REALITY CHECK

THE STATUS OF SOCIAL SECURITY SYSTEMS IN UGANDA:
CHALLENGES AND OPPORTUNITIES

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Foreword

“Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.” *(Universal Declaration of Human Rights Article 22*)

Social security, a proclaimed Human Right, is a key mechanism to ensure social and economic equality. Social inequalities are a considerable strain on any society and economy. Therefore, different forms of social security systems have been applied by nations, religious institutions, or private companies for centuries in order to mitigate the many negative effects of poverty. Internationally, it is now recognized by most countries that some form of social security mechanisms are crucial to a country’s healthy and effective social and economic development.

On this background, the Konrad-Adenauer-Stiftung (KAS) is promoting the concept of Social Market Economy also internationally as a consideration and inspiration for policy makers and representatives of the private sector, who influence the economic and social development of different countries around the world. Sharing experiences in economic policy drafting and balancing state-led social security schemes with the preservations of individual and market freedoms is therefore at the core of KAS’ international efforts to strengthen the global link between economic growth and social justice.

This publication addresses the situation in Uganda and provides a comprehensive presentation of the strength and weaknesses of the Ugandan social security systems. It gives an insight into the development and situation of both formal and informal security systems in Uganda and analyses the different available options as well as the remaining gaps.

We hope, this publication will make a significant contribution to the complex and thriving discourse on the development of a Ugandan social security system, and wish for the deep and enriching impact the authors have envisioned.

Dr. Angelika Klein,
Country Representative KAS Uganda

List of Acronyms and Abbreviations

BOU	Bank of Uganda
CBHIS	Community Based Health Insurance Schemes
CCT	Conditional Cash Transfer
CfW	Cash for Work
CSOs	Civil Society Organisations
DAR	Development Assistance to Refugee Hosting Areas
DFID	Department for International Development
DRT	Development Research and Training
EC	European Commission
EPRC	Economic Policy Research Centre
ESPP	Expanding Social Protection Programme
FfW	Food for Work
HDI	Human Development Index
ILO	International Labour Organisation
KALIP	Karamoja Livelihood Programme
KIDDP	Karamoja Integrated Disarmament and Development Programme
KPAP	Karamoja Productive Assets Programme
LEARN	Livelihoods and Economic Recovery in Northern Areas
MDG	Millennium Development Goals
MFPED	Ministry of Finance, Planning and Economic Development
MGLSD	Ministry of Gender, Labour and Social Development
MOH	Ministry of Health
MOPS	Ministry of Public Service
NDP	National Development Plan
NGOs	Non-Governmental Organisations
NSSF	National Social Security Fund
NUREP	Northern Uganda Recovery Programme
NUSAF	Northern Uganda Social Action Fund

OPM	Office of the Prime Minister
OVC	Orphans and Vulnerable Children
PRRO	Protracted Relief and Recovery Operation
PSPF	Public Sector Pensions Fund
RALNUC	Restoration of Agricultural Livelihoods in Northern Uganda
SAGE	Social Assistance Grants for Empowerment
UBOS	Uganda Bureau of Statistics
UDHS	Uganda Demographic and Health Survey
UNHS	Uganda National Household Survey
VfW	Voucher for Work
WFP	World Food Programme
YLP	Youth Livelihoods Programme

1.0. Introduction

This paper aims at examining the social security systems (social protection) in Uganda. The paper seeks to provide an overview of the evolution of social security systems in the country from the pre-colonial era through the colonial period to the post-colonial with a focus on challenges and opportunities. The trends of social security development indicate that Uganda has inherited a formal social security system established by the colonial administration that caters for both public and private employees. Uganda has a multi-tier pension system model with contributory social insurance, non-contributory direct income support and voluntary private pension schemes. However, the traditional (informal) social support mechanisms (kinship, extended family and mutual support groups) are the most important social security providers in the country, particularly to those who lack or have limited access to formal systems, such as those in the informal sector. The paper concentrates mainly on the social security systems in Uganda with only a few references to other countries.

