

**EVALUATION OF RETIREMENT SYSTEMS OF COUNTRIES
WITHIN THE SOUTHERN AFRICAN DEVELOPMENT
COMMUNITY**

Country Brief: Angola

OPM



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Policy
Management

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Abbreviations

INSS	National Institute of Social Security
NGO	Non- governmental Organisation
OPM	Oxford Policy Management
USD	US Dollar

1 Country and Retirement System Overview

Box 1.1 Country overview

Population 2008:	18.02 million
Proportion of population above 65 – 2008:	2%
Proportion of population above 60 – 2030:	Not available
Proportion of population rural:	43%
GDP per capita (current US\$)	4,627
Proportion of population below poverty line (\$2/day):	Not available
Labour force:	8 million
Labour force participation rate (of 15+)	82%
Unemployment %:	Not available
Employment in informal sector (% of total employment)	Not available
Employment in subsistence agriculture (% of total employment)	Not available
HIV/Aids prevalence (% of population 15-64)	2.1%

Box 1.2 Retirement systems overview

Formal systems

Social assistance

There is no general social assistance programme aimed at the elderly. From a general orientation towards subsidies for fuel and utilities, the country has been urged to focus on phasing out these subsidies in favour of more effective social spending. There are many donor, international non-governmental organisation (NGO) and private sector development and support programmes aimed at rural development, governance and the social sectors; specific government income support programmes are not common or widespread.

National social insurance

The National Institute of Social Security (INSS) operates in terms of the Basic Law on Social Protection (7 of 2004) and operates a mandatory contributory national social insurance programme. Contributions are 11% of remuneration (3% from the employee and 8% from the employer). A wide range of contingencies is covered: illness, maternity, accidents and occupational diseases, disability, old age/retirement death and unemployment.

Occupational and voluntary funds

The Basic Law on Social Protection also makes provision for supplementary pensions. These are regulated by the Institute for Pension Supervision under the Ministry of Finance, with the Ministry of Finance being advised by the Technical Council on Insurance and Pension Funds. In 2009, there were three pension fund management companies operating in the country and 19 pension funds (13 closed and six open). In 2007, the value of funds under management was estimated at US\$263 million, there being annual contributions of US\$42 million. There were 7,767 beneficiaries (pensioners) and 28,161 active members. Relevant legislation is the Financial Institutions Law (Law 13/05, 30 September 2005).

Informal retirement systems

Little information could be sourced on informal systems. One survey pointed to the importance of migrants and remittances (mostly from Portugal and South Africa). The study did, however, not allow for robust generalisations.

2 Formal retirement systems - Social Assistance

2.1 Legal and institutional

Social protection in Angola is governed by The Basic Law for Social Protection (7 of 2004) which provides the framework for all three broad areas of social protection, namely basic social protection, compulsory social protection and supplementary or voluntary social protection. The institution tasked with basic social protection (or normally tax financed social assistance is the Ministry of Social Assistance and Integration whilst the Public Assistance and Social Advancement agency is required to oversee it. Provincial Delegations and Municipal Services are required to manage social protection initiatives. We were not able to find regulations related to basic social protection or information on specific basic social protection initiatives.

2.2 Eligibility, access and coverage

The Act identifies as target groups individuals classified as living under extreme poverty, women in a vulnerable situation, children and teenagers with special needs or environments of risk, the elderly in a situation of physical or economic dependency and isolation, people with special needs in an environment of risk or social exclusion and unemployed individuals at risk of marginalisation.

2.3 Benefit type and levels

Individuals receiving benefits receive three general categories of benefits namely: support in a risk situation, social support and solidarity support. Under the first category individuals receive cash or in-kind benefits to address serious or urgent circumstances such as primary health protection, pensions and social subsidies, basic goods distribution and so forth. Under the second category individuals receive services, equipment, projects and programmes targeting the eligible groups in areas of housing, food, education and health. Under the final category, individuals receive benefits based on the action of professional groups, neighbours associations and others to perform a range of social services.

2.4 Financing

Social protection is financed from the state budget, revenue from local state institutions, national or international donations to specific projects, taxation on the use of social services and equipment based on the income of the users.

3 Formal retirement systems – Social Insurance

3.1 Legal and institutional

The Angolan social insurance scheme is by the “Lei de Bases da Protecção” (7 of 2004) and further regulations (Social Decree 38/08 on the judicial framework of compulsory social Protection and Decree 40/08 on the definition and regulation old-age social protection).

The Mandatory Social Protection scheme is the responsibility of the Ministry of Public Administration, Employment and Social Security (MAPESS); the National Directorate for Social Security (DNSS) oversees the scheme while the National Institute of Social Security (INSS) runs it.

3.2 Eligibility, access and coverage

This scheme is believed to cover both private and public sector workers.

With respect to the normal retirement age, any claimant who reaches 60 years with a minimum of 15 years of contributions or has 35 years of contribution has a right to a retirement pension. Early retirement is available from age 50 on condition of at least 15 years of contribution and proven disability. With regards to an old age allowance (previously called a subsidy), any claimant who reaches the age of 60 and has made 10 years of contributions is eligible for the associated benefits.

3.3 Financing

The Social Protection scheme is financed by contributions made by employers and employees at 8% and 3% respectively. Fines for late payment of contributions, the revenue generated from invested assets, the state budget, subsidies, donations bequests, inheritance, other lawful contributions provide further income. With respect to asset management MAPESS must approve the investment of reserves on a yearly basis by DNSS or INSS and investment should be in line with the criteria of security, efficiency and liquidity. The sale of assets is possible under ministerial approval.

3.4 Benefit type and levels

For normal retirement pensions the benefit formula is determined as the average before tax monthly income for the 3 years before retirement multiplied by the months of service divided by 420. In the case of early retirement the actual value of years of service is multiplied by 1.5 to obtain the years of service to be used in the formula (with a maximum of 5 years added). The monthly pension is not permitted to be higher than 35 times the minimum wage or lower than the national minimum income.

With respect to old age allowance (payable where there is an inadequate service time) the benefit amounts to 30% of before income monthly income on the year before the end of professional activity. The value is capped at what the claimant would receive if he/she were eligible to retirement pension.

In the case of death a lump sum plus a survivor's pension is payable. The latter amounts to 70% of before-tax income or 75% of the old-age pension at time of death, payable to spouse, living ancestors and descendants. A funeral benefit is also payable.

3.5 Contingencies covered

The fund covers a range of employment related benefits (unemployment, illness, maternity and work accidents/illness) in addition to retirement, invalidity and death.

3.6 Administration costs

Administration costs are capped at a maximum of 5% of total funds collected in a given year.

4 Formal retirement provision – Civil Service Occupational schemes

No electronic versions of legislation or further information could be obtained on civil service pensions.

5 Formal retirement provision – Civil Service Occupational schemes

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Further information could not be accessed.

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