The Benefits of Employees Compensation Scheme (ECS) in Nigeria

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Abstract
Nigerian workers are desirous to have a workable social insurance scheme but there is fear that corruption might perhaps lead to failure of the scheme. As such the Government may not reasonably access and assess employers. Perhaps there would be non-compliance with the applicable policy /law on employee's compensation scheme. The question now is what is the nature of the policy and management team or structure of the scheme? Employees need to know and make it work to guarantee safety of resources. Furthermore, are there differences between the present implementing agency and the earlier structure? This study has a direct bearing on the facts that there are differences in policy and management structure and the scheme is for the benefit of the employees, employers and the Nigerian society at large. Similarly, it is re-emphasized that employers should key into the scheme to make life easier for workers while in service. Accordingly labour unions should formally put the matter before their employers for adoption and implementation to enable grass root workers benefit.

Key Words: *Social Insurance, Employees, Trust Fund, Compensation, Corruption*

1.0 Introduction

1.1 Background

The International Labour Organization (1952) regards social insurance as beneficial and desirable (International Labour Organization (ILO) Convention 102). Consequently it defined social insurance as a method of providing social protection, which is financed by contributions made by both employers and employees while in employment. It is sustained through the pooling of risks and finances so as to get benefits prescribed by law.

A consideration of ILO standards and worldwide practices shows that the social insurance contribution is managed by public agencies to ensure sustainability. In many countries the contribution and management operation is a mixture of private and public sector agencies. However, the tendency is that it is shifting in favour of the public agencies in both developed and developing countries so as to reach poor citizens particularly employees.
An employee under the scheme is a person employed by the employer. The employment contract may be written or oral, permanent and pensionable/continuous, part-time, or temporary, apprentice, casual or domestic servant. It may also be staff of the Nigeria's three tiers of government, private and public including self-employed persons. This requires State governments to domesticate the law for application in their States. The stakeholders for social insurance in the three tiers of government are employers and employees in both private and public sectors.

Nigeria is a country which is structured into 36 states and 774 local government areas. The country has an estimated population of180 million people. A majority (60 %) the population is below 18 years of age. And about 70% of the population is in the agricultural sector. Nigeria according to UN report is one of the poorest and unequal countries in the world with over 80 million of her population living below poverty line. This is between 62% and 64 % poverty rate. Nigeria is a plural society and faces other political, social and economic challenges. There is great inequality between the rich and the poor, urban and rural areas, between ethnic and religious groups as well as between States where Sokoto State tops the poorest States with 81.2% poverty rate, North-East regional devastated by Boko Haram and Niger Delta oil endowed area is always under attack by militants. In addition there is high rate of unemployment in the presence of abundant natural resources, communal and other forms of humanitarian crises have given rise to about 3.3 million Internally Displaced Persons (IDPs) in Nigeria. This IDP figure is the largest in Africa. And from world perspective, Nigeria is next to Syria and Columbia (Opejobi 2016; www.worldbank.org/en/country/nigeria; National Bureau of Statistics Report 2012 on the poorest states in nigeria; https://www.naija.ng/1094196-top-20-richest-states-nigeria-html)

2.0 Literature Review

Poverty is an age long phenomenon and there are measures put in place to reduce it. Biblically, the poor are allowed to glean the field after harvest. The Bible also tells us that Government in Egypt under the Pharaohs was known to store up food supplies in every region in case a disaster or famine occurred. Under the New Testament (Mathew 25 verses 32-46) it is considered religious duty to carry out seven works of mercy namely: - feed the hungry; give drink to the thirsty, welcome the stranger; cloth the naked; visit the sick; visit the prisoner; and bury the dead.

Crone (2005) and Hamid (2003) writing about Islamic political thought and alternatives, draw our attention to the Quran, where there is also the act of "Charity" called Zakat, which is one of the five pillars of Islam. Zakat is also as an act of mercy requires one to give alms to the poor elderly, orphans, widowed persons, and the disabled.