The paper is divided into 11 chapters. Chapter 1 is the introduction and consists of the background and context of Uganda, understanding of social security and social protection concepts, and conceptual and analytical social protection frameworks. Chapter 2 describes the global perspective of social security focusing on developed, communist, transitional and developing countries. Chapter 3 highlights the evolution of social security systems (formal and informal) in Uganda. It categorises the development of social security systems into three stages – the pre-colonial, the colonial and the post-colonial eras. Chapter 4 focuses on the institutional, legal and policy framework of social security systems in Uganda. Chapter 5 provides an overview of drivers and opportunities of social security systems. Chapter 6 analyses the different social security systems in Uganda. This chapter also describes the proposed pension sector reforms as well as the predicted challenges that Uganda may encounter during the implementation of the reforms (transition period). Chapter 7 highlights gender issues and social security in Uganda. Chapter 8 examines the financing of social security systems with a focus on contributions from the government, development partners and beneficiaries in the case of NSSF. Chapter 9 describes the challenges facing both the formal and informal social security systems in Uganda. Chapter 10 provides an overview of the future of social security in Uganda. Lastly, Chapter 11 concludes the paper with a summary of key findings.

The paper was principally based on a desk review of the existing information on social security systems in Uganda. A range of documents were reviewed, including national policies and statements, published papers, operational research and evaluation reports, workshop presentations, online journals, project documents, newspapers and relevant websites.

1.1. Background about Uganda

Uganda is one of the East African Community (EAC) countries. According to the provisional census results, it has a population of 34.9 million, with an annual population growth rate of 3.03% (Uganda Bureau of Statistics, 2014). The life expectancy stands at 56 years among men and 58 years among women (WHO, 2012). In addition, the total fertility rate was 6.2 children per woman; the infant mortality rate was at 54 deaths per 1,000 women whereas the under-five mortality rate was at 90 deaths per 1,000 live births. The maternal mortality ratio per 100,000 live births stood at 438 (UDHS, 2011). Between 2009/10 and 2012/13, there was a slight drop in the literacy rate by 2%. Furthermore, 18% of the persons aged 15 years and above lacked formal education, while 8% of the school-going age of 6- 24 years had never attended school. Literacy rates for persons aged 18 years and above declined from 71% in 2009/10 to 68% in 2012/13. In addition, adult literacy rates among both males and females are higher in urban areas than in rural areas (UNHS, 2012/13).

The Government of Uganda has since 1986 pursued several economic and governance reforms that have seen a number of changes take place, including the restoration of macroeconomic stability and confidence in the national economy; improvement in public service delivery through a decentralised system of government; improved functioning of institutions under the three arms of government – the legislature, the executive and the judiciary; restoration of political pluralism; and the restoration of peace and security across the country apart from the insecurity that resulted from the Lord's

Resistance Army (LRA) war in some parts of northern and eastern Uganda between 1986 and 2005 (MFPED, 2013).

Over the past two decades, Uganda has established a sound macroeconomic environment which has contributed to improvement in some of the key socio-economic indicators of growth. Between 1997/98 and 2000/01, gross domestic product (GDP) growth averaged 7.2%, between 2000/01 and 2003/04, it averaged 6.8%, and increased to 8% between 2004/05 and 2007/08 (MFPED, 2012). However, owing to both internal and external shocks such as the global economic and financial crisis, high commodity prices and the recurrent drought conditions across the country, the economic growth significantly slowed down to about 3.2% in 2011/12 (UBOS, 2013; Cammack and Twinamatsiko, 2013). In addition, inadequate infrastructure and inefficient financial intermediation are increasingly slowing down economic activity (World Bank Uganda Economic Outlook, 2014). Despite the shocks, Uganda's economy has been growing strongly over the last seven years. Projections indicate that after a lull through 2013/14, growth is expected to resume at 7% per annum (UBOS, 2013; Cammack and Twinamatsiko, 2013).

Growth rates have been steadily improving in recent years as a result of macroeconomic stability, including single digit inflation and a more stable exchange rate. In addition, real GDP growth has been much less volatile than in previous years, which were characterised by large up-and-down swings from one quarter to the next (MGLSD, 2014c). The service sector has continued to be the main driver of economic growth in Uganda. Within this sector in the recent years, growth has mainly been driven by the telecommunications, wholesale and retail trade sub-sectors and, to a lesser extent, by public administration. The services sector also absorbed the largest proportion of labour outside the agricultural sector. However, overall, Uganda's economic growth has remained below that of some of the EAC countries over the past five years (World Bank Economic Outlook, June 2014).

