy proposed the establishment of a National Housing Fund and appropriate decree was enacted in early 1992. The decree requires all employers and workers to each contribute to the Fund 2% of salaries and implies that all workers will have to be registered as members and accounts maintained in respect of them. Membership of the scheme for a prescribed period will provide entitlement to housing finance related to the amount in the member's account. It further requires banks and insurance companies to invest a prescribed proportion of their reserves in the Fund although the return on such investment is limited to only 4%. The fund is to be managed and administered by the Federal Mortgage Bank of Nigeria.

The basis of the National Housing Fund Decree is as follows:

1. Every Nigerian earning N.3,000.00 per annum and above must contribute 2.5% of his salary. This must be deducted monthly by every employer and promptly remitted to the Bank.

2. The Central Bank of Nigeria (CBN) shall collect from all commercial and merchant banks at the end of every year 10% of their loans and advances.

3. Each registered insurance company shall contribute a minimum of 10% and 20% respectively of its Life and non-Life funds.

4. The Federal Government shall make adequate financial contributions to the fund.

(The scheme has experienced considerable opposition, particularly from insurance companies and is not yet operational).

Proposals have also been developed to transform the civil servants pension scheme into a contributory scheme to provide a greater measure of assured funding than at present. The current scheme is based on earnings, but earnings-levels are low and since the scheme is non-contributory and resources are limited, other priorities for government resources make it difficult to
maintain the real value of pension once awarded. Government is planning a new contributory pension scheme for employees in the public sector. This would isolate funding for the scheme from the consolidated fund and thus facilitate financial management. Increases in pensions would be dependent upon income from contributors and investment. It is proposed, however, that the contributory principle would be phased-in and would thus only be applicable to officials who enter pensionable employment after its commencement. It is envisaged that special provision will be made for certain groups such as the armed forces and other security personnel, fire service, pilots and university teachers. It is intended that a central investment agency will to manage the contributory fund. There are plans to computerise records.

3.7. Reform of the National Provident Fund.

In 1983, in response to demands by the Nigerian Labour Congress (NLC), the Government appointed a Ministerial Committee on Social Security to:

a. examine the implications of establishing a comprehensive Social Security Scheme;

b. determine the feasibility of implementing such a scheme;

c. examine the desirability of integrating the NPF into such a scheme.

The Ministerial Committee reported in 1984 and recommended the conversion of the National Provident Fund to a social insurance scheme providing pensions but no decision was taken on its recommendations before the present Government came into power. It was understood that conversion to social insurance implied abandoning the individual accumulation system of the provident fund for benefits (pensions) based on prescribed formulae and funded according to solidarity principles of pooling of risks and sharing of costs.

In November 1986, following a Government directive, the National Provident Fund Management Board established a Review Committee on Social Security to review the recommendations of the Ministerial Committee and the cost and organisational assumptions on which those recommendations were made. The Committee carried out consultations with social partners, sought advice from actuarial and management consultants and produced a report on March 31, 1987 which generally supported the recommendations of the Ministerial Committee with certain improvements in the benefit structure and an increase in the contribution liability. It also recommended the establishment of a National Social Security Authority to replace the National Provident Fund. The recommendations for the conversion were considered by Government and approved in principle but no action was taken at that time towards implementation.

Increasing dissatisfaction with the effectiveness of the NPF scheme led to a decision in 1991 to reopen the question of its conversion to a social insurance pension scheme. This decision was also seen as consistent with recommendations of the government Technical Committee on Commercialisation and Privatisation which sought to improve efficiency within the NPF. Commencement of this technical cooperation project was followed by the establishment of a Ministerial Committee on Social Security System in Nigeria in November 1991, which included representatives of the NECA, the NLC, relevant government
departments as well as the NPF under the chairmanship of Professor T. Fashoyin, Special Assistant to the Minister of Employment.

The committee concluded that the present NPF scheme had not provided the desired economic protection to the workers and that the time was ripe for the transformation of the present NPF Scheme to a Social Insurance Scheme. Furthermore,

a. the committee was firm in its belief that in the new scheme, coverage should be enlarged and extended to any employer registered under the Companies & Allied Matters Decree or Registration of Business Names. It was also considered desirable that any employer having five or more workers, and any self-employed person who wishes to join the scheme on voluntary basis should be covered. This decision was predicated on the principles of social justice which entails that every working person has a right to social security.

b. members of staff of NPF, who are the operators of the scheme should also be allowed to join the scheme. The committee felt that apart from providing improved social protection, it would promote efficiency among the staff in view of their personal linkage with its success.

c. it was also recommended that public servants should progressively be brought within the scope of the scheme in particular, employees of those public organisations currently undergoing privatisation.

d. it was recommended that the following benefits should be provided under the new scheme:

(a) Retirement Pension Benefit
(b) Retirement Grant
(c) Survivor’s Benefit
(d) Survivor’s or Death Grant
(e) Invalidity Benefit
(f) Invalidity Grant
(g) Emigration Benefit
(h) Such other benefits as may be approved by the Board from time to time.

In determining the rate of contributions to be paid, the committee made a comparative analysis of the current rate of contributions in other African countries. The committee was therefore of the view that the present rate of contributions in Nigeria, which had remained the same since the inception of the scheme (over 30 years ago), should be increased as a matter of priority and it was recommended that the rate should be 15% of basic earnings of which employers would pay 10% and employees 5%.

On the issue of investment of the Fund, the committee expressed dissatisfaction with the restrictive provisions of the Trustee Investment Act 1962 (discussed further in the actuarial report) which had led directly to the fund being invested in low yield outlets. It was recognised that there was a need to ensure the safety of funds invested on behalf of members but it was clear that because of consistently low returns, the fund had not been invested in their best interests.
The committee also recommended that the Workmens Compensation scheme should be replaced by an Employment Injury scheme based on social insurance principles. This would involve the repeal of the Workmens Compensation Decree and the enactment of new legislation establishing an Employment Injury Fund. Employers would be required to contribute a monthly contribution to this fund of 2% of salaries paid to insurable employees. This would provide the financial resources for the payment of benefits to injured workers in respect of medical care, temporary loss of earnings, permanent disablement and death. The scheme would be administered by a central public agency answerable to a tripartite board and the Committee envisaged that the NPF would assume this role in view of the similarity of functions.

The committee placed considerable emphasis on the need to integrate, as far as possible, the various schemes and proposed schemes which were aiming at improved social protection for workers and their families. Attention was also drawn to the proposed reform of the civil servants pension scheme and thus to the desirability of preparing the basis for a future national pensions scheme.
CHAPTER 4
PROJECT STRATEGY AND ACTIVITIES

In January 1992, Project NIR/91/012 started activities to provide technical assistance in the design and preparation of a National Social Security Scheme to replace the National Provident Fund with a scheme providing more effective income protection benefits to persons normally dependent on gainful employment. It also seeks to provide the basis for a strategy for the further development of social security which will ensure the greater rationalisation of existing schemes and proposals for reform.

It was envisaged that by the end of the project, government would;

a. have formulated and decided detailed proposals for a national social insurance pensions scheme and for the basis of conversion from the provident fund.

b. have completed draft legislation to enable the conversion to a pension scheme, have an actuarial valuation of the present position of the NPF and an actuarial analysis of the proposed benefit formulae of the pensions scheme and of the basis for conversion and have determined the basis for the most effective administrative and organisational structure for a new public corporation.

c. have formulated a strategy for the future development of social protection measures, have formulated proposals for the introduction of additional social protection measures, have recommendations as regards the future development/conversion of the public servant pension scheme and have formulated proposals for the conversion of the Workmen's Compensation Scheme into an Employment Injury Scheme based on social insurance principles.

Thus although the project was focused principally on the National Provident Fund, it was also intended that project activities and inputs should be directed at other social protection measures both with a view to improving their effectiveness and to examine the scope for greater integration and coordination. In this context particular attention was paid to the following:

a. Government proposals to restructure the public servants pension scheme into a contributing scheme for employees in the public sector.

b. The introduction of a National Health Insurance Scheme, which was the subject of concurrent technical assistance under a separate UNDP/ILO project NIR 91/002.

c. The replacement of the Workmens Compensation Act by an Employment Injury Scheme based on social insurance principles.

d. The introduction of a National Housing Fund.

Although the project document was signed in August 1991, some delay ensued in identifying and recruiting project personnel and in the meantime,
the NPF was anxious to progress towards the basic objective of replacing the
provide fund by a social insurance pensions scheme. The terms of reference
for the Ministerial Committee appointed in November 1991 overlapped with some
of the activities envisaged for the project since the committee was
essentially charged with the task of designing the new scheme. The ILO
Regional Adviser for Social Security who was based in Lagos was, however, able
to participate in some of the committee meetings and to advise the committee
in its conclusions.

Progress with the planning process and delay in the identification of a
suitable Expert in Social Planning and Legislation led to revision of project
inputs and to the appointment of the Social Security Actuary (Mr. Y. Pettersson)
who commenced a 3 month assignment actuary was also able to participate in
some of the discussions of the committee and the detailed benefit proposals
which were set-out in the committee's report in March provided the basis for
the actuarial analysis. (The report of the actuarial analysis is provided
separately).

In February 1992, the 2 month assignment of the computerisation
consultant (Mr. M. Whitelaw) commenced. This was intended to give guidance on
the introduction of a new computer system consistent with the intention to
decentralise functions to state offices and to introduce the new social
insurance scheme. In particular, guidance was also sought on the acquisition
of new hardware for the new system. The report of the computerisation firmly
supported the decentralisation of responsibility and recommended the
establishment of PC based computer systems in state offices with headquarters
maintaining a central database for all records. The computerisation consultant
concluded that a computer system which had been proposed by a local supplier
was beyond what was necessary for the operation of either the NPF or the
proposed pensions scheme.

The application of commercialisation principles to the NPF was
accompanied by the appointment of 3 new Executive Directors and other senior
staff all of whom had no experience of social security administration. This
factor together with the implications for staff training arising from the
proposed conversion led to a desire for the establishment of a comprehensive
staff training programme. Very little attention had been paid to this aspect
in the past and in order to reflect this newly perceived priority the project
document was revised to provide for the assignment of a consultant in social
security staff training for 3 months. Ms. F. Howell arrived in Lagos in May
to take up this post and during her 4 months assignment she designed and
conducted a number of training courses both on social security aspects and on
management, dealing with the public and communication skills. At the same
time, she worked with selected NPF staff to establish a staff training unit
and her counterparts became involved in the conduct of some courses. The
commitment to staff training was reinforced by the participation of 3 senior
NPF staff in a course conducted by Glasgow College on social security
management (their attendance was financed from the study tour component of the
project).

This emphasis on strengthening NPF operations was maintained during the
assignment of the Chief Technical Adviser, Mr. H. Wolf who commenced his 6
months assignment in June 1992. By that time, the NPF had, with the
assistance of the ILO Regional Adviser on Social Security, finalised the draft
decree for the establishment of the Nigerian Social Insurance Trust Fund to
replace the NPF and this had been submitted to the Minister of Employment for
consideration. It was recognised, however, and reinforced by representatives of both employers and workers that it was essential for an efficient administrative system to be in place before the new scheme is introduced.

Accordingly, it was agreed, in July, that a special internal NPF Operations Review Committee should be established to review NPF operations and recommend revision and development compatible with the commitments to decentralisation, computerisation and the social insurance pension scheme. The committee was established with the assistance and guidance of the ILO-CTA, with the following terms of reference:

- to examine the relevance and effectiveness of all systems and procedures relating to the registration of employers and members, the collection and recording of contributions, compliance and the enforcement of contributions, and the processing of payment of benefit and to make recommendations for revision as appropriate.

- to examine, in the context of the commitment to decentralisation, the allocation of functions relating to procedures both between the respective tiers of the organisation (headquarters, zones, states), and between the respective grades of staff and to make recommendations for revision as appropriate.

- to consider the implications of the introduction of the proposed pension scheme on the existing operations systems, procedures and allocation of functions, to identify what steps should be taken to take account of such implications and to recommend how this might be done.

- to consider how computerisation can be employed to the best advantage to support operating systems both under the present scheme and under the proposed pension scheme and in a way which is consistent with decentralisation.

- to identify the resource implications of recommendations arising from the above terms of reference.

NPF selected suitable persons for this committee and the committee was established with clear responsibilities, tasks and authority. The ILO Expert on Computerisation under the National Health Insurance Project (Mr. B. Christensen) provided direct support to the committee. The committee studied all relevant reports and supplemented their knowledge with a working visit to the Ghanaian Social Insurance scheme (SSNIT) to further evaluate the operational requirements for the proposed Social Security Scheme. The committee finished its study in November 1992, and the CTA then drafted regulations for the proposed scheme based on their conclusions.

In October 1992, the actuary returned to Lagos to present his report and discussions were held with NPF staff and with representatives of employers and workers. A general consensus among the Social Partners is of utmost importance in such a significant reform as the reformulation of social security benefits. The discussions with the Nigeria Labour Congress (NLC) and the Nigeria Employers' Consultative Association (NECA) (who had both been represented on the Ministerial Committee which framed the proposals for the NSIT scheme) revealed that both organisations had reservations about the proposed introduction of the new scheme because of;
the impact on occupational pension schemes

- other social protection proposals which envisaged payroll contributions by employers and workers (National Housing Fund Scheme, Health Insurance, Employment Injury)

- the increase of the NSIT contribution itself,

- the unsatisfactory performance of the National Provident Fund.

In view of the close connection between the objectives of this project and the project on Health Insurance (NIR/91/002) and the similarity in the technical assistance provided, regular consultations took place between project staff.