Hansan (2011) and Marjie (2002) said that following the neglect of religious duty of showing mercy in modern times, the English Poor Law of 1601 was passed to provide for welfare payments in Europe. It allowed parishes to give poverty relief assistance to the poor. And the 19th-century Poor Law Amendment Act introduced the system of workhouses. And by the early 20th century an organized national insurance system as State welfare program was introduced in many countries for the working classes. This came in form of transferring money to beneficiaries. In some counties it is expanded to be a program for providing work, and stimulating the economy through public spending on projects. Also market, civil society and households, or through a combination of these agencies provided social security to the individual/households. The aim is to reduce multi-dimensional deprivation. (https://en.m.wikipedia.org/wiki/Social_security)

The United Nations (1948) produced the Universal Declaration of Human Rights (UDHR) document; and Article 22 of UDHR describes social insurance as a situation where, governments who are signatories to the UDHR agree that a person who lives in any society should be helped to develop and to make the most use of all the advantages of culture, work, social welfare e.t.c. which are offered to them in the country. Consequently, governments act by organizing social welfare or social security for all retired and disabled people as in USA, or social insurance scheme for all workers as in Nigeria. These are people's well-being programs to ensure that there are sufficient resources for food, shelter and health. Social security as provided by ILO covers a wide range of areas: old age pensions; survivor's benefit to widowed person or child as a result of the death of the breadwinner; the maintenance of children family benefit; maternity benefit; unemployment benefits; sickness leave benefit; disability benefits; employment injuries [(Minimum Standards) Convention (No. 102) 1952]. Modern authors, like Vrooman (2009).have considered the ILO approach as too narrow because it is limited to the provision of cash transfers. Consequently, they extend it to include security of work, health, and social participation; and new social risks (for example the issue of single parenthood and the reconciliation of work and family life) and the need for housing benefits should be included in the list as well.

Forman, (2014) asserts that due to increasing life expectancy in United State of America total population of the oldest old (90+) is expected to grow from 1.9 million by 2010 to 8.7 million in 2050. But unfortunately there is always the fear that social security arrangements are often dissipated long before retirees reach 90 years plus. He went further to say that a variety of approaches would be needed to cater for the needs of this segment of human population. This requires the expansion and strengthening of social security programs; workers would be expected and encouraged to work longer and save more for any eventuality and inevitable retirement; Also workers and retirees need to annuitize more for their retirement savings. But there is an unanswered question: How much would workers save before retirement? More so, how much would government satisfactorily redistribute to the oldest? As for the present writer, he is on the same pedestal with Forman (2014) and is of the view that because of other unforeseen environmental factors (social risks) and as past experiences indicate, the oldest old would still face inadequate economic resources even in the face of government social security schemes and personal savings.

Nwabueze (1989) said initially the safety of the few in power is the safety of the State. In this perception little or nothing was known, said or done about providing social and economic security of the larger members of the society to take care of social and economic risk. Social risks are diseases, destitution, idleness, accidents old age and death. While economic risk are loss of income, or unemployment caused by harsh economic environment, accident and diseases or death of a bread winner resulting from poverty. In Nigeria Nwabueze said social security protection was guaranteed by section 14(2) (b) of the 1979 Constitution of the Federal Republic of Nigeria. The same is expressed in Section 17 (3) (a)to (h) which requires the State direct its policy towards ensuring that there is secure livelihood for the employed, unemployed, the aged in the area of income, health, safety and welfare e.t.c. Consequently the State makes a fair arrangement of the society to enable the state pool resources and provided organized collective action and insurance against social and economic risk. Of all the risk old age and death are inevitable and irreversible but the others may be reversed.