Most Ugandans reside in rural areas, with the majority relying on agriculture. In addition, the agricultural sector employs the highest proportion of the poor persons in Uganda (UNHS, 2012/13). The farmers continue to use non-mechanised farming techniques (such as hoes) and use few improved inputs, so commercial activity is only slowly beginning to pick up. The agricultural sector is increasingly being affected by an unpredictable climate; a higher frequency of droughts; limited investment in irrigation; soil depletion resulting from limited fertiliser usage; and rising population pressures that are creating additional challenges for the sector (World Bank Economic Outlook, June 2014).

The unemployment[1] rate stands at 9%, with about 817,000 unemployed persons in Uganda. There is also an unemployment gender gap, with more women (11%) compared to men (8%) being unemployed. In addition, the unemployment rate in the rural areas (10%) is slightly higher than that in the urban areas (8%). There are also regional unemployment variations, where the central and east-central regions have the highest unemployment rates (14%), with the lowest (3%) being in West-Nile (UNHS, 2012/13). There is growing unemployment, particularly among the better-educated workers, which indicates that the rate of non-agricultural job creation has been inadequate in Uganda. Despite the fact that fewer workers are reliant on the agricultural sector, inadequate firm creation and growth mean that many youth leaving rural areas struggle to make a living in the informal sector (MFPED, 2014).

1.2. Poverty and Vulnerability Context in Uganda

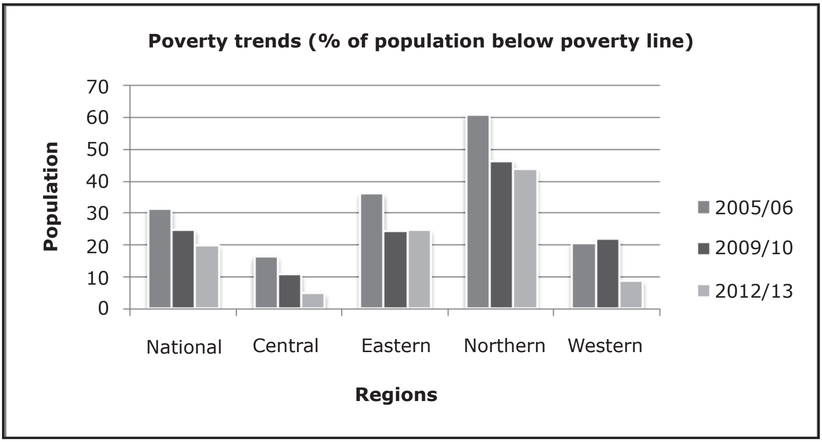
Despite the rapid economic growth, as reflected by the growing government revenues and prudent macroeconomic management (Cammack and Twinamatsiko, 2013), Uganda continues to rank very poorly in a number of human development indices. The recently published Human Development Report of 2014 puts Uganda's Human Development Index value for 2013 at 0.484, which positions the country in the low human development category at 164 out of 187 countries. The same report notes that an estimated 72.3% of the population suffers from multiple deprivations and an additional 19.5% are vulnerable to deprivations (UNDP, 2014).

Over the last two decades, the Government of Uganda has been implementing policies and programmes, such as Peace Recovery and Development Programme (PRDP), National Agricultural Advisory Services (NAADs), Northern Uganda Social Action Fund (NUSAF),

1 Unemployment refers to total lack of work (UNHS, 2012/13).

Poverty Action Fund, rural financial services such as Savings and Credit Cooperatives (SACCOs), Social Assistance Grants for Empowerment, Universal Primary Education (UPE), and Youth Livelihoods Programme (YLP), among others, to reduce poverty and vulnerability. In the last 20 years, the percentage of people living in poverty (income poverty)[2] has fallen from 56% in 1992/93 to 31% in 2005/06 and to around 19.7% (6.7 million Ugandans living below the poverty line) in 2012/13 (MFPED, 2014; UNHS, 2013). In addition to the above programmes, poverty reduction over the years has also been attributed to the general economic development and significant public investment in physical infrastructures – road networks, rural electrification, information and communication technology (ICT) growth and several targeted government interventions (MFPED, 2014).