Government had expressed the intention to implement the NSIT scheme before January 1993, when it had been intended that Nigeria would return to civilian rule. However, at the time of the departure of the CTA in mid-December, the draft decree had not been enacted and in late November it was announced that the return to civilian rule was to be postponed until August 1993.
CHAPTER 5

ANALYSIS OF THE NATIONAL PROVIDENT FUND

5.1 General introduction

In general, the provisions described in Chapter 3 provide no support for those working in the informal sector, for the self-employed and for the vast majority of those working as farmers or small-holders in rural areas. The schemes offer no special support for the most vulnerable groups such as women, the disabled and the unemployed. Even for those they cover, the level of protection is limited. In the case of the largest social security scheme, the National Provident Fund, the benefit provided is totally inadequate as a basis for long-term support, since not only is it provided in the form of a lump-sum but the amount representing accumulated contributions paid in respect of the member with no insurance element and bearing no relationship to need, is limited firstly by the low contribution rate and secondly by the inability of the scheme to produce a real rate of return on investments.

Basic international standards for social security are set out in ILO Convention No. 102 of 1952 Minimum Standards of Social Security which lists the various contingencies which should be protected and the level of protection to be provided. Nigeria has not been able to ratify this Convention and in relation to the prescribed contingencies there are no statutory provisions in Nigeria relating to sickness, maternity, family support or unemployment. These deficiencies have become significant with the weakening of the extended family support system brought about by changing values, new political structures and economic decline. The social security provisions currently in operation in Nigeria do not satisfy the minimum requirements, neither in respect of the scale and method of payment of the benefit, nor in their coverage.

5.2 Administration of the National Provident Fund

The general ineffectiveness of the National Provident Fund in relation to its basic objective of providing financial security to its members on retirement has been discussed in Chapter 3. During the project the organisational structure of the NPF was also examined and found to be deficient for the following reasons:

a) There is over-concentration of authority at the top.
b) There is an uneven distribution of staff load vis-a-vis the importance of departments; the administrative department has more staff than the Operations department.
c) Division of responsibility and delegation of authority is inadequate.
d) Over-concentration of management staff at the Head Office was found to be delaying decision making and implementation.
e) Inadequate management information systems and internal communication.
f) Unsatisfactory physical environments.

For many years, the NPF operated virtually as an arm of the Ministry of Employment, Labour and Productivity. An act of 1974 established a management board of 21 members to be appointed by the Minister of whom only 2 represented employers and 4 represented workers. The Board was unwieldy and was dominated
by Government: the Chairman was always the Director-General of the Ministry and there were 7 other government nominees and 7 members representing state governments. The Minister was empowered to give the Board either general or specific directives.

The organisational and functional structure is not clearly defined and there is an absence of any implementation strategy relating to the new scheme. The question of decentralisation is crucial to increased efficiency although again its implementation needs careful planning. Previous efforts to decentralise have not had the desired impact, because they have maintained a strong element of central responsibility which has tended to impede work flow. For example, among the current functions performed by the state offices is the collection of contributions from employers. Prior to 1988, all cheques collected by state offices were forwarded to the head office. At the same time, employers who chose to were allowed to send their cheques for contributions directly to the head office. A cash office was established in the head office charged with the responsibility of collating these contributions, lodging them in the banks from where they were subsequently cleared and imposing penalties on employers for late payment. The adverse consequence of this arrangement was the large volume of dishonoured cheques that occurred. Some of the cheques became time-expired before they were received or some employers deliberately made such cheques impossible to honour. In such cases, the cheques were normally returned to the state offices to seek replacement from employers. In many cases, this proved difficult either because the employer had closed down or moved.

For claimants also, the present limited degree of decentralisation of the payment of benefits presents its own problems. Considerable delay results from the efforts to cross-check the identity and particulars produced by claimants with the original particulars submitted at the time of their registration which are usually kept in the head office. This cross-checking of information from the head office also includes confirmation that the claimant had not filed two claims simultaneously in more than one pay-point. Regrettably, there is usually a stock of such inquiries at the head office concerning claims with problems like ineligible finger-prints, duplicated numbers, wrong membership numbers quoted by claimants, numbers absent from the ledger or incorrect statement accounts. These problems take a long period of manual work to sort out before advising the local offices on what and who to pay. Another dimension to the claimants' problems might result from a claimant changing his location after filing his claims but before payment is effected. In such cases, it becomes difficult to trace the claimant, resulting in a large number of unclaimed cheques returned from the post offices.

The credibility of the Fund as an effective organisation has been eroded by significant administrative and organisational problems, centred on its inability to maintain accurate individual records of its members and liable employers. The essence of the system is to allocate monthly contributions paid in respect of each member to his individual account which is identified by a unique lifetime registration. Thus, it is essential that this number is issued to the member at the commencement of his membership, notified to him and his employer and then used by all concerned to ensure that his contributions are posted to his account.

Under the current procedure, registration forms are issued and returned by state offices who are supposed to check for previous registration and then
issue a number in respect of the member from a block of numbers allocated to
the office. A membership certificate is issued to the employer on behalf of
the member but a procedure which should ordinarily take 4 days was found by
the Operations Committee to take 2-3 months. Registration records are
maintained centrally by computer but such records are substantially in arrears
and thus it is not possible to up-date information to state offices to check
for previous registration and multiple registrations are common.

Employers and members are not notified quickly enough of registration,
employers are not sufficiently careful in maintaining their records, employees
lose their identity cards and change employment and thus in many cases the
schedule of information relating to members which accompanies an employer's
payment often lacks details of the membership of the employee. As a result the
contributions cannot be accurately posted and are thus held in suspense.
Employers are required to pay contributions monthly to the appropriate state
office but the schedule which provides information as to the individual
contributions of members is only supplied quarterly. Reconciliation between
the monthly payments and the quarterly schedules is done at headquarters and
the time lapse and the distance from the source of information severely
inhibits this process. These problems have been compounded by the fact that
members' accounts have only been up-dated as far as 1987. Contributions
records for 1988-1989 have been keyed into the system, but are unable to be
processed because of the inability to effect reconciliation of accounts due
to a breakdown of the computer system.

Statements of account showing total account credited to date should be
issued to each employee annually as the employee's record of contributions
paid on behalf by the employer. The last statements of account were issued
for the year 1987. Similarly, records relating to payments by employers have
not been adequately maintained making it difficult to identify and control
non-compliance. It is estimated that 35% of those employers liable to
contribute are not doing so. There seems to be a marked reluctance among NPF
management to take enforcement action against defaulting employers and instead
a belief that more emphasis needs to be placed on education of employers and
workers.

It is recommended that priority is given to the devising and introducing
a more effective system relating to the maintenance of records for employers
and insured persons. This will be no less essential under a social insurance
scheme than under the present provident fund system. Decentralisation of
responsibility has an important part to play in the solution but this must be
supported by an appropriate computer system, new procedures, staff training
and more effective management. Supplementary to this, a separate solution
should be sought to the immediate problem of clearing the backlog of unposted
records. (This is discussed in both the computerisation and actuarial
reports).

In July 1992 a contract was signed by the NPF for the acquisition of new
computer equipment including a mainframe for Lagos Central Office and Zonal
mini computers. This is at variance with the recommendations of the ILO
Computerisation consultant which envisaged a PC based system centred on state
offices. It has already been emphasised in the report of the computerisation
consultant that the acquisition of hardware should have been preceded by a
comprehensive review of functions and the division of responsibility relating
to the basic tasks of the NPF. It is recognised that this is no longer
possible by virtue of contractual commitments but nevertheless it is
recommended that steps should be taken to ensure that the hardware is installed and that systems and programmes are devised to take full account of the objectives and responsibilities of the NPF; in particular, with regard to the need to maintain accurate current records and to provide information and benefits to insured persons with minimum delay.

At the present time, benefit claims are made on a specific form to the state office and after initial scrutiny a request is made to headquarters for a photocopy of the original registration form so that identity can be verified. The scope for delay is considerable. Calculation of entitlement is inhibited by the arrears of unposted contributions and most claims are processed in stages according to the posting and verification of contributions. The process for determining and verifying entitlement and making the necessary payment involves 6 or 7 different stages in the state office. The effect of delay in the payment of benefit is compounded by the general inadequacy of the payment which by virtue of the low contribution rate and the poor investment performance provides no basis for future financial security. During the year ending June 1990, the average amount paid out to members was only N.450 per claim (although this figure reflects the fact that many claims are settled in stages as described above).

Whilst many reasons lie behind the poor performance of the NPF over the years, it has clearly not proved possible to make the best use of its staff. It is recognised that the organisation often had no control over the staff allocated to it and the Commercialisation and Privatisation Committee found that 80% of its staff had no academic qualification higher than ordinary level. Furthermore, morale and productivity has clearly been affected by poor conditions of service and an unsatisfactory working environment. But, it is considered that some responsibility must be borne by management. It is apparent from the work of the Operations Committee that the staff have much to offer and will respond to efforts to involve them. It is considered that improvements in internal communications and personnel development are priority areas which are consistent with the themes of commercialisation. At the present time, morale is not good and there is an urgent need to inform all the staff members about the proposed changes. There is a general lack of awareness about the proposed new scheme, the impact of commercialisation, decentralisation or even the basic objectives of the present scheme. Whilst attention needs to be paid to improving conditions of service to attract staff with with appropriate skills and experience, as much attention needs to be given to ensuring that the best use is made of them and that they are adequately trained and motivated and are given a chance to participate in the many challenges which lie before the organisation.

Considerable attention was paid to the development of staff training during the project. It is emphasised that this was not intended to be a one-off effort to train staff but instead to establish the basis for a continuous staff training programme to which the organisation should accord resources and priority.

It has already been stated that the NPF has a poor public image which is reflected not only in adverse publicity but in a lack of cooperation by both employers and members. Unless it addresses this issue and the fundamental administrative problems which lie behind it, the imposition of a substantially higher contribution rate will lead to a further deterioration in the situation. The support of employers and workers is essential and this will
be dependent not only on administrative reform but on regular tripartite discussions to monitor progress and aspects of continuing concern.
CHAPTER 6
REFORM AND DEVELOPMENT

6.1. The Nigeria Social Insurance Trust Fund

Draft legislation was prepared based on the conclusions of the Ministerial Committee on Social Security for the replacement of the National Provident Fund by the Nigerian Social Insurance Trust Fund. The draft Nigerian Social Insurance Trust Fund Decree is essentially an enabling enactment which envisages that the detailed provisions relating to benefit entitlement and qualifying conditions and administration will be set out in regulations. Both the decree and the regulations were drafted during the project and they provide the basis for a scheme with the following principal characteristics:

1. Coverage
   All private sector employees working for an employer with five or more employees and for smaller employers who are registered companies or businesses, and public sector workers not pensionable under the Pension Decree. Self-employed persons may join on a voluntary basis.

2. Contributions
   The Committee set a maximum contribution rate of 15% (10% of final average earnings payable by the employer and 5% by the employee) pending the actuarial analysis.

3. Benefits
   Retirement Pension
   Payable to those retiring at age 60 with no retirement condition, but with provision for optional reduced pension on retirement from age 55. Minimum qualifying condition - 120 paid monthly contributions (actuarial analysis to also consider option of 180 months).
   Minimum rate of pension to be 30% of the final average monthly earnings of the beneficiary calculated from the three best years earnings out of the last five, with a 1.5% incremental rate for every additional 12 months contributions paid.
   Minimum pension should also not be less than 80% of minimum wage. Maximum pension payable will be 65% of average final monthly earnings subject to an over-riding maximum of 10 times the minimum wage.
   For those who retire on or after age 55 but before age 60, pension is reduced by 0.5% for every month before 60th birthday.

   Retirement Grant
   A lump-sum payment equivalent to 2 years additional pension payable to those who qualify for retirement pension.
   For those who do not qualify for retirement pension but who have at least 12 months insurable employment a lump-sum is payable based on an actuarial formula linked to average contributions at age 60, times the number of months of paid contributions.
Transitional Rules
Late entrants (persons over 49 years of age at commencement of the scheme) would have a minimum qualifying condition modified from 120 months to at least 75% of available months between the appointment day and age of 60 subject to a minimum of 36 months contributions.
NPF contributors will have the option either to convert their NPF credits, in whole or in part, into months of insurable employment to improve or attain pension entitlement, according to a formula devised by the actuary, or withdraw their NPF balance in accordance with existing NPF rules.

Invalidity Benefit
Invalidity is defined as 'permanently incapable of earning by reason of some specific disease or bodily or mental disablement, in any occupation which could reasonably be assigned to a person in view of his strength and ability, as much as one-third of what a fit person of similar training and previous occupation earns'.
Invalidity is to be determined by an independent Medical Board.
A minimum qualifying condition of at least 36 paid contributions including 12 within the preceding 36 months will apply.
Satisfaction of the minimum qualifying condition provides entitlement to 30% final average monthly insurable earnings determined as for retirement pension. For every additional 12 months of contributions paid in excess of 120 up to the date of invalidity, entitlement is increased by 1.5% and for every period of 12 months between the date of invalidity, or the 120th month and the date of the 60th birthday by 1%. The minimum pension payable will be 40% of average monthly insurable earnings or 80% of the minimum wage.
The maximum pension payable will be 65% of final average insurable earnings subject to a maximum of 10 times the minimum wage.

Invalidity Grant
Payable to person who qualify for invalidity pension - a lump-sum payment additional to the pension equivalent to 2 years pension.
A lump-sum equivalent to average monthly contribution immediately prior to invalidity times the number of months of paid contributions is payable to invalid persons who do not qualify for invalid pension but who have at least 12 months insurable employment.

Survivor’s Benefit
Payable to eligible survivors on the death of an insured person, who was either in receipt of a retirement pension or invalidity pension or who had paid sufficient contributions to satisfy the minimum qualifying conditions for invalidity pension.
Eligible survivors are defined as members of the deceased insured person’s family who were dependent on him and who were registered as his dependents or who in the opinion of the Director should be regarded as such.
Pensions would be limited in aggregate to 100% of the deceased’s pension or pension, and the Committee considered that because of difficulties in Nigeria in determining dependency it was advisable at least as an interim measure to provide for survivors pensions to be paid for only 5 years. It was considered that in most situations the surviving dependant would have established a new pattern of life and relationships during this period and it was thought unlikely that continuing pension payments
based on the link with the deceased would correspond with this new situation.