The ILO Income Security Recommendation No. 67 of 1944 General Principle No. 26 and the Social Security (Minimum Standards) Convention 1952 (No. 102) General Principle 71(1), provides a guide for the funding of social security programmes. That cost of benefits and cost of administration shall be borne collectively but in a manner that avoids imposing hardship to persons of small income. Consequently, four main or mix sources of financing social security have existed. According to Nwabueze (1989), there are (a) Contributions by (i) workers, (ii) employers based on wages or earnings and (iii) the State. (b) Combination of employers and workers contributions (c) Combination of State, and employers (d) sometimes by employers alone. The rationale of the stakeholders contributions are (1) workers contribution is made to make the worker aware about the uncertainty of the future and the need for him to make hay while the sun shines by making the worker participate in managing the scheme through his compulsory savings. (2) Employers participate because they are deeply involved in the chain of causes of the risk factors in the workplace and need to improve labour–management relations) The State contributes because the State is constitutionally responsible for pooling resources and providing social security to the weak against risk factors. The inaction of government in this case can contribute to the occurrence of the risk factors.

The extent to which this funding is shouldered by the three stakeholders differs from country to county. In some countries workers contributions are abolished. In some, workers do contribute for some schemes. But contribution by employers is dominant in most countries. From the forgoing, the objective of social security is that it raises hope and confidence of the weak. There is hope that tomorrow's standard of living will be fair because there is a secured source of income and Medicare for the sick, old and the retired. The question for this study then is to what extent has social protection be given attention by the government in recent times in Nigeria?

3.0 Methodology

This study will be based on library research on social security or protection policy and programme in Nigeria.

4.0 Findings and Discussion

4.1 The Antecedents of Social Security in Nigeria

4.1.1 Institutions

Hitherto there was established the defunct National Provident Fund (NPF), which had been in operation since 1961 to operate pension scheme to cater for employees in the private sector against loss of employment income or old age or death. It provided a Defined Benefit Scheme (Pay-as you-go) vide the National Provident Fund Scheme of 1961. It was the first to address pension matters for private organizations. 18 years later, Nigeria had a Pension Act No.102 of 1979, Armed Forces Pension Act of 1979; the Police and other Government Agencies Pension Scheme were enacted under Pension Act No. 75 of 1987. There was also the Workmen Compensation Decree No. 73 of 1993. This Act of 1993 established the implementing agency known as Nigeria Social Insurance Trust Fund (NSITF). The NSITF provided a Defined Benefit Scheme through Social Insurance method for employees in the organized Private Sector. The Scheme covered contingencies of Old Age, Invalidity, Survivor and Emigration (for contributing members relocating permanently outside Nigeria).

4.1.2 Funding and other Challenges

The discomfort with this scheme was the prevalence of little or no fund for compensation from employers. Final entitlement was based on length of service and terminal emoluments. It was funded by Federal Government through budgetary allocation. Pension became a great burden to Government and over the years Government could no longer cope with payment of pension and gratuities of workers. This was because there was no plan put in place to match funding with the growing number of retired employees. Other challenge was corruption leading to non-availability of authentic records, uncoordinated administration/inability to effectively implement budgets; and the inclusion of ineligible or non-existing pensioners on the payroll of pensioners also resulted in inadequate funding.

4.1.3 Assets

Notwithstanding the funding problem stated in the preceding paragraph, the success of the defunct NSITF Scheme was still in the area of huge pension assets transferred to Trust Fund Pensions Plc - (the Pension Fund Administrator (PFA) set up by the 1993 NSITF to cater for contributors to the defunct Scheme). The Pension Reform Act of 2004recognized the need for

NSITF to continue to play a supplementary role to the Pension Act. In other words the Pension Reform Act 2004 came up to relieve NSITF of Pension responsibility (The Anchor Online, 2014)