Survivor's Grant
A one-time payment at a rate calculated and allocated as for invalidity, payable if retirement or invalidity grant has not been paid to the deceased.

Funeral Grant
A payment of a lump-sum of a prescribed amount (based on average current cost of funerals currently =N=2,000) to meet the cost of the funeral of a deceased insured person who has paid at least 12 months contributions. The amount is payable to the next-of-kin or person responsible for the payment of funeral payments.

Emigration
The NPF decree exempts foreigners employed in Nigeria for less than 6 years if they are covered under a scheme in their home country. All persons falling within the general definition of employees in Nigeria will be regarded as insured persons and liable for contributions from the commencement of employment. Some will in due course become entitled to benefit which could be commuted to lump-sum payment on emigration (or paid abroad if possible). Those who leave permanently before becoming entitled to benefit will be paid a lump sum according to a prescribed actuarial formula. Nigerians resident abroad should also be able to claim retirement pension.

Special Provisions
The scheme is to be financed on social insurance principles and thus there will be no provision for loans or withdrawals as under the provident fund. The fund will be invested in the best interest of members and the rate of return should be at least equal to the rate assumed by the actuary in setting the contribution rate. Consideration will be given to the possibility of allocating some of the reserves for housing development on the understanding that it is on-loaned to insured persons at preferential rates of interest. Pension rates will be regularly reviewed with regard to changes in earnings levels and revised based on actuarial advice.

(The proposals to limit the period of payment for survivors benefit to 5 years conflicts with the provisions of ILO Convention No.102 - Minimum Standards of Social Security and this was discussed at some length with the Committee and with the NPF, who were very concerned about both the practical and cultural implications of the approach envisaged by ILO Convention No.102. It was pointed out that the provision of periodic payments throughout the period of the contingency was a basic feature of ILO conventions and other schemes, particularly in French speaking Africa, had found it possible to accommodate this approach. In reply, the NPF took the view that those dependent on the deceased at the time of his death would almost certainly have 'replaced that dependency' within 5 years but it was agreed that the matter would be reconsidered. The draft decree does not cover this aspect in detail and the regulations have been drafted to reflect the view of the ILO pending reconsideration by Government.)
2. Employment Injury Benefit

Although no legislation has yet been drafted to provide for the replacement of the Workmens Compensation scheme by an Employment Injury scheme, this was proposed by the Ministerial Committee and it was envisaged that the employment injury benefits would be paid from a separate fund but that the scheme would be administered by the NSIT Management Board (NPF).

The scheme should cover the cost of medical treatment, including rehabilitation and drugs and provide benefits for loss of earnings arising from temporary incapacity for work, permanent disablement and death as a result of personal injury caused by accident arising out of and in the course of insurable employment. In addition, the scheme would cover occupational diseases directly attributable to the characteristics of occupation.

It was proposed that the scheme would provide medical care benefits by reimbursement to employers on presentation of bills. Benefits in respect of temporary incapacity, permanent disablement and death would be by periodic payment based on earnings immediately prior to the relevant accident without any qualifying conditions and subject only to the injured person being in insurable employment at the time of the accident.

The Employment Injury Scheme would be operated as a separate scheme, funded by contributions from employers' only at a rate of 2% of the employee's basic salary.

Several significant policy aspects remain to be considered - for example the present Workmens Compensation scheme covers all public servants and their coverage under the Employment Injury scheme would imply Government being responsible for the payment of the employers contribution. This may not be acceptable and alternative arrangements may need to be devised either to provide equivalent benefits as part of conditions of service or by payment to the fund based on actual benefit expenditure plus administrative cost. Whilst the Employment Injury scheme has been approved in principle much remains to be done in finalising the planning of the scheme and preparing the necessary administrative infrastructure.

6.3. Actuarial analysis.
The actuarial analysis of both the NSIT scheme and the Employment Injury scheme is set out in a separate report. The actuary took note of the upper limit to contribution liability set by the Ministerial Committee Social Security. His recommendations which assume that the NSIT scheme should only be partially funded in advance for a period of about 15 years envisage a total contribution rate of 10 per cent to be allocated as follows;

1) 2 per cent to an Employment Injury Scheme
2) 8 per cent to a National Social Insurance Scheme, of which:
   - 2 per cent be allotted to cover administration expenses; and
   - 6 per cent to the scheme with a ceiling of the insurable income of $N=2,500 a month at the commencement of the scheme, which should be reviewed later, subject to actuarial advice.

(This would leave 5 per cent available within the agreed 15% limit to finance a supplementary social benefit scheme - such as health insurance).
6.4. Strengthening the administration.

As a result of the recommendations of the government's Technical Committee on Privatisation and Commercialisation, there is a clear commitment to radical reform of the organisation of the NPF and to provide an enabling environment for improved efficiency through greater autonomy. A new Board has recently been established with 11 members consisting of two representatives each of NECA and the NLC, a representative of the Central Bank, the Managing Director and 3 Executive Directors of the Fund, the Director-General of the Ministry and an independent Chairman.

Progress towards full autonomy is linked to improved performance over a three year period through an agreement between the Board, the Government and the Technical Committee on Commercialisation and Privatisation which specifies the following objectives:

a. provide enhanced operational autonomy to the Fund
b. evolve a more result-oriented and accountable management based on performance contracts
c. strengthen financial/accounting controls
d. ensure financial solvency through effective cost recovery and cost control
e. upgrade the management information system
f. remove bureaucratic bottlenecks and political interference through clearly defining the division of responsibility between the Ministry, the Board and the management.

It is recommended that particular attention should continue to be given to the operational status of the organisation, whether it be the National Provident Fund or the Nigeria Social Insurance Trust Fund. The objective should be to ensure both a greater autonomy and a greater degree of tripartite control. Whilst there should be a linkage between increased autonomy and improved efficiency, it should be recognised that its lack of freedom has been a major factor in its inability to satisfactorily meet its objectives in the past.

The introduction of new social insurance schemes to replace the NPF and the Workmens Compensation scheme must be accompanied by administrative improvements and preparations, and it is not clear that the full implications of this has been recognised. This will entail determining the allocation of tasks throughout the organisation between different staff units and devising job descriptions for each post. It has already been decided that administrative responsibility under the NSIT will be decentralised with primary responsibility for the basic functions of registration, collection and recording of contributions and determination of benefit lying with state offices but subject to monitoring and control and specialist support from offices located in six zones.

New procedures and operating systems must be devised and these will need to be supported by a comprehensive staff training programme. During the staff training consultancy, a two year staff development and training strategy was
developed for 1992 and 1993. The 1992 training plan provides for the establishment and development of a network of training resources within the NPF; the design, development and delivery of priority courses; and the preparation of a staff development and training infrastructure for the NPF.

The 1993 plan continues to build on the range of internally developed courses and the delivery of courses and identifies the priority training as computer awareness and client service courses. An in-house training centre was required suitably equipped and staffed with trained trainers to ensure the ongoing provision of training in the NPF. The Staff Development and Training Unit would also have possibility for the selection and coordination of external courses and studies appropriate to the staffing and training needs of the NPF as well as evaluation of all training provided in the NPF.

A six month training course programme was developed for the period September 1992 - March 1993. The continued delivery of courses will occur over the next six months to ensure all middle management staff have received training in social security principles and practices and the proposals contained in the draft legislation for the establishment of a NSITF.

6.5. Integration of social protection schemes.

There are various levels of integration possible within existing or proposed social insurance schemes. These vary from the complete integration of all schemes under a national social security authority with the objective of maximising resources and limiting disparities and policy inconsistencies, to grouping common functions such as registration of employers and insured persons, and the collection and recording of contributions.

All social protection schemes are a response to a perceived need and resources must be found to meet the need and to administer the schemes. Particularly, in a developing country such as Nigeria there are never enough resources to meet needs and priorities must be determined. Furthermore, there is a need for some consistency and even uniformity in the provision of benefits. This argues a case for central planning over social protection provision, and it is recommended that consideration is given, at the highest level, to the establishment of a National Social Security authority. This authority would need to be autonomous, established by statute and under tripartite direction. It would have overall responsibility for the operation of social protection schemes including the setting of standards for commercial insurance. Responsibility for individual schemes could be delegated to subordinate boards but common functions such as registration, collection, recording and enforcement of contributions.

The administration of schemes such as the NPF, the proposed National Health Insurance scheme and the proposed new contributory pension scheme for civil servants involve similar functions and there is a prima facie case for combining these functions in the interest of saving resources. The use of computers can streamline the process to some extent, but even micro-computer systems require a considerable outlay for equipment, software and staffing. At the present time, the NPF, the NHIS and the public servants pensions scheme are all considering the acquisition of new computer equipment to perform similar functions.

Although the need to save resources and attain social protection policy cohesion is apparent, it is not easy to arrive at a common solution which will
satisfy all those concerned. Public authorities may well be reluctant to entrust, for example, the vital activity of revenue collection to another body. The establishment of a new umbrella authority would go some way to meet this problem but it must realistically be seen as a long-term objective and an important component of a social protection strategy which seeks a much closer degree of integration of provisions than exists at the present time.

An interim approach might be for one organisation to be delegated to collect contributions on behalf of the other schemes. Thus, the NPF, which is the only scheme with any relevant experience and infrastructure, could assume such responsibility with little modification of its procedures and forms (although special arrangements would have to be made to cater for differences in coverage). It would be essential to ensure that all relevant information was provided regularly and accurately by the NPF to the other organisation and that the contribution revenue - less presumably an agreed administrative agency fee - was paid to the appropriate fund without any loss of potential investment income. The collection of contributions cannot, however, be dissociated from the maintenance of records in respect of insured persons and this arrangement would therefore imply that the NPF would have to maintain appropriate records relevant to the needs of the other scheme - this may only mean a minor modification of existing records. Such records would provide the basis for benefit entitlement, and for this scenario to be acceptable, a considerable degree of discipline would have to be displayed by NPF to ensure that all processing is carried out promptly.

As an alternative to delegating responsibility to NPF, and without individual schemes surrendering autonomy and policy formulation to a national social security authority, a central contributions agency could be established to collect contributions and maintain records in respect of persons insured under any scheme. The agency would be financed by a commission of a fixed percentage of all funds collected. Some establishment costs would need to be met, but these could be provided by business loans from the reserve funds of the organisations provided the necessary legislative amendments are passed. The new organisation would be administered by a board whose members were appointed by the "client" organisations. Since these organisations are themselves tripartite in nature, it might not be necessary to have separate representatives of employers and employees.

The advantage of having a specialised organisation for the collection of contributions would be its ability to concentrate on just the one task - that of registering employers and employees and collecting contributions. The organisation might even be empowered to take legal action to obtain compliance from reluctant employers, thus freeing the individual organisations from the need to employ compliance officers and legal advisors for this purpose.

The new organisation would be required to issue statements to employers and employees on a regular basis, either bi-annually or annually, showing details of contributions collected. This would do much to restore public confidence in the handling of their contributions and to ensure accurate accounting as each contributor would be in the position of being able to act as an auditor of his own account.

This proposal would not relieve individual organisations or the need to have their own computers for processing of benefits, statistics, etc. but they would be relieved on the high-volume, time-critical task.
If all registration is carried out by this proposed body, a common identification number and card could be issued on behalf of all the organisations. This would provide a firm basis for the introduction at a later date, if desired, of a national identify card system. Even in the absence of such a system, the existence of a common card held by a majority of employed persons in the community will provide a useful weapon for fighting fraud and "white-collar" crime.

From a practical point of view, it might be advisable for NPF to initially act as the collecting authority. At an appropriate time, the contributions functions of NPF could be hived off as a separate parastatal, as described above.
CHAPTER 7

IMPLEMENTATION

At the time of departure of the Chief Technical adviser, the draft decree relating to the replacement of the National Provident Fund by the Nigeria Social Insurance Trust Fund was awaiting enactment. This decree does not reflect the more comprehensive provisions incorporated in the draft subsequently prepared by the Regional Advisor and submitted to the NPF in May 1992, and leaves virtually all matters of substance relating to contribution liability, benefits, procedures for making claims and making payments, records to be kept, method of collecting contribution, forms and documents to Regulations. (A copy of the draft prepared by the ILO is contained in the Annex to this report and it is recommended that the decree should reflect the rather more comprehensive provisions set out therein). Completion of these regulations is dependent on consideration of numerous policy issues and procedural questions which are in turn linked to organisation aspects related to decentralisation and the introduction of a new computer system. At the same time, many of these aspects are vital to improved efficiency, whether or not the NPF is converted into a pensions scheme.

With regard to the implementation of the new scheme, the NPF Operations Review Committee has set up a programme of action which derived from addressing identified areas of weakness when viewed against the departmental objectives. Consequently, the following areas are highlighted as requiring particular attention and consequently worthy of the formulation of the programme of action:

a. Measures for improving the public perception and acceptability of the Fund.

b. Measures for ensuring a smooth transition from the NPF to a Social Insurance Scheme.

c. Management actions that would facilitate the realization of goals in the areas of needs in a. and b.

These measures and proposed actions are elaborated upon below with the following targets considered as vital even under the NPF-scheme:

a. to update members account up to and including the year 1992.

b. to register employers and workers and to issue membership certificates with minimum delay.

c. to pay benefits to applicants with an improved degree of accuracy and less delay.

d. to produce details of contributions for subsequent years, not later than three months from the end of each year.

e. to further decentralise the activities of the Operations Department to the level of zonal and state offices.
For the purpose of attaining those targets the following management activities were proposed:

a. re-align the organisational structure and the engagement of additional manpower.

b. to continue with the computer modernization programme and extend same to providing the state offices with micro computers.

c. to extend the degree of decentralisation by allowing state offices and providing them with necessary facilities for the following activities:

i) registration of workers and issuance of membership certificates.

ii) recording of contributions and updating some by the use of computers and providing such information to zonal computers on diskettes.

iii) sending basic cards to zonal offices for custody.

d. to take all desirable steps to update members account and ensure that outstanding amounts are credited including those under automatic numbers.

e. to open offices in the newly created states and to commence the payment of benefits from those offices.

Many of these aspects and other relevant aspects like the allocation of functions, procedures, work instructions and forms were recommended by the committee and submitted to the Board, in November 1992.

Having regard to the organisational structure, the committee proposed a new organisational structure for the NPF. The committee also suggested a activity plan for the period December 1992 to June 1993 and a time-framework for computer update of statement of accounts 1988-1992 and the evaluation of functions of states.

To reach a clear conversion point for the new scheme, there is an urgent need to find a quick and simple method of up-dating NPF contributors' accounts. The latest up-dated data currently available from the computer system is that for 1987. Records for 1988 and 1989 have been keyed into the data entry system, but only records for 1988 and part of 1989 have actually been written to tape. The remainder of the records for 1989 were recorded on the TI hard disk, but are inaccessible due crack on the disk head.

The ILO consultant on computerisation described a simple and quick method of the Provident Fund to up-date the accounts with a minimum of costs.

(1) update the contributions accounts with those available transactions that have been written to tape - the 1988 transactions and part of 1989 to produce a 1989 master file;

(2) create a file of current contributions from the data collection exercise;

(3) match the two files, which will produce three different categories of contributors:
Category 1: those contributors who appear on both the 1989 file and the data collection file - these could be assumed to have continued to contribute for the entire period between 1989 and the data collection exercise;

Category 2: those contributors who appear on the current data collection file but not on the 1989 file - these will be new contributors who joined the scheme between the date of the 1989 file and the data collection date;

Category 3: those contributors who appear on the 1989 file but not on the data collection file - these would be employees who were contributing at the date of the 1989 file but ceased contributing some time before the data collection exercise.

(4) automatically credit all the accounts for Categories 1 and 2 cases with N.8 per month for all months between the date of the 1989 file and the data collection date;

(5) leave the Category 3 cases; deal with each on an individual basis obtaining the required information when they make a claim; a 'broad brush' approach should be adopted when determining entitlement, balancing the administrative costs of 100% accuracy against the contribution credit of only =N=8 per month.

The above approach would provide the simplest and quickest method of bringing the provident fund accounts up to date, and at minimum cost, when considering the amount of manual effort and the inconvenience to employers to obtain information that could very well be unreliable in any case. The committee adopted these recommendations.

Computerisation is a very important issue. The consultant emphasised in his report that the operation of the scheme with respect to the collection and recording of data relating to individual members' contributions, reconciliation of members' accounts with employer remittances and accurate payment of benefits has been rendered impossible due to the complete breakdown of the computer equipment and the failure to collect timely and accurate contributions data from employers.

The purchase of computer hardware as a solution to past problems without adequate planning and identification of requirements, together with the failure to address the root cause of problems rather than the symptoms has led to the repetition of the breakdown of the system over the years.

The degeneration of the operational aspects of the system can be attributed directly to lack of access to essential up-to-date information from the computer system, which has resulted in the inability to gather accurate basic contributions information and corrective data from the employers. Arrears build-up and workloads in excess of resources capacity have also resulted from the centralised nature of the overall system and the inability to effect timely reconciliation.

In November the Operations Review Committee adopted the recommendations arising from the computerisation consultancy and these were submitted to the Board.
It was envisaged that the payment of contributions at a new rate could commence from 1st January 1993. It was clear however, that the mini-computer installation could not be completed before the middle of 1993 and the new scheme could not be fully operational until sometime in 1993 (at the earliest). It is crucial to the success of the scheme that some form of computerisation-system be available when the first contributions are received. To accumulate a backlog of unprocessed data would undermine the credibility of the scheme and the mode of staff and make it impossible to pay the first benefits when they become due.

In earlier discussions between the NPF Operations Review Committee and Data Sciences-computerisation, the latter offered to substitute microprocessors for the terminals which they proposed to supply with the NPF mini-computer. It is recommended that this offer should be accepted and that all terminals be replaced without waiting for the installation of the minicomputers. The micro-computers which should be based at least on 80386 SX processing chips and be equipped with 40MB. hard disks, can be used to form the basis of an interim system for the recording of contribution.

Given the limited time available for systems design and development before the arrival of the first contribution schedules, it is suggested that the interim system be developed and manually checked to ensure that the NPF numbers supplied are correct, and to allocate new numbers where the employees concerned have not been registered. Microfiche listing could be used in this checking. The alternative to this extensive manual checking would be to require the names as well as the numbers to be recorded for each contribution, for checking later when a more sophisticated computer system is available. Since, in the early stages, human resources will be more plentiful than computer resources, increased manual checking and reduced computer input would be preferable.

The NPF programmers who, are familiar with Dbase IV should be able to develop some simple programmes to record contributions within a few weeks. In stage 1, each micro-computer could operate in stand alone mode, and write batches of contribution data on to floppy disks. These disks could be collected each day and used to up-date a database held on a system with a larger disk drive.

In stage 2, the larger system referred to in the previous paragraph could be converted to a file server, and a local area network set up to link all the micro-computers together. The software needed to do this (Novell Netware is suggested) can be implemented by experienced programmers with a minimum of extra training. It is used in many countries, including many developing countries. The database programs would then be expanded to allow NPF numbers to be edited "on line", using the database held on the file server. This would eliminate much of the manual checking. The completed batches of data could also be transmitted to the file server instead of being transferred by diskette.

Stage 3 would follow the installation of the mini-computers and would involve using the more powerful mini-computers as file servers. At this point, it would be necessary to start developing systems for the payment of benefits.

One computer operator can easily input 15,000 contributions per month in a single shift, provided that only numbers and contribution amounts, and not...
names, have to be keyed in. This estimate includes overheads such as checking batch totals, etc. If the numbers of terminals is limited initially, two or three shift operation can be resorted to.

In October 1992 it was agreed that the NPF should make a public education plan, concentrated on radio, television, leaflets, seminars etc., but especially on the direct information for employers and workers. An important part should be played by the state offices.

Publicity material is essential to the successful launching of the new scheme. It was recognised that the scheme which would require a deduction from employers' and workers' wages, must be explained at a basic level by personal contact through meetings and discussion groups. It was apparent that it was not sufficient to rely on trade union organisations or the personnel officers of large employers to explain the scheme to their colleagues. The NPF would have to take on the task of mass education to gain acceptance and understanding of the scheme. A public education programme should start as soon as possible. Explanatory booklets should be produced for workers and employers providing instructions and guidance. Individual notices of the introduction of the new scheme should be issued to all employers emphasising the statutory requirements to pay contributions from January 1993. These measures should be supplemented by TV and radio announcements and features. The main thrust of the educational campaign however will be directed at visits to employers premises where meetings of employers' and workers' representatives will be addressed and frequently when meetings will be held with workers.

The role of the social partners will be very important. The Nigeria Labour Congress (NLC) was intending to organise a seminar in cooperation with the NPF and with assistance of the ILO Experts, scheduled for December, as the beginning of a big public relation campaign in Nigeria to increase the knowledge of social security.

The Operations Review Committee have completed a thorough review in accordance with their terms of reference and decisions are required from management as to their implementation. Their recommendations are relevant both to the present scheme and to the proposed NSIT scheme. However, it is considered that further technical assistance is required to support the implementation of administrative and organisational reform and preparations for the introduction of new schemes.

Specifically, such assistance should be related to the following:

a. designing new administrative procedures and systems
b. advising on the application of new computer hardware to operational systems relating to decentralisation of functions for both the present scheme and that proposed.
c. staff training development relating to NSIT.
d. the design and implementation of the employment injury scheme
e. development of the social protection strategy and formulation of proposals for greater integration of schemes
The International Labour Organisation would be prepared to provide such assistance if so requested and subject to a suitable source of funding being available.
CHAPTER 8
RECOMMENDATIONS

Based on the conclusions, the principal recommendation of the implementation of the new scheme are as follows:

a. It should be recognised that the scheme cannot be fully operational until late 1993 at the earliest.

b. Whilst it might be feasible to introduce the new contribution rate at an earlier date, this would depend on introducing an interim system to receive and record the contributions.

c. It is crucial that a new computer system should be installed and operational before the new scheme commences and this system should take full account of the implications of new procedures, a reallocation of responsibilities based on decentralisation to states and the requirements for operation of the proposed new scheme. It is considered that further specialist technical assistance is required in this respect.

d. Whilst it is desirable to extend coverage to smaller employers, it may be unrealistic to try to do this at the same time as the other important objectives and it is recommended to start the new scheme with the same coverage as under the NPF.

e. A first urgent step must be to build up a new, efficient organisational and functional structure, based on decentralisation to state offices. The recommendations of the NPF Operations Review Committee should be used as a guideline.

f. There is an urgent need to find a quick and simple method of up-dating the NPF contributors' account to reach a clean conversion point for the new scheme. The ILO Expert on Computerisation's report (NIR/91/012) contains the concrete recommendation.

g. Particular attention needs to be paid to all aspects of personnel development including staff training and it is essential to educate and inform all staff on the implications and requirements of the proposed changes.

h. It is also essential to organise and conduct an active (regional) public education programme, supported by employers and employee organisations.

i. To avoid a lag in coordination between the many and different aspects of operations concerning the implementation of the new scheme, consideration should be given to create a new, ad-hoc position of a "Change Manager", to give guidance to this implementation. This post should be supported by further technical assistance from an international expert in social security planning.

j. Consideration should also be given to the development of a social protection strategy i.e. integration of NSIT scheme with the civil
servants pension scheme, the NHIS scheme and the National Housing Scheme. Concerning the complexity and the current political situation, proposals should be formulated very carefully.

k. There is a need for a specialised organisation for the collecting of contribution and data for all the schemes in Nigeria. If the NPF is perceived as incapable of providing the necessary supporting infrastructure, a separate central agency should be established. A decision has to be taken by mid 1993.
DRAFT LEGISLATION

NIGERIA SOCIAL TRUST FUND

DECREE

Prepared by International Labour Organisation
(Submitted to National Provident Fund, May 1992)
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Title and date of commencement
1. (1) This Decree shall be cited as the Nigeria Social Insurance Trust Fund Decree, 1992 and shall apply throughout the Federation.

(2) This Decree shall come into force on such day or days as the Minister may by order in the Gazette appoint, and different days may be appointed for different provisions of the Decree and for the application thereof to any person or class of persons.

Interpretation.
2. In this Decree, unless the context otherwise requires-

'appointed day' means the day referred to in Section 1(2) on which the relevant provision comes into force

'beneficiary' means in relation to any payment of benefit, the person entitled to that benefit

'board' means the Nigeria Social Insurance Trust Fund Management Board

'child' means an unmarried son or daughter under the age of eighteen years or between the age eighteen and twenty-one years or who is over age 18 and determined to be permanently incapable of employment by virtue of a physical or mental disease or injury and receiving full time education or unpaid training and includes an illegitimate child, a posthumous child, a step child and any child adopted in a manner recognised as lawful in Nigeria

'contribution' means a contribution payable to the Fund under this Decree and includes a voluntary contribution

'contribution period' a calender month during which earnings are paid and at the end of which contributions are payable on such earnings

'dependants' includes those members of the family of an insured person who were wholly or mainly maintained by the insured person at the time of his death, or entitled to be so maintained

'earnings' means the remuneration paid to an employee in respect of his employment and whether paid at fixed or irregular intervals, in respect of set tasks, periods of work or volume of work completed but excluding any allowance in respect of the cost of living, any transport or housing allowance and any overtime payment or bonus which does not form part of the remuneration ordinarily paid to the employee.

'employee' means a person who is insured by virtue of Section 18
'employer' shall have the meaning assigned to it in Section 22

'Fund' means the Nigeria Social Insurance Trust Fund

'inspector' means an inspector appointed under Section 9

'insurable employment' means employment in respect of which contributions are payable under this Decree

'insured person' means any person insured under this Decree

'Medical Board' means a Medical Board established under Section 38

'member of the National Provident Fund' means any person who was an eligible employee under the National Provident Fund Act 1961

'member of the family' means husband, wife, father, mother, son, daughter, grandfather, grandmother or such other person as may be prescribed by regulations

'Minister' means the Minister responsible for the Nigeria Social Insurance Trust Fund

'pensionable age' means age 60 years or such other age as may be prescribed or permitted in Regulations under this Decree

'permanent loss of earning capacity' means in relation to an insured person claiming permanent disablement benefit, a condition, resulting from an accident arising out of and in the course of employment, in which such person is no longer capable of earning from an employment for which he is qualified and skilled and which having regard to his previous occupation he could reasonably be expected to perform, the same earnings as a physically and mentally sound person with similar qualifications and training.

'permanently incapable of employment' means in relation to an insured person claiming invalidity benefit, a condition in which such person, by reason of some specific disease or bodily or mental disablement, is permanently incapable of engaging in a gainful occupation from which he could earn at least 33 per cent of the earnings ordinarily payable in respect of full-time employment in such occupation

'representative' means the executor or other person lawfully appointed to take charge of the estate of a deceased insured person, and if there is no such person so appointed, means any person specially appointed by the Managing Director to make a claim under this Decree on behalf of the deceased insured person's dependants or to otherwise act on in his respect for the purpose of the Decree

'retirement' means the permanent cessation of insurable employment after pensionable age.

'self-employed person' means a person gainfully occupied in Nigeria who is not an employee

'widow or widower' includes the spouse by virtue of marriage and any person with whom, at the time of death, the deceased insured person had been living as husband and wife for at least three years.
Establishment of the Nigeria Social Insurance Trust Fund

3. (1) There is hereby established a fund to be called the Nigeria Social Insurance Trust Fund, hereinafter called the Fund, into which shall be paid:

(a) all contributions

(b) all rents, interests on investments, or other income derived from the assets of the Fund

(c) all sums recovered under this Decree as fines, fees, penalties or costs

(d) all sums properly accruing to the Fund under this Decree, including the repayment of benefit; and

(e) such other sums as may be provided for the purposes of the Decree or as may be received and accepted by the Board on behalf of the Fund.