5.0 The Employees Compensation Scheme (ECS) in Nigeria

There are two insurance perspectives namely the social and private insurance. The difference between the social and private insurance is that while private companies insurance services are applicable to individuals that can pay the required premium, the government social insurance is nonprofit oriented and serves individuals who may not be able to pay for the private scheme. In Nigeria, government has made a general policy to ensure there is a social insurance in addition to Private Insurance. The Government's social insurance is backed by law to provide compensation to employees or their next of kin when the employee dies at work or in the course of work. Hence an Act titled Employees Compensation Act was signed into law on the 17th of December 2010 by the President of the Federal Republic of Nigeria- The 2010 Act repeals and replaces The Workmen Compensation Decree No. 73 of 1993, the National Provident Fund Act and the National Provident Fund (Management Board, etc. (Cap. 123, Cap. 273, and Cap. 274 of Laws of the Federation of Nigeria). The goal of Government ECS is to ensure that individual employees whose employers are registered under the Scheme do not pay except the employer.

5.1 Implementing Agency: NSITF

The agency responsible for implementation of ECS is Nigeria Social Insurance Trust Fund (NSITF). Thus unlike in the past where NSITF manages both pension and other compensation it is now no longer so. Both the Pension Act of 2004 section 71(2) and the ECS Act 2010 section 2 (2) recognize that other than pension, there is need to have government social insurance and to be managed by NSITF. Thus with the Pension Act 2004 retirement benefit (pension/gratuity) is to be managed by National Pension Commission (PENCOM)

5.2 Management Structure

As for the management structure, Section 4 of ECS Act 2010 provides for the membership of the Board as follows(I) The Board shall consist of the following members, that is-(a) the chairman who shall be appointed by the President, on the recommendation of the Minister for Labour; (b) two persons each nominated by-(i) the Nigerian Employees Consultative Association; and(ii) the Nigeria Labour Congress; (c) one representative each of-(i) the Federal Ministry of Employment, Labour and Productivity; and(ii) the Central Bank of Nigeria; (d) the three Executive Directors appointed pursuant to section 7 of the Act; and(e) the Managing Director.

5.3 Functions of the NSITF Board

(l) The Board is responsible for-

- (a) The administration of the Fund and the investment of sums forming part of the Fund;
- (b) The payment of the various benefits provided under the Act to persons entitled to the benefit; and
- (c) The general administration of the Act and regulations made there under.
- (d)Holding and alienating property, real or personal; and
- (e) To enter into any contract or other transactions.

(2)The Board has power to carry out such activities as may appear to the Board to be incidental or conducive to the attainment of its objects under the ECS Act. This has been defined to be:-

- (a) To provide an open and fair system of guaranteed and adequate compensation for employees or their dependents upon death, injury, disease or disability arising out of or in the cause of employment

(b) To provide rehabilitation to employees with work related disabilities as provided in the Act (Sec 21-25 and 2nd schedule).

(c) To establish and maintain a solvent compensation fund management in the interest of the employees and employers.

(d) To provide for fair and adequate assessment for employers after the expiration of 2 years of the fixed 1 % contribution regime (section 32, 33(2), 34 and 35).

5.4 Staffing of NSITF

In addition to the Board;, the President, on the recommendation of the Minister of Labour appoint a Managing Director who shall be the Chief Executive of the Board and three Executive Directors. There appointments are on tenure basis. The Board is responsible for the appointment of persons with relevant academic and professional qualification to serve as Secretary to the Board. The Board may employ such other staff as may, in the opinion of the Board, be necessary to assist the Managing Director in carrying out the functions of the Board under this Act, and terms and conditions of service determined by the Board from time to time.

5.5 Registration of Employers

The scheme's Act requires that a corporate body or individual who employs a minimum of five workers must register itself and workers with NSITF in a prescribed Form and pay the 1% contribution for the workers. (www.nsitf.gov.ng).