(2) There shall be paid out of the Fund;

(a) all benefits

(b) refunds of contributions; and

(c) other payments and expenses, including those properly incurred in the administration of this Decree, as are authorised by or under this Decree

Management Board

4. (1) There is hereby established a Board to be called the Nigeria Social Insurance Trust Fund Board in which the Fund shall be vested and which shall, subject to the provisions of this Decree, be responsible for administering the Fund and advising the Minister on any matter in connection therewith.

(2) The Board shall be an autonomous body corporate with perpetual succession, may have a common seal and shall be capable of suing and being sued in its corporate name, and subject to the provisions of this Decree, of purchasing or otherwise acquiring, holding, charging and alienating movable or immovable property, real or personal or any right thereto, and of doing or performing such acts, or things as bodies corporate may by law do or perform.

(3) The constitution of the Board and its proceedings shall, subject to the provisions of this Decree, be in accordance with the First Schedule.
Functions of the Board

5. (1) The Board shall be responsible for the overall management of the Fund and shall ensure that the provisions are administered in accordance with the Decree and any general policy directives of the Minister.

(2) The Board shall prepare and submit to the Minister not later than six months after the end of each financial year an annual report in such form as the Minister may direct, on the activities of the Fund during the immediately preceding financial year.

Appointment of the Managing Director

6. (1) There shall be a Managing Director of the Fund who shall be appointed by the President on the recommendation of the Board on such terms and conditions of service as the Board may determine.

(2) The Managing Director shall be the chief executive officer of the Fund and shall, subject to the provisions of this Decree and the general direction of the Board be responsible for the administration of the Fund and the management of its staff.

Appointment of Executive Directors

7. (1) There shall be three Executive Directors who shall be appointed by the Minister on the recommendation of the Board on such terms and conditions as the Board may determine.

(2) On the occurrence, from any cause, of a vacancy in the office of Managing Director or of a temporary absence of the Managing Director, the Board shall appoint one of the Executive Directors to exercise all the powers, duties and functions of the office until the Managing Director returns or until a new appointment is made under Section 6.

Appointment of Secretary

8. (1) The Board shall appoint a person with relevant academic and professional qualifications as Secretary of the Board on such terms and conditions as it it may determine

(2) The Secretary shall, subject to the directions of the Board, arrange the business of meetings of the Board, be responsible for recording and keeping minutes of the proceedings of the Board and perform such other functions as the Board or the Managing Director may direct.
Appointment of Inspectors

9. (1) The Board shall appoint persons to be inspectors for the purposes of this Decree.

(2) Each inspector shall be furnished with a certificate of his appointment, and any inspector, if so required by any person in the course of his duty, shall produce the certificate to such person.

(3) An inspector may, for the purposes of this Decree:

(a) enter, at all reasonable times, any premises or place where he has reasonable cause to believe that persons are being employed in respect of whom contributions are payable under this Decree, and there make any examination or inquiry which he considers necessary to satisfy himself that this Decree is being complied with, and to that end, without derogating from the generality of the foregoing, question any employer, employee or any person on any matter relating to the application of this Decree; and

(b) require the production for examination of any book, register, account, receipt or other document relating to contributions, liability to register or to contribute under this Decree or to entitlement to benefit under this Decree and may copy such document or make extracts therefrom.

(4) If during an examination it appears to the inspector that an offence has been committed with regard to the provisions of this Decree or the regulations made thereunder, the inspector shall have the power to seize and take away any of the books, records or other documents relating to the aforesaid offence and may retain them until pending the institution of proceedings.

(5) An inspector shall on the occasion of any visit by him to any premises or place under subsection(3), notify the employer or his representative of his presence and the purpose thereof unless it is considered by the inspector that such notification would be prejudicial to the proper performance of his duties.

Appointment of other employees

10. (1) The Board shall employ such persons as may in its opinion and subject to the recommendation of the Managing Director be necessary for carrying out the functions of the board under this Decree.

(2) The terms and conditions of service of persons employed by the Board, including inspectors appointed under Section 9, shall be determined by the Board.
(3) The Managing Director shall be responsible for the appointment and management of persons employed under this section and Section 9 and this shall include such matters as promotion and discipline.

Committees of the Board

11. (1) The Board may appoint such committees of the Board as it may think fit provided that any such committee shall include not less than two members of the Board and may include persons who are not members of the Board.

(2) Subject to the provisions of this Decree, the constitution and functions of a committee of the Board shall be determined by the Board.
PART III - FINANCIAL PROVISIONS

Branches of the Nigeria Social Insurance Trust Fund

12. (1) The Fund shall be divided into two autonomous branches namely -

(a) a National Pensions Fund branch into which shall be paid all contributions and other moneys relating to the National Pensions scheme and out of which shall be paid all benefits and other payments prescribed or permitted under that scheme, and

(b) an Employment Injury Benefit Fund branch into which shall be paid all contributions and other moneys relating to the Employment Injury Benefit scheme and out of which shall be paid all benefits and other payments prescribed or permitted under that scheme.

(2) Subject to subsection (3), all expenses incurred in the administration of each scheme should as far as possible be attributed to the appropriate branch.

(3) Where it is not possible to identify to which branch income received by the Fund or expenses incurred by the Fund should be allocated, such income or expenditure should be allocated in accordance with the ratio of contributions payable under each scheme.

Annual Budget

13. The Managing Director shall prepare in respect of each financial year a budget which estimates the prospective income and expenditure for each branch and shall submit such estimate to the Board before such date and in such form as may be prescribed.

Accounts and audit

14. (1) The Managing Director shall maintain books of account in such form and such books and records as may be prescribed to record all financial transactions of the Fund and shall submit such accounts to the Board as soon as possible after the end of the financial year.

(2) The financial year of the Fund shall end on 31st. December each year.

(3) The Board shall cause its accounts to be audited as soon as possible after the end of each financial year by auditors appointed by the Board and shall submit the audited report to the Minister within 6 months of the end of the financial year.
Establishment and investment of reserves.

15. (1) A proportion of the income of each branch of the Fund shall be held in liquid form in appropriate bank accounts or on short-term deposit and such proportion may be determined and varied from time to time by the Managing Director having regard to the obligations under the Fund.

(2) The Managing Director shall establish such reserves as may be prescribed and any surplus moneys not required under subsection (1) may be transferred to such reserves.

(3) Moneys in reserves established under subsection (2) or otherwise not immediately required to meet the obligations of the Fund shall be invested by the Managing Director having regard to the need to:

(a) allow for the safe retrieval of the moneys invested together with a return in interest sufficient to maintain the real purchasing power of such moneys, and
(b) secure a rate of return at least equal to that assumed by the actuary in the last actuarial review under Section 16, and
(c) provide for the realisation of the investments to be consistent with the future liabilities of the schemes.

Actuarial review

16. The Managing Director shall, not more than three years after the appointed day and at subsequent intervals of not more than five years, cause an actuarial review to be carried out on the working of both schemes provided under this Decree and the report of such review shall be submitted to the Board, provided that it shall be open to the Managing Director or the Board to direct that such actuarial review be made at such other times as may be considered necessary.

Review of benefit rates

17. (1) The Board shall, as soon as possible after the end of each financial year, review all rates and amounts of benefit for the purpose of determining whether these rates and amounts have retained their value in relation to the general level of earnings obtaining in Nigeria and shall submit such review to the Minister.
(2) If having regard to the review carried out by the Board under subsection (1), the Board and the Minister consider that the rates and amounts of benefit referred to in subsection (1) have not retained their value in relation to the general level of earnings, and having regard to the advice in the latest actuarial review under Section 16, the Minister may provide, by notice in the Gazette, for such rates and amounts to be increased to the extent considered appropriate.
PART IV- INSURED PERSONS AND CONTRIBUTIONS

Insured persons

18. (1) Subject to the provisions of this Decree, every person who:

(a) on the day preceding the appointed day is under age sixty years and is a member of the National Provident Fund; or
(b) on or after the appointed day being aged over sixteen years and under sixty years is employed in Nigeria under a contract of service,

shall, except as laid down in the Second Schedule, be an insured person for the purposes of this Decree in respect of the benefits provided under both the National Pensions scheme and the Employment Injury Benefit scheme.

(2) Regulations may provide for the insurance under this Decree of self-employed and other persons in respect of any of the benefits provided under this Decree and any such regulations shall prescribe such modifications to the provisions of this Decree or make such other provisions as are necessary for the purpose of giving effect to this subsection.

(3) Regulations may provide for modifying the application of subsection (1) in relation to persons or classes of persons which it appears to the Minister desirable to do so because of the nature of the employment or otherwise.

Voluntary insured persons

19. (1) Any person who is not liable to pay contributions as an insured person shall be entitled to pay contributions on making an application within the prescribed time and in the prescribed manner to the Managing Directors provided that he satisfies the prescribed conditions and has been issued with a certificate of voluntary insurance.

(2) Any person holding a certificate of voluntary insurance may pay within such time and in such manner as may be prescribed the contributions at the prescribed rate for any contribution period for which there is otherwise no liability to pay, and regulations may also prescribe the circumstances in which such person may cease to be entitled to contribute in default of payment of contributions within the prescribed time.
Source of funds

20. (1) Subject to the provisions of this Decree, contributions shall be payable to the Fund in respect of the National Pensions scheme by employees and their employers and the contribution payable by the employer shall be known as the employer's contribution and the contribution payable by the employee shall be known as the employee's contribution.

(2) Subject to the provisions of this Decree, contributions shall be payable to the Fund in respect of the Employment Injury Benefit scheme by employers in respect of persons employed by them who are insured persons.

(3) Contributions payable under subsections (1) and (2) shall be the percentage of the monthly earnings paid to an insured person prescribed in the Third Schedule and the Minister may, following an actuarial review under Section 16, amend the percentage prescribed in that Schedule by order published in the Gazette.

Responsibility for the payment of contributions

21. (1) An employer liable to pay an employer's contribution in respect of an employee under the National Pensions scheme shall, in the first instance, be liable to pay also, on behalf of and to the exclusion of such person, the employee's contribution in respect of the same contribution period.

(2) Subject to regulations, an employer shall be entitled to recover from an insured person employed by him the amount of the employee's contribution provided that such recovery shall be effected by deduction from the earnings for the contribution period to which the contribution relates.

(3) An employer shall be liable to pay the prescribed contribution in respect of an employee insured under the Employment Injury Benefit scheme.

(4) Notwithstanding any agreement to the contrary, an employer shall not be entitled to deduct from the earnings of an employee or otherwise reduce such earnings to take account of, any part of the employer's contribution or the contribution payable to the Employment Injury Benefit scheme.

(5) An employer shall be responsible for the payment of contributions under subsections (1) and (2) in the prescribed manner not later than the end of the month following the contribution period in respect of which such contributions were payable.
Persons to be regarded as employers

22. (1) Subject to the provisions of this Decree and to regulations thereunder, an employer shall include

(a) any person or body of persons, corporate or unincorporate, having a contract of service or apprenticeship with an employee who provides work for such employee in return for remuneration, and includes any person acting on behalf of such person or body of persons

(b) in respect of any person engaged as a member of the crew of a ship, the owner or charterer of that ship

(c) in respect of any person employed by a club, cooperative or other association of persons, the members of the managing committee or the secretary or other responsible officers of the club, cooperative society or association

(2) Where an employer temporarily lends or hires the services of an employee to another person or body of persons, corporate or unincorporate, such employer shall be deemed to continue to be the employer throughout the period of loan or hirer.

(3) Where insured persons are employed by more than one employer in any one contribution period, regulations may provide for adjusting liability between such employers.

Registration of employers

23. (1) Every employer who has not previously registered under the National Provident Fund shall submit an application for registration with the Fund, in the prescribed manner, within one month of the commencement of his liability for contributions under Section 20.

(2) The Managing Director shall, on registration of an employer allocate a registration number and advise him in writing and the employer shall quote such reference number on all subsequent communications with the Fund.

Registration of insured persons

24. (1) Every employer shall within one month of the commencement of his liability for contributions under Section 20, submit to the Managing Director, an application for registration, in the prescribed manner, in respect of each person employed by him who is in insurable employment.
(2) Every employee shall, on commencement of insurable employment, or whenever required by his employer or by an officer of the Fund, provide all information relating to his identity, date of birth, previous insurable employment as may be reasonably required for the purpose of his registration or for the determination of liability or entitlement to benefit under this Decree and shall also produce, on request, any documents, certificates or written records in support of such information.

(3) The Managing Director shall upon the registration of an insured person allocate him a Nigeria Social Insurance Trust Fund membership number and advise his employer in writing.

Certificate of membership

25. The Managing Director shall issue in respect of every insured person, a Certificate of Membership and such certificate shall be issued to the insured person's employer and retained by the employer throughout the employment provided that it shall be returned to the insured person on request and on the termination of employment.

Payment of contributions

26. (1) Employers shall pay contributions to the Fund in the manner prescribed in regulations within one month of the end of the month in respect of which such contributions are payable and the employer shall submit with such payment all supporting particulars that shall be prescribed relating to the identity, period of employment and earnings of the employees to whom the contributions relate.

(2) If any contribution is not paid within the time prescribed, a sum equal to five per cent of the amount unpaid shall be added as a penalty for each month or part of a month after the date when payment should have been made and any amount added shall be recoverable as a debt owing to the Fund by the employer.

(3) A certificate of unpaid contributions issued by the Managing Director shall be received in all courts as prima facie evidence of liability and debt in respect of the employer concerned.

Treating unpaid contributions as paid

27. Where the Managing Director is satisfied that an employee's contribution has been deducted from an employee's earnings, but the employer has failed to pay this contribution together with the employer's contribution to the Fund, he may treat the unpaid contributions as wholly or partially paid for the purpose of any claim to benefit provided that this shall be without prejudice to any action to recover the amount due from the employer under Section 20.
Refund of contributions paid in error

28. (1) Where the Managing Director is satisfied that any amount has been paid to the Fund as contributions which were not properly payable and that such amount was paid by a bona fide error, the amount paid in error shall be refunded or applied, with the agreement of the person who made the payment, to any current liability.

(2) Where the Managing Director is not satisfied that an amount paid in excess of the contribution liability was paid through a bona fide error, the amount paid shall not be refunded to the person making payment and shall not be regarded as contributions in respect of any insured person.

Exemption from liability for and crediting of contributions

29. Regulations may provide

(a) for exempting insured persons and their employers from liability to pay contributions for such periods as may be prescribed; and

(b) for crediting contributions to insured persons in respect of such periods and for such purposes as may be prescribed.

General provisions as to the payment and collection of contributions etc.

30. Regulations may provide:

a) for the procedure and requirements relating to the registration of employers and insured persons

(b) for the procedures and requirements relating to the payment and collection of contributions

(c) for other matters incidental to the liability for and payment of contributions under this Decree.
PART V - BENEFITS

Categories of Benefit under the National Pensions Scheme

31. There shall be payable from the Fund under the National Pensions Scheme the following categories of benefit:-

(a) Retirement Benefit payable to an insured person who has reached pensionable age and consisting of a pension and a lump-sum

(b) Retirement Grant consisting of a lump-sum and payable to insured persons over pensionable age who do not qualify for a pension under (a)

(c) Invalidity Benefit payable to insured persons determined to be permanently incapable of employment and consisting of a pension and lump-sum

(d) Invalidity Grant payable to insured persons determined to be permanently incapable of employment but who do not qualify for a pension under (c)

(e) Survivors Benefit payable to the widow or widower, dependent children or other prescribed members of the family of a deceased insured person and consisting of a pension or lump-sum

(f) Death Grant payable on the death of an insured person to the next-of-kin to assist in meeting the cost of funeral expenses.

Categories of Benefit under the Employment Injury Benefit Scheme

32. There shall be payable, from the Fund, to insured persons under the Employment Injury Benefit scheme the following categories of benefit relating to personal injury by accident or occupational disease arising out of and in the course of insurable employment:

(a) Temporary Incapacity Benefit payable as a periodic payment or lump-sum to insured persons who have suffered a permanent total or partial loss of earning capacity

(c) Constant attendance allowance payable as a supplementary periodic payment to insured persons entitled to permanent disablement benefit who enquire constant care and attention from another person

(d) Death Benefit payable to surviving dependants of an insured person and consisting of a pension or lump-sum.

(e) Medical Care Benefit consisting of the reimbursement of medical expenses or provision of medical care relating to treatment of an employment injury or occupational disease.
Rates and conditions for benefit

33. Regulations shall provide for:

(a) the rates or amounts of benefit and the variation of such rates or amounts in different or special circumstances

(b) the conditions subject to which and the periods for which benefit may be granted

(c) the date as from which benefit is provided.

Time and manner of making claims

34. (1) It shall be a condition of a person's right to benefit:

(a) that within the prescribed time, he makes a claim therefore to the Managing Director in the prescribed manner or in such other manner as the Managing Director may accept; and

(b) that he produces such certificates, documents, information and evidence for the purpose of determining the right to benefit as the Managing Director may require, and for what purpose attends at such place as the Managing Director may require.

(2) Regulations may require employers to maintain such records, to make such records, to make such reports and to furnish such information as may be prescribed for the purpose of establishing any person's title to benefit and with regard to accidents and deaths relating to employees.

Time and manner of paying benefit: disqualifications: adjustment or extinguishment of benefit; persons unable to act; deceased persons.

35. Regulations may provide:

(1) for disqualifying a person for the receipt of any benefit if he fails to make a claim therefore within the prescribed time provided that any such regulations may provide for extending the time within such claim should be made in the cases where good cause is shown for the delay

(2) for the prevention of the receipt of two benefits and the adjustment of benefits in special circumstances

(3) as to the time and manner of the payment of benefit and the information to be furnished by any person applying for payment

(4) for requiring a person claiming or receiving temporary incapacity benefit:

(a) to attend for or submit to such medical examination as may be prescribed or otherwise required by the Managing Director, or
(b) to refrain from any activity likely to prejudice his recovery, or

(c) to refrain from doing any work as employed or self-employed person without the permission of the Managing Director

and for disqualifying any person who fails to comply with any such requirement for the receipt of benefit

(5) for suspending payment of benefit to or in any person during any period when he:

(a) is absent from Nigeria subject to any contrary provisions contained in any social security bilateral agreement or international convention ratified by Nigeria

(b) is undergoing imprisonment or detention in legal custody

and for specifying the circumstances and manner in which payment of the whole or any part of the benefit may instead of being so suspended be paid during any such period to any prescribed person nominated by the beneficiary, or for the maintenance of any prescribed person who the Managing Director is satisfied is a dependent of the beneficiary.

(6) for enabling a person to be appointed to exercise on behalf of any other person who being a minor or being otherwise unable for the time being to act, any power or right which that other person may be entitled to exercise under this Decree and for authorising a person so appointed to received and deal with any sum payable by way of benefit to that other person;

(7) in connection with the death of any person, for enabling a claim to be made or proceeded with in his name, for authorising payment to or among persons claiming as his personal representatives, legatees, next-of-kin, creditors or otherwise and for dispensing with strict proof of title of persons so claiming; and

(8) for such other matters as may be necessary for the proper administration of benefits, including the obligations of claimants, beneficiaries and employers.
General provisions regarding accidents for the purpose of the Employment Injury Benefit scheme

36. (1) For the purposes of this Decree, an accident arising in the course of an employee's employment shall be deemed, in the absence of evidence to the contrary, also to have arisen out of that employment; and references to an employee's employment shall be construed as reference to the employment by virtue whereof he is an employee for those purposes.

(2) For the purpose of this Decree, an accident shall be deemed to arise out of and in the course of an employee's employment if:

(a) notwithstanding that he was at the time of the accident acting in contravention of any written law applicable to his employment, or of any orders given by or on behalf of his employer, or that he was acting without instructions from his employer, if
   (i) the accident would have been deemed so to have arisen had the act not been done in contravention as aforesaid or without instructions from the employer, as the case may be; and
   (ii) the act was done for the purposes of and in connection with the employer's trade or business, or

(b) the accident happens to the employee
   (i) while he is travelling directly between his place of work and any premises to which he normally travels for a meal, rest or refreshment during a temporary interruption of his work by such route as aforesaid;
   (ii) while he is travelling directly between his place of work and his place of residence by a route which, having regard to all the circumstances, was a reasonable one for him to take;
   (iii) while he is travelling directly between his place of work and premises (not being his place of residence) to which he has right of access by virtue of his employment by such route as aforesaid;

(c) the accident happens to the employee during a temporary interruption of his work for a meal, rest or refreshment and the accident would have been deemed so to have arisen had it happened at his place of work, and happens
   (i) on premises occupied by the employer; or
   (ii) on premises to which the employee has a right to access, during that temporary interruption of his work, by virtue of his employment.
(d) the accident happens to the employee in or about any premises at which he is for the time being employed for the purpose of his employer's trade or business, and happens while he is taking steps, on an actual or supposed emergency at those premises to rescue, succour or protect persons who are, or are thought to be or possible to be, injured or imperilled or to avert or minimise serious damage to property;

(e) where the accident would not be, apart from this paragraph, an accident arising out of the employee's employment and where

(i) the accident arises in the course of the employment;

(ii) the accident is caused by another person's misconduct or negligence, or by the behaviour or presence of an animal (including a bird, fish or insect); or is the result of the person being struck by some object; and

(iii) the employee did not directly or indirectly induce or contribute to the happening of the accident by his conduct outside the employment or by any act not incidental to the employment.

(3) Regulations may extend the meaning of accident for the purposes of this Decree.

Occupational Diseases

37. (1) An insured person shall be regarded as suffering from an occupational disease if:

(a) the disease is one of those diseases prescribed in regulations and the insured person was, at the date that the relevant incapacity commenced engaged in any occupation specified in such regulations in relation to that disease, or

(b) if, in the opinion of the Medical Board, the disease is due to conditions which are peculiar to the relevant employment and to which the insured person is not ordinarily subjected or exposed outside of or away from his employment.

(2) Benefit shall be payable under the Employment Injury Benefit scheme to or in respect of an insured person in respect of an occupational disease under the same conditions as in the case of personal injury by accident and reference in this Decree and regulations to personal injury by accident shall be construed as including occupational disease.

(3) Regulations shall prescribe additional conditions for the entitlement, determination and payment of benefit in respect of an occupational disease.
Establishment of medical boards and appointment of medical officers

38. (1) Regulations may provide for the establishment of one or more medical boards and the appointment of medical officers for the purpose of examining claimants or beneficiaries and advising the Managing Director or the Board in connection with any medical question arising with regard to entitlement to benefit under the Decree.

(2) There shall be paid by the Board to a member of a medical board or a medical officer such remuneration or allowance as the Board shall determine.

Repayment of benefit improperly received

39. (1) If it is found that any person by reason of the non-disclosure or misrepresentation by him of a material fact (whether such non-disclosure or misrepresentation was or was not fraudulent) has received any sum by way of benefit, while he was not entitled to that benefit, he shall be liable to repay the sum so received by him.

(2) Where any person is liable to repay any sum received by him by way of benefit, that sum may be recovered without prejudice to any other remedy by means of deductions from any payment or benefit to which he thereafter becomes entitled.

Benefit to be inalienable

40. Every assignment of or charge on benefit and every agreement to assign or charge any benefit shall be void, and on the bankruptcy of a beneficiary the benefit shall not pass to any trustee or other person acting on behalf of creditors.
Determination of claims and questions

41. (1) Regulations may provide for the determination by the Board, by the Managing Director, or by a person or tribunal appointed or constituted in accordance with the regulations, of any question arising under or in connection with this Decree including any claim to benefit, and subject to the provisions of the regulations the decision in accordance therewith of any such question shall be final.

(2) Without prejudice to the generality of subsection (1), regulations made thereunder may in relation to the determination of questions in accordance with the regulations include provisions:

(a) as to the procedure to be followed, the form of any document, the evidence to be required, and the circumstances in which any official record or certificate is to be sufficient or conclusive evidence;

(b) as to the time to be allowed for making any claim or appeal, for raising any question with a view to the review of any decision, or for producing any evidence;

(c) for summoning persons to attend and give evidence or produce documents and for authorising the administration of oaths to witnesses;

(d) as to the representation of one person at the hearing of a case by another person whether having professional qualifications or not.

Interim payments, arrears and repayments

42. (1) Regulations may provide for matters arising:

(a) pending the determination under this Decree (whether in the first instance or on appeal or review) of any claim for benefit or of any question affecting the right of any person to benefit or to the receipt thereof; or

(b) out of the revision or appeal or review of any decision of any such claim or question.

(2) Without prejudice to the generality of subsection (1), regulations thereunder may include provision:
(a) for the suspension of benefit where it appears to the Managing Director that there is or may be a question whether the conditions for the receipt thereof are or were fulfilled or whether the award ought to be revised;

(b) as to the date from which any decision on review is to have effect;

(c) for treating any benefit paid to any person which it is subsequently decided was not payable as properly paid, or as paid on account of any other benefit which it is decided was payable to him, or for the payment of any such benefit;

Remuneration of persons and tribunal appointed or constituted under section 41

43. There shall be paid out of the Fund to any person appointed under regulations made under subsection (1) of section 41 and to any member of a tribunal constituted under these regulations such remuneration as the Board may determine and such expenses incurred in connection with the work of such person or member as may be so determined.

Offences and penalties

44. (1) Any person who:

(a) fails to pay at or within the time prescribed for the purpose any contribution which he is liable to pay under this Decree

(b) fails to register as an employer or insured person under this Decree

(c) fails or refuses to provide information, records or documents when required to do so under Section 9, Section 24 or Section 34.

(d) obstructs any inspector or other officer of the Fund in the discharge of his duties

(e) being an employer, deducts from an employee's wages any part of the employer's contribution, or

(f) fails to comply with any other requirement of this Decree or regulations

shall be guilty of an offence and shall on conviction-

(i) be liable to a fine not exceeding N.10,000 or to imprisonment not exceeding one year in the case of a first offence, and

(ii) be liable to a fine not exceeding N.20,000 or to imprisonment not exceeding 18 months in the case of a second or subsequent offence.
(2) Any person who for the purpose of obtaining any benefit or other payment under this Decree; whether for himself or for any other person and for any purpose connected with this Decree:

(a) knowingly makes any false statement or false representation; or

(b) produces or furnishes, causes or knowingly allows to be produced or furnished, any document or information which he knows to be false in a material particular,

shall be guilty of an offence and on conviction to a fine not exceeding N.20,000 or imprisonment for a term not exceeding 18 months or to both fine and imprisonment.

General provisions as to prosecutions and insolvency

45. (1) Subject to Section 160 of the Constitution of the Federal Republic 1989, proceedings for an offence under this Decree may be instituted by any officer of the Board authorised in that behalf by special or general directions of the Board.

(2) Any such officer although not a barrister or a solicitor may prosecute or conduct before a court of summary jurisdiction any such proceedings as aforesaid.

(3) Proceedings for an offence under this Decree may be commenced at any time after the commission of the offence.

(4) Where an offence under this Decree which has been committed by a body corporate is proved to have been committed with the consent or connivance of or to be attributable to any negligence on the part of any directors, manager, secretary or other officer of the body corporate, they as well as that body shall be deemed to be guilty of that offence and shall be liable to be proceeded against and penalised accordingly.

(5) In the event of an employer made an insolvent or, if the employer is a company, in the event of the company being wound up, any contribution, penalty or other payment due to the Fund in respect of any employee by such employer shall be a preferential claim to the same extent as if it were a claim for wages due by an employer to an employee under the Insolvency act.

(6) A written extract of any entry in the accounts or records of the Fund shall, when certified by the Managing Director, be received in all courts as prima facie evidence of the truth of the contents thereof.
Recovery of contributions on prosecution

46. (1) In any case where a person has been convicted of the
offence under subsection (1) of Section 44 of failing
to pay a contribution he shall be liable to pay to the
Fund a sum equal to the amount which he failed to pay.