5.6 Persons exempted from the scheme

Section 11 of the Act enumerates the category of persons exempted from this ECS as follows (a) a person employed in the public service of the Federation or a State or local government who is entitled to the benefit of any scheme or pension on terms substantially similar to those prescribed by the Pensions Act; or (b) a person who is entitled to diplomatic or equivalent status under the Diplomatic Privileges and Immunities Act; or (c) a person not being a citizen of Nigeria who is employed in Nigeria for a period less than six years at a time, if the employee is liable to contribute to or is prospectively entitled to benefits from the social security scheme of any country other than Nigeria or any benefit scheme by virtue of his employment which would provide the employee with benefits substantially not less favorable than the benefits to which he would have been entitled to under this Act; or (d) a minister of religion who is engaged in the propagation of his faith.

5.7 Funding

As stated earlier no employee is expected to contribute under the scheme. It is only employers who would fund the scheme through a regular contribution of 1% of total payroll consisting of total emoluments. The fairness in the contribution is that at take off all registered employers would pay the same premium of 1 % of the payroll for the first two years. Thereafter the NSITF would carry out risks assessment of all employers which result would enable NSITF to categorize employers on the bases of the level of risk their workers are exposed to. This means at the end some employers are likely to pay above the 1% while others would continue to pay the 1%. Also employers with high level of safety and health in their workplace are likely to enjoy lower rate of contribution but not below 1%.The ECA is categorical that the scheme does not impose additional financial burden on the employer. Rather at the point of any injury such cases would be treated and funded from the contribution already pooled with the NSITF without further financial burden on the employer.

Also the contribution from employers is not considered as tax because the contribution has direct beneficiaries, injured or sick employees.

5.8 Prohibitions of Certain Acts by Employers

To maximize the benefits of the scheme by employees, the 2010 Act prohibits employers from doing the following:-

(a) No deduction from employees' salary

Employers are prohibited from making the deduction of the 1% contribution or any subsequent assessment for contribution to the ECF from the salary of the employee (section 14(1).

(b) No waiver of employee's benefits

Also the ECA prohibits any agreement between employee and employer to waive or forgo the right to compensation or benefit (section 13 (1).

(c) No settling of employer's liability by employees

An employer is prohibited from taking any amount directly or indirectly from the remuneration or allowances of any employee simply because the employer made contributions on behalf of the employee/or because the employer is serving any penalty under this Act or regulations made under this act (Section 15)

5.9 Sanctions

The Act provides that any employer and his directors who defaults or fails to comply with the ECS and is found guilty will be sanctioned for instance to pay liabilities of contributions, be imprisoned and or fined by payment of an amount equal to 10 % of the unpaid contribution.

5.10 Reporting Procedure

The Act proscribes the following procedures to be followed in seeking compensations by employees and employers:-

5.10.1 Procedure for Employee

(1) An employee who is an accident victim or his representative must immediately report verbally or in writing to the employer to take necessary steps that would lead to the provision of the cost for treatment.

(2) Where the employer neglects to take the most appropriate action as required by law the victim can complete FORM.CCF03 being Affidavit confirming accident or occupational disease by an employee and submit to NSITF office for further necessary action.

5.10.2: Procedure for Employer

In line with 5.9.1 (1) the employer is expected to act within 7 days after the occurrence of the accident or on receipt of information about the occupational disease. The employer is further expected to report the matter to the Fund to avoid being guilty of an offence. However minor injuries where no medical attention is required must not be reported but proper record of the case must be kept. On the strength of the above the appropriate steps which the employer is to take are as follows:-

Step 1: Download FORM ECS.CCF01 for completion on behalf of the injured or diseased employee as well as FORMECSCCF03 which must be completed by the victim and must be submitted to the nearest NSITF Office. Also to be filled is Form ECS CCF02 in triplicate (the original for NSITF, Duplicate for the victim worker, triplicate for employer

Step 2: Give the Form ECS CCF02 to the Medical Doctor where the injured will be treated. The medical doctor completes the form and sends it to the employer or NSITF Office.

Step 3: Without waiting for the Form with the doctor the employer must send the original Form to NSITF through surface mail, e-mail, fax or hand delivery to the nearest office of NSITF. While the victim is away the employer must keep and send monthly record of trends and location of medication center for other needs like funds to reach him vide "Claim of Compensation FORM" ECS.CCF02

STEP 4: On recovery and resumption to duty the employer must send a follow-up medical report vide FORM ECS.MR01 as soon as it is received from the doctor.

5.11 Benefits of the ECS

When the *Solvent Compensation Fund* is properly used for the interest of employers and employees, the following other benefits under the 2010 Act are achievable:-

5.11.1 Benefits to Employees

(a) The missing gap in the Pension Reform Act which covers only post-work benefit would be addressed and filled by the 2010 Act which is a during work benefit.
(b) Steps to be taken to receive claims is simplified and assured. This is different from the Workman's Compensation Act where employees are blamed. The Employees social insurance does not try to establish *"Cause of injury or who is at fault"*. Rather it is a *“No Fault Scheme.”*
(c) It guarantees short and long term follow-up and rehabilitation.
(d) Unlike the ILO view that the social insurance schemes should be financed by contributions made by both employers and employees(as is seen in the case of Pensions Scheme), in the present ECS the employee does not contribute to the Scheme, it is only the employer contributes.
(d)It provides opportunity for at least two thirds of the employees in the company concerned to collectively elect to exercise the right for example for the *conversion of benefits into credits against stated purposes* such as the purchase of real property intended for use by the employee or his family for residential purposes; or the purchase of or acquisition of equity holding in the company which employs the contributor where available for sale And when they so elect or in view of other benefit the Board may from time to time approve it for implementation.

5.11.2 Benefits to Employers

Under the ECA, it is a win-win situation for the stakeholders. In particular, the employer stands to gain directly or indirectly from the implementation of the Scheme in the following ways:-

i. It will relieve the employer of the heavy burden of solely taking care of injured worker when it occurs.
ii. Maintains payment of compensation whether the employer is liquid or not.
iii. Payment to the injured worker is made regularly without recourse to the employer, no matter the amount of liability.
iv. It encourages increased productivity from the workforce.
(v) Enjoys a pool of investible funds for socio economic development

5.11.3 Benefits to Society

It gives force to Chapter 2 of the Constitution of Federal Republic of Nigeria 1999 which provides for social policy as one of the directive principles of the State. This provides an avenue for the society at large to enjoy social harmony, peace and socio-economic development devoid of crisis and crimes: promotes environment of Industrial peace good for business activities to thrive; it enhances creation of jobs and higher productivity; with the prompt response by NSITF there will be improved quality of life; and at end it gives an improve international image of the country.

6.0 The Major Differences between Present and Previous schemes

From the forgoing the major differences between the present and previous schemes are tabulated in Table 1 and Table 2 below:

Table 1: Comparison between the Workmen Compensation Act and ECA

S/No	EMPLOYEES COMPENSATION ACT	WORKMENS COMPENSATION ACT
1	Provides cash and non-cash compensation to the injured and dependents: treatment, daily allowance for sustenance, counseling and rehabilitation	Did not offer these
2	Provides resolution of disputes on time to prevent court actions	Most disputes on benefit were resolved through the courts and takes longer time thus subjecting the victim to hardship
3	Provides monthly periodic payment for life	provides lump sum payment to dependents of the deceased worker
4	Is for all categories of employers including self employed	Mainly for large scale organized employers
5	provides no fault scheme for a fair and speedy process of payment	Often blames the employee
6	Negates the insurance principle of *"no premium no pay*"	Employee pays premium to be paid back.
7	Provides cash benefits	Does not provide non cash benefits

Table 2: Comparison between Employees Compensation Act and Pension Reform Act

S/No	EMPLOYEES COMPENSATION ACT 2010	PENSION REFORM ACT 2004
1	Takes care of workers' safety and health needs while at work	Takes care of workers' Pension/Gratuity after retirement
2	Targets to treat injuries gotten at the workplace	Does not treat injuries after retirement
3	No conflict with Pension Act.	No conflict with ECA

7.0 Prospects of the Scheme

7.1 Composition of the Board

The implementation agency for ECS is in place. However, a critical observation is that there is an omission in the representatives of the second labor center in the Board. Since there are two labour centers in Nigeria it requires that in addition to Nigeria Labour Congress there should be another slot for Trade Union congress of Nigeria.