(2) On any such conviction as is mentioned in subsection
(1) above if notice of intention to do so has been
served with the summons or warrant, evidence may be
given of the failure the person concerned shall be
liable to pay to the Fund a sum equal to the total of
all the contributions which he is so proved to have
failed to pay.

(3) Any sum ordered to be paid to the Fund under this
section shall be recoverable as penalty.

(4) Any sum paid by an employer under this section shall be
 treated as a payment in satisfaction of the unpaid
 contributions and any part of such sum which represents
 any insured person's contribution shall not be
 recoverable by the employer from the insured person.

(5) If an employer, being a body corporate, fails to pay to
the Fund any sum which the employer has been ordered to
pay under this section such sum or part thereof as
remains unpaid shall be a debt due to the Fund jointly
and severally from any directors of the body corporate
who knew or could reasonably be expected to have known
of the failure to pay the contribution in question.

(6) Nothing in this section shall be construed as
preventing the Board from recovering any sums due to
the Fund by means of civil proceedings.

Civil proceedings

47. (1) All sums due to the Fund under the Act shall be
 recoverable as debts due to the Board and, without
 prejudice to any other remedy may be recovered as a
civil debt;

provided that any sum due by way of contributions shall
from such date as may be prescribed, bear interest at
the rate of ten per centum per annum or such other rate
as may be prescribed.

(2) Notwithstanding any enactment to the contrary,
proceedings for the recovery as civil debts of
contributions under this Decree may be issued at any
time within 12 years of the date that the unpaid
contributions were payable.
(3) Proceedings for the recovery as civil debts of sums due to the Fund may be instituted by an officer of the Board authorised in that behalf by special or general directions of Board, and any such officer may although not a barrister or a solicitor conduct such proceedings.
Operation of private schemes

48. (1) Nothing in this Decree shall be deemed to prevent an employer from operating any private scheme providing for any person who is or has been employed by him, benefits of any kind whether similar to benefits under this Decree or greater.

(2) The employer of any employee, being an insured person, who is a member of, or is entitled to participate in, an existing pension scheme or provident fund of his employer providing benefits of any kind whether similar to benefits under this Decree or greater, shall not thereby be exempt from contribution to the Fund in respect of such insured persons.

(3) If an employer is liable to make any contribution in respect of any insured person, and is by himself or in association with other operating a scheme to provide any benefits of the same class as those payable under this Act for such insured persons, he or, as the case may be, the governing body of such scheme may, by virtue of this subsection and whether or not the rules of the scheme allow, amend the scheme to take into account contributions made to the Fund and provide for a reduction of the contributions made to the scheme.

(4) Nothing in subsection (2) and (3) shall be construed so as to authorise the amendment of a scheme in such a way that the benefits, excluding annual interest, to an employee under such scheme and this Decree are reduced below those to which he would have been entitled if this Decree has not been passed.

Reciprocal agreements with other countries

49. (1) For the purpose of giving effect to any agreement with the Government of any other country or any relevant international convention ratified by Nigeria being an agreement which provides for reciprocity in matters of Social Security, it shall be lawful for the Minister by order, to modify or adapt the provisions of this Decree in their application to cases affected by the agreement.

(2) In the absence of any reciprocal agreement with the Government of a country under subsection (1) any regulations may prescribe for the payment of benefits or lump-sums in lieu or such benefit, subject to prescribed conditions, to insured persons under this Decree by virtue of insurable employment in Nigeria and who are departing permanently from Nigeria.
Prohibition against misuse or information received

50. (1) An inspector or other person who in the exercise of any powers conferred or the performance of any duty imposed by, under or in connection with this Decree acquires information relating to the personal financial affairs of any other person shall not save in the performance of his duty, publish or disclose such information to any person.

(2) Any person who contravenes subsection (1) shall be guilty of an offence and liable on conviction to a fine not exceeding N.20,000 or imprisonment not exceeding eighteen months, or both.

Power to remove difficulties

51. (1) If any difficulty arises in giving effect to the provisions of this Decree, the Minister may, by order published in the Gazette, make such provisions or give such directions, not inconsistent with the provisions of this Decree, as appear to him to be necessary or expedient for removing the difficulty.

(2) Any order made under this section shall have effect notwithstanding anything inconsistent therewith in any regulations made under this Decree.

(3) Any power conferred by this Decree to make regulations may be exercised:

(a) either in relation to all cases to which the power extends or in relation to all such cases subject to specified exceptions or in relation to any specified cases or class of cases;

(b) so as to make as respects the cases in relation to which it is exercised:

i) the full provision to which the power extends or any less provision;

ii) the same provision for all cases to which the power is exercised, or different provision for different cases, or different provision as respects the same case for different purposes of this Decree;

iii) any such provision either unconditionally or subject to any specified condition.

(4) Without prejudice to any specific provision of this Decree, any regulation may contain such incidental or supplementary provisions as appear to the Minister to be expedient for the purposes of the regulations.
Repeal of legislation

52. (1) All legislation relating to the National Provident Fund and specified in the Fourth Schedule (hereinafter referred to as the former legislation) is hereby repealed with effect from the appointed day; and the liabilities of National Provident Fund on the eve of the appointed day of repeal shall become the liabilities of the National Pensions scheme branch of the Fund.

(2) Notwithstanding the repeal of the former legislation all rights and benefits of existing members which have accrued under such legislation by the appointed day shall exist and be paid after the appointed day in accordance with the provisions of the former legislation as if that such legislation had not been repealed;

provided that regulations shall provide that in cases where the existing member has so elected and where he satisfies the appropriate conditions, he may convert his Provident Fund balances, or a part thereof, otherwise due to him, into periods of insurable employment for the purposes of this Decree.

(3) With effect from the appointed day, the Workmens Compensation Decree 1987 shall not apply to insured persons under this Decree in respect of accidents arising out of and in the course of employment on or after the appointed day.

Income Tax exemption

53. (1) The Board shall not be liable to pay income tax and no tax shall be payable in respect of any property vested in the Board.

(2) Notwithstanding anything contained in any other law,-

(a) contributions paid under this Decree by employers, employees and other persons shall be regarded as tax deductible expenses in the computation of taxes payable by an employee, or as the case may be, an employer under any relevant law relating to income tax, and

(b) benefit payable under this Decree whether by pension, allowance or lump-sum, shall be exempt from taxation.
Exemption from stamp duty

54. (1) No stamp duty shall be payable on any receipt, contract, instrument or other document given or executed by or on behalf of the Board, or by any person in respect of benefit or refund of contributions under this Decree.

(2) Nothing in subsection (1) shall be construed to exempt any person from liability to pay stamp duty in respect of any other document otherwise liable for duty under the Stamp Duties Act.

Damages for personal injury by accident

55. (1) Where personal injury is caused to an insured person in such circumstances as to entitle him or his dependants to an action against his employer, in assessing damages there shall be taken into account against any loss of earnings or profit which has accrued or probably will accrue to the insured person from the injury one half of the value of any rights which have accrued or probably will accrue to him therefrom in respect of any other benefit, for a period of five years beginning with the time when the cause of action arose.

(2) For the purposes of subsection (1):

(a) the expression "personal injury" includes any disease and any impairment of a person's physical or mental condition;

(b) references to assessing the damages for personal injury shall in any case where the damages otherwise recoverable are:

i) subject to reduction under the law relating to contributory negligence; or

ii) limited by or under any enactment or by contract;

be construed as referring to the total damages which would have been recoverable apart from the reduction or limitation.
FIRST SCHEDULE

THE NIGERIAN SOCIAL INSURANCE TRUST FUND MANAGEMENT BOARD

1. Constitution of the Board

(1) The Board shall consist of eleven persons as follows -

(a) a Chairman who shall be appointed by the President on the recommendation of the Minister

(b) two persons nominated by the Nigerian Employers Consultative Association

(c) two persons nominated by the Nigerian Labour Congress

(d) one representative of the Federal Ministry of Employment, Labour and Productivity

(e) one representative of the Central Bank of Nigeria

(f) the Managing Director

(g) the three Executive Directors appointed under Section (7) of this Decree.

(2) Members of the Board appointed under (b) to (e) of paragraph (1) above shall be appointed by the Minister.

(3) The Chairman and any person appointed under (b) or (c) of paragraph (1) shall hold office for three years and shall be eligible for reappointment for one further term of three years.

(4) Any person appointed a member of the Board by virtue of his office in the public service of the Federation shall hold office as member of the Board only during such time that he may hold such office in that public service or for such term as the Minister may direct.

(5) The office of a member of the Board shall become vacant:

(a) upon his death;

(b) if he is declared insolvent or makes a composition with his creditors;

(c) if he is absent from three consecutive meetings of the Board without special leave of the Chairman;
(d) if he gives one month's notice in writing to the Minister of his intention to resign office and his resignation is accepted by the Minister; or

(e) if his appointment is terminated by the Minister.

2. Procedure of Board

(1) Subject to this Decree and to Section 26 of the Interpretation Act (which provides for decisions of a statutory body to be taken by a majority and for the person presiding to have a second or casting vote) the Board may make standing orders regulating its proceedings.

(2) The Board shall ordinarily meet for the dispatch of business at such times and at such places as the Board may determine, but shall meet at least once every three months.

(3) The quorum necessary for the transaction of the business of the Board shall be six members provided that there are included at least one member representing employees and one member representing employers.

(4) In the absence of the Chairman, the members present at any meeting shall elect one of their member to act as chairman for such meeting.

(5) The Board shall cause minutes to be kept recording:
   (a) all resolutions, proceedings and meetings of the Board; and
   (b) the names of the members present at each meeting of the Board.

(6) The Board may co-opt any one or more persons to attend any particular meeting of the Board for the purpose of advising or assisting the Board, but no such co-opted person shall have any right to vote.

(7) The Board may by resolution declare that the remuneration and allowances of any co-opted person and such sums shall be paid out of the Fund.

(8) All documents, other than those required by law to be under seal, made by, and all decisions of, the Board may be signified under the hand of the Managing Director.
(9) The common seal of the Board shall not be affixed to any instrument except by authority of a resolution of the Board and the sealing of any instrument shall be authenticated by the signature of the Managing Director and of such other person as the Board may appoint for the purpose.

(10) If any member of the Board is directly or indirectly interested in any contract or proposed contract or other matter, and is present at a meeting of the Board at which the contract or other matter is the subject of consideration, he shall, at the meeting and as soon as practicable after the commencement thereof, disclose the fact of his interest and shall not take part in the consideration or discussion of, or vote upon any question with respect to, that contract or matter.

(11) The members of the Board, excluding public officers, shall be paid out of the Fund such fees for attendance at meetings of the Board and its sub-committees, and such travelling and subsistence allowances, as the Minister may direct.
SECOND SCHEDULE

SECTION

EXCEPTED EMPLOYMENT

1. The following persons shall not be regarded as insured persons under either the National Pensions scheme or the Employment Injury Benefit scheme:

(a) an employee of an employer with less than 5 employees except where such employer is registered under the Companies and Allied Matters Decree

(b) an employee of an international organisation recognised by Nigeria who is not a citizen of Nigeria

(c) an employee of a foreign government who is accorded diplomatic or equivalent status and who is not a citizen of Nigeria.

(d) a member of the armed forces of Nigeria.

2. The following persons shall not be regarded as insured persons under the National Pensions scheme:

(a) an employee in the public service of the Federation or of a state, including a member of the Nigeria Police Force, who is entitled to benefit under a scheme of pension on terms substantially similar to those prescribed under the Pensions Act, excluding an employee of the Nigeria Social Insurance Trust Fund and any other public organisation notified by the Minister in the Gazette.

THIRD SCHEDULE

RATES OF CONTRIBUTIONS

1. For the purposes of Section 20(3) of this Decree, the rates of contribution payable as a percentage of earnings paid to insured persons shall be:

a) under the National Pensions scheme: 10% by employers and 5% by employees.

b) under the Employment Injury Benefit scheme: 2% by employers.
FOURTH SCHEDULE

ENACTMENTS REPEALED

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<tr>
<th>Short Title</th>
<th>Cap or No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. National Provident Fund</td>
<td>1961 No.20</td>
</tr>
</tbody>
</table>
The Social Security Conventions and Recommendations
of the ILO

General remarks

From its outset, one of the core activities of the ILO has been the adoption of international labour standards, either in the form of Conventions or Recommendations. These standards fix minimum requirements which, in the case of a Convention, are legally binding for all States having ratified it. In all other cases, the standards may provide useful guidance for the internal legislation.

Social Security Standards

The set of ILO instruments on Social Security adopted after World War II revises all Conventions in this area which had been adopted before. They comprise lower, minimum standards contained in the Social Security (Minimum Standards) Convention, 1952 (No. 102), and superior, higher standards contained in Conventions Nos. 103, 121, 128, 130 and 168 which are complemented by Recommendations (see Annex ).

The ILO Conventions define nine branches of social security. These are:

(a) medical care;
(b) sickness benefit;
(c) unemployment benefit;
(d) old-age benefit;
(e) employment injury benefit;
(f) family benefit;
(g) maternity benefit;
(h) invalidity benefit; and
(i) survivors' benefit.

Convention No. 102 covers all nine branches of social security. However, a ratifying State is not obliged to accept all parts of it and can confine ratification to merely three of the nine branches, including at least one of the following: unemployment, employment injury, old-age, invalidity or survivors' benefit. He is also required to meet defined standards for the minimum coverage of his population, minimum rates or amounts of benefit and minimum provision of medical care, where appropriate. The Convention requires, as a rule, equality of treatment for nationals and non-national residents; it sets out the circumstances in which benefit may be suspended and requires that claimants and beneficiaries should have a right of appeal against the refusal of benefit. Other general provisions define the responsibility of the State and limit the extent to which employees (in an insurance-based scheme) or persons of small means should be obliged to finance their benefits by direct contributions or special taxation. These matters are set out more fully below.
A State whose economy and medical facilities are insufficiently developed may, when ratifying a Convention, claim as a temporary exception reduced requirements regarding the minimum coverage as well as the rate, the duration and the conditions for the grant of some benefits.