7.2 Commitment to service

There is an assurance by the Board and staff of NSITF to carry out its responsibility of implementing the Employees' Compensation Act (ECA), 2010. They have vouched to be Committed to provide employees welfare in line with the objectives NSITF and have come up with the following visions and mission statements:-

VISION: "To be the leading Social Security institution in Africa, setting the agenda for change, social policy, economic empowerment and poverty alleviation in Nigeria. "NSITF

MISSION: "To be proactive in providing social security protection and safety nets for all Nigerians against deprivations and income insecurity in accordance with national and international laws, conventions and world best practices."

7.3 Mobilization of Employers

It is noted that the management team are mobilizing States to domesticate the law and make it work

7.4 Narrower Scope of Responsibilities

The ECS has made NSITF to no longer be pension paying agency so there is now less work load. This creates room for a better focus and operation on only insurance matters, for efficient and effective service delivery.

7.5 Matrix Management Structure

The matrix management structure enables the NSITF to draw experts from various organizations as members of its Board. In labour management perspective it has a tripartite composition of the management structure. First, the ECS ACT 2010 provides that workers union be part of the management Board. Also in the Board are the representative of employers union and Government representative from Ministry of Labour, Ministry of Finance and the Central Bank. Second, there is an independent Investment Committee on which various government agencies have a representation. Third the Board is statutorily restricted to invest only in safe ventures like bonds, bills debentures real Estate /social housing issued or guaranteed by government. With the above composition it is believed the Board would not give room for abuse of its discretionary power. And there is hope that disputes would easily be resolved and there will be no mismanagement of funds at NSITF custody.

7.6 Implementation of objectives

In pursuit of its vision and mission, it is noted that NSITF released a circular letter in June 2011 and November 2014 to all employers of labour to comply. It also produced flyers and booklets to educate the employees and employers on what need to be done. The letter invites the attention of all Employers of Labour to the fact that the Workers Compensation Act 2004 has been repealed by the Employees Compensation Act 2010. The new Act applies to both public and private sectors except the armed forces.

7.7 Inability of States to make actual contributions and fear of corruption

As laudable as the funding formula of the ECS is experience has shown that States are getting more reluctant in promoting and effecting annual increments of their workers, have found it more difficult to implement the Pay As You Go as well as adopt and implement the 2004 pensions reform Act to name a few. This gloomy picture may also affect the implementation of the ECS, which requires States to fund the scheme. In addition, there is fear of corruption and failure of the scheme. It is feared that the Board may not reasonably assess employers and there is a likely-hood some employers may not even be assessed.

8.0 Conclusion

The social security protection sector in Nigeria is rising with a clearer institutional roles and responsibilities, but we have not seen much political-will and domestication of the ECS at the State and local Government levels. However, with (a) the Composition of the Board and the appointment of men of honest character (b) from diverse agencies including labour unions coming to serve on the Board, (c) the variety of Forms introduced and to be filled not only by the employer or employee (d) from the steps of reporting cases by both employees and employers, (e) the opportunity for employer and the employee to arrange some other insurance schemes (f) sanctions that follow if there is non-compliance with the ECA Act, reveal that the law makers noted and acted to stop crime in the information technology world to ensure that social security matters are processed efficiently and resolved effectively by NISTF.

9.0 Recommendations

The greatest problem is lack of funding by employers followed by that of corruption. In view of this we recommend that the management should make anti-corruption campaign work in the organization. Also employers should make regular contributions to the scheme.

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