**Qualifying periods**

A qualifying period may be a period of contribution, of employment or of residence preceding the contingency.

Standard rates of old-age benefit should be made available subject to a qualifying period of no more than 30 years of contributions or employment, or 20 years of residence. A reduced rate should be secured, however, after at least 15 years of contributions or employment. Where a contributory scheme covers, in principle, all economically active persons, there is an alternative formula - a prescribed yearly average number of contributions over a prescribed period.

Similarly, standard rates of invalidity or survivors' benefit should be available after not more than 15 years of contributions or employment, or ten years of residence. A reduced rate should be secured, however, after at least five years of contributions or employment. In the comprehensive contributory scheme, there is an alternative formula - a prescribed yearly average number of contributions over a period of three years.

It is recommended to reduce even further or to eliminate completely qualifying periods for invalidity benefits in favour of young workers or where invalidity is due to an accident.

Employment injury benefits are to be afforded without any qualifying period.

**Minimum standards for determining rates of periodical cash benefit**

The guidelines for determining the standard minimum rates of benefit are tied to a schedule of "standard beneficiaries" and "indicated percentages" (see Table on next page). The standard beneficiary is a family unit the composition of which varies according to the contingency. The indicated percentages may relate either to the wage of a "skilled manual male employee" or to the wage of an "ordinary adult male labourer" according to the pension formula.

The following situations may arise:

1. Where the rate of benefit is calculated by reference to the previous earnings of the beneficiary or covered person, the rate of benefit payable to a standard beneficiary, together with any family allowance involved, should be not less than the indicated percentage of the previous earnings plus family allowance. Formal rules should be described for the calculation of the previous earnings. An upper limit may be set to the rate of benefit, or to the level of reckonable earnings. This level should not be set below the earnings of a skilled manual male employee (the Conventions give an earnings level "equal to 125 per cent of the average earnings of all the persons protected" as an alternative).
RATE OF PERIODICAL CASH BENEFITS
(Percentages)

<table>
<thead>
<tr>
<th>Contingency</th>
<th>Standard beneficiary</th>
<th>Minimum Standards</th>
<th>Higher standards</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Conventions</td>
<td>Recommendations</td>
</tr>
<tr>
<td>Sickness</td>
<td>Man with wife and two children</td>
<td>45</td>
<td>60</td>
</tr>
<tr>
<td>Unemployment</td>
<td>Man with wife and two children¹</td>
<td>45</td>
<td>50¹</td>
</tr>
<tr>
<td>Old-age</td>
<td>Man with wife of pensionable age</td>
<td>40²</td>
<td>45²</td>
</tr>
<tr>
<td>Employment injury:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incapacity for work</td>
<td>Man with wife and two children</td>
<td>50</td>
<td>60</td>
</tr>
<tr>
<td>Invalidity</td>
<td>Man with wife and two children</td>
<td>50</td>
<td>60</td>
</tr>
<tr>
<td>Survivors</td>
<td>Widow with two children</td>
<td>40</td>
<td>50</td>
</tr>
<tr>
<td>Maternity</td>
<td>Woman</td>
<td>45</td>
<td>66 2/3</td>
</tr>
<tr>
<td>Invalidity</td>
<td>Man with wife and two children</td>
<td>40³</td>
<td>50³</td>
</tr>
<tr>
<td>Survivors</td>
<td>Widow with two children</td>
<td>40³</td>
<td>45³</td>
</tr>
</tbody>
</table>

¹ Under Convention No. 168 (higher standard), the beneficiary is considered alone.

² These rates are required only for a protected person who has completed a qualifying period of 30 years of contribution or employment or 20 years of residence. A reduced benefit shall be secured at least after 15 years of contribution or employment. Where, in principle, all economically active persons are protected, the qualifying period may be prescribed by national legislation.

³ These rates are required only for a protected person who has completed or whose breadwinner has completed a qualifying period of 15 years of contribution or employment or 10 years of residence. A reduced benefit shall be secured at least after 5 years of contribution or employment. Where, in principle, all economically active persons are protected, the qualifying period shall be no longer than 3 years of contribution.
2. Where benefits are at a flat rate, the rate of benefit payable to a standard beneficiary should (when any family allowance is included in each side of the comparison) be not less than the indicated percentage of the wage of a typical adult male labourer. The latter is defined as an unskilled labourer employed in the major group of economic activities with the largest workforce covered for the benefit.

3. In a third situation (the public service or publicly financed benefit), the rate of benefit may be determined by taking into account the means of the beneficiary and his family, according to a prescribed scale. The prescribed rules should allow substantial amounts of the other means of the family to be disregarded before the scale rate of benefit is reduced. The total of benefit, and other means (if any) over and above the amount disregarded, should be comparable with benefit calculated elsewhere under the "flat-rate" formula.

Adjustment of benefits

The Conventions prescribe that the rates of current periodical payments in respect of old age, employment injury (except in case of incapacity for work), invalidity and death of breadwinner (i.e. all long-term benefits) shall be reviewed "following substantial changes in the general level of earnings where these result from substantial changes in the cost of living".

Duration of benefit

In all contingencies, the cash benefit shall be a periodical payment. In case of partial permanent incapacity due to employment injury, however, it may be commuted for a lump-sum

(a) where the degree of incapacity is slight (e.g. less than 25%); or
(b) where the competent authority is satisfied that the lump-sum will be properly used.

Benefits are generally payable for the duration of the contingency, except that three waiting days may be imposed on employment injury benefits and invalidity benefit may be superseded by old-age benefit at pensionable age.

Miscellaneous matters

1. In general, non-national residents should have the same rights as national residents, but:
   (a) where benefits are payable wholly or mainly from public funds, special qualifying rules apply to persons who were born outside the territory; and
   (b) where benefits are payable under a social insurance scheme, the rights of the nationals of another country be subjected to the terms of a reciprocal agreement between the countries concerned.

2. Benefits under various branches may be suspended:
   (a) during absence abroad;
   (b) while a person is maintained at public expense in an institution;
(c) if a person is simultaneously entitled to two forms of cash benefit—other than family benefits (he should receive not less than the amount of the larger of the two conflicting benefits);

(d) where the contingency was caused by wilful misconduct or criminal offence on the part of the claimant, or the claim was fraudulent;

(e) where a person neglects to make use of medical or rehabilitation services, or fails to observe prescribed rules of behaviour during the contingency;

(f) in the case of unemployment benefit, where the claimant neglects to make use of the employment services, or lost his job as the result of a trade dispute, or left the job voluntarily without just cause; or

(g) in the case of survivors' benefit, where a widow is living with a man as his wife.

In the cases and within the limits prescribed, part of the benefit otherwise due shall be paid to the dependants of the person concerned.

3. Claimants should have a right of appeal against the refusal of benefit, or in respect of its quality or quantity but, where medical care services are provided by a government department, complaints in that respect are to be referred to the appropriate authority.

4. The cost of benefits and administration is to be borne collectively in such a way that:

(a) hardship to persons of small means is avoided;

(b) the economic situation of the country, and of the classes of persons protected, is taken into account; and

(c) in branches covered by social insurance arrangements (and excluding family benefit, and, normally, employment injury), the total of the employees' contributions should not exceed 50 per cent of the total cost.

5. The Conventions do not impose specific terms of administration, but they oblige the State to accept general responsibility for the administration of social security and for securing and monitoring the financial soundness of social security funds and they provide for associating representatives of the protected persons, and employers, with the management of social security institutions where appropriate.
# International Labour Organisation Instruments Concerning Social Insurance and Social Security

## 1. Conventions adopted before 1939

<table>
<thead>
<tr>
<th>Convention</th>
<th>Entry into force</th>
<th>No. of ratifications by 1 January 1992</th>
</tr>
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<tbody>
<tr>
<td>No. 2, Unemployment, 1919</td>
<td>14 July 1921</td>
<td>50</td>
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<tr>
<td>No. 3, Maternity</td>
<td>13 June 1921</td>
<td>28</td>
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<tr>
<td>No. 8, Unemployment Indemnity (Shipwreck)</td>
<td>16 March 1921</td>
<td>52</td>
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<tr>
<td>No. 12, Workmen's Compensation (Agriculture), 1921</td>
<td>26 February 1923</td>
<td>67</td>
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<tr>
<td>No. 17, Workmen's Compensation (Accidents), 1925</td>
<td>1 April 1927</td>
<td>65</td>
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<tr>
<td>No. 18, Workmen's Compensation (Occupational Diseases), 1925</td>
<td>1 April 1927</td>
<td>60</td>
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<tr>
<td>No. 19, Equality of Treatment A.C., 1925</td>
<td>8 September 1926</td>
<td>108</td>
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<tr>
<td>No. 24, Sickness Insurance (Industry), 1927</td>
<td>15 July 1928</td>
<td>23</td>
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<tr>
<td>No. 25, Sickness Insurance (Agriculture), 1927</td>
<td>15 July 1928</td>
<td>17</td>
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<tr>
<td>No. 35, Old-age (Industry, etc.), 1933</td>
<td>18 July 1937</td>
<td>12</td>
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<td>No. 36, Old-age (Agriculture), 1933</td>
<td>18 July 1937</td>
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<tr>
<td>No. 37, Invalidity (Industry, etc.), 1933</td>
<td>18 July 1937</td>
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<td>No. 38, Invalidity (Agriculture), 1933</td>
<td>18 July 1937</td>
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<tr>
<td>No. 39, Survivors' Insurance (Industry, etc.), 1933</td>
<td>8 November 1946</td>
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<td>No. 40, Survivors' Insurance (Agriculture), 1933</td>
<td>29 September 1949</td>
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<tr>
<td>No. 42, Occupational Diseases (Revised), 1934</td>
<td>17 June 1936</td>
<td>51</td>
</tr>
<tr>
<td>No. 44, Unemployment, 1934</td>
<td>10 June 1938</td>
<td>15</td>
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<tr>
<td>No. 48, Maintenance of Pension Rights, 1935</td>
<td>10 August 1938</td>
<td>8</td>
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<tr>
<td>No. 55, Shipowners' Liability (Sick and Injured Seamen), 1936</td>
<td>29 October 1939</td>
<td>16</td>
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<tr>
<td>No. 56, Sickness Insurance (Sea)</td>
<td>9 December 1949</td>
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**Remarks:** Conventions (No. 35) to (No. 40), (No. 44), (No. 48) and (No. 56) are no longer open for ratification since the entry into force of Convention (No. 128), 1967, Convention (No. 157), 1986, Convention (No. 165), 1987 and Convention (No. 168), 1988.
2. **Conventions adopted since 1945**

<table>
<thead>
<tr>
<th>Convention</th>
<th>Entry into force</th>
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<tr>
<td>No. 70, Social Security (Seafarers), 1946</td>
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<td>No. 71, Seafarers' Pensions, 1946</td>
<td>10 October 1962</td>
<td>12</td>
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<tr>
<td>No. 102, Social Security (Minimum Standards), 1952</td>
<td>27 April 1955</td>
<td>34</td>
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<td>No. 103, Maternity Protection (Revised), 1952</td>
<td>7 September 1955</td>
<td>25</td>
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<td>No. 118, Equality of Treatment (Social Security), 1962</td>
<td>25 April 1964</td>
<td>37</td>
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<tr>
<td>No. 121, Employment Injury Benefits, 1964</td>
<td>1 September 1965</td>
<td>18</td>
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<td>No. 128, Invalidity, Old-age, Survivors' Benefits, 1967</td>
<td>1 November 1969</td>
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<td>No. 130, Medical Care and Sickness Benefits, 1969</td>
<td>27 May 1972</td>
<td>13</td>
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<td>No. 157, Maintenance of Social Security Rights, 1982</td>
<td>11 September 1986</td>
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<td>No. 165, Social Security (Seafarers) (Revised), 1987</td>
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<td>No. 168, Employment Promotion and Protection against Unemployment, 1988</td>
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**Remarks:** Convention No. 70 has not received the required number of ratifications for entry into force. It is no longer open for ratification since the entry into force of Convention (No. 165), 1987.
<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Date of adoption</th>
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<tbody>
<tr>
<td>No. 10, Unemployment Insurance (Seamen)</td>
<td>1920</td>
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<td>No. 12, Maternity Protection (Agriculture)</td>
<td>1921</td>
</tr>
<tr>
<td>No. 17, Social Insurance (Agriculture)</td>
<td>1921</td>
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<tr>
<td>No. 22, Workmen's Compensation (Minimum Scale)</td>
<td>1925</td>
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<tr>
<td>No. 23, Workmen's Compensation (Jurisdiction)</td>
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<td>No. 24, Workmen's Compensation (Occupational Diseases)</td>
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<td>No. 25, Equality of Treatment (Accident Compensation)</td>
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<td>No. 29, Sickness Insurance</td>
<td>1927</td>
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<tr>
<td>No. 43, Invalidity, Old-age and Survivors' Insurance</td>
<td>1933</td>
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<td>No. 44, Unemployment Provision</td>
<td>1934</td>
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<tr>
<td>No. 67, Income Security</td>
<td>1944</td>
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<tr>
<td>No. 69, Medical Care</td>
<td>1944</td>
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<tr>
<td>No. 75, Seafarers' Social Security (Agreements)</td>
<td>1946</td>
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<td>No. 76, Seafarers' (Medical Care for Dependents)</td>
<td>1946</td>
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<td>No. 95, Maternity Protection</td>
<td>1952</td>
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<td>No. 121, Employment Injury Benefits</td>
<td>1964</td>
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<td>No. 131, Invalidity, Old-age and Survivors' Benefits</td>
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<tr>
<td>No. 134, Medical Care and Sickness Benefits</td>
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<td>No. 162, Older Workers</td>
<td>1980</td>
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<tr>
<td>No. 167, Maintenance of Social Security Rights</td>
<td>1983</td>
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<tr>
<td>No. 176, Employment Promotion and Protection against Unemployment</td>
<td>1988</td>
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