Figure 1: Poverty trends at national level and by region



Source: Uganda National Household Survey (UNHS), 2012/13

The incidence of poverty remains highest in northern Uganda (44%) and least in the central region (4.7%). At the sub-regional level, 75% of the people in the Northeast (Karamoja) are income poor, followed by West Nile (42%) and the Mid-North (36%). The high

2 The national poverty line used in Uganda is estimated, at prevailing exchange rates, to be equivalent to USD 0.53 per person per day. The national poverty line is derived from a basket of goods that was established in 1993 and, at that time, was seen to reflect 'basic needs'. Poverty trend estimates focused on the cost of meeting caloric needs and some allowances for some non-food (UNHS, 2012/13; MGLSD, 2014c).

rates of poverty in northern and northeastern Uganda is partly explained by the violent and armed conflicts that engulfed those regions between the 1980s and 1990s. The incidence of poverty in these regions is much higher than the national average of 19.7% (UNHS, 2012/13). However, Uganda's national poverty line is estimated to be equivalent to USD0.53 per person per day, which is well below the international poverty line of USD1.25 per person per day (MGLSD, 2014c). There are also rural-urban poverty variations in Uganda. The 2012/13 household survey data indicate that the incidence of poverty remains higher in the rural than in the urban areas. The rural poor constitute 22.8% of the population compared to only 9.3% in the urban areas. It is further reported that the rural areas, with about 77% of the population, constitute 89% of the national poverty whereas the urban areas represent 22.6% of the population and constitute 11% of national poverty (UNHS, 2012/2013).

However, despite the reduction in the number of people living in absolute poverty (19.7%), the percentage of the non-poor who are insecure[3] has increased from 34% in 1992/93 to 43.3% in 2009/10 (MFPED, 2012). According to the 2014 Poverty Status Report, in 2012/13 more than half of the non-poor population was classified as insecure, living below twice the poverty line. In total, 21.4 million Ugandans (63% of the population) were either poor or vulnerable to poverty. Rural households are more vulnerable to falling into poverty compared to urban households. The drivers of vulnerability to poverty in Uganda include climatic shocks – drought, irregular rains or floods –, ill health, crop or livestock diseases and pests and insecurity – conflict, violence or theft (MFPED, 2014).

1.2.1. Income inequality in Uganda

In addition, the levels of income inequality have decreased to 0.395 in 2012/13, from a Gini coefficient of 0.426 in 2009/10. In addition, there is a notable reduction in income inequality in the central, eastern and western regions while there is an increase in income inequality in the northern region of Uganda (UNHS, 2012/13) as indicated in the Table 1 below.

3 Uganda Bureau of Statistics calls the 'insecure non-poor' those with consumption between the poverty line and twice the poverty line.

Table 1: Income inequality trends by region in Uganda

Gini coefficient				
	2002/03	2005/06	2009/10	2012/13
National	0.428	0.408	0.426	0.395
Central	0.460	0.417	0.451	0.392
Eastern	0.365	0.354	0.319	0.319
Northern	0.350	0.331	0.367	0.378
Western	0.359	0.342	0.375	0.328

Source: UNHS, 2012/13

1.2.2. Poverty incidence and education level in household

Nationally, the literacy rates have reduced slightly over the past five years, from 72% in 2009/10 to 70% in 2012/13 (UBOS, 2013). Access to education provides opportunities for better-paying jobs, allowing some to move from subsistence agriculture to other activities, as well as raising productivity and income. Access to education has improved dramatically since the Government of Uganda introduced Universal Primary Education (UPE) in 1997. Forty-nine per cent of the youth aged 18 to 30 have now completed primary school or higher levels of education, compared to just 21% of those aged 45 to 65 (UNHS, 2012/13). In 2012, a poverty, vulnerability and inequality study in Uganda revealed that households with no member having achieved primary education completion or higher level of education have a poverty incidence (35%) higher than the national average (24.5%). Households with at least primary education have a relatively lower poverty incidence compared to the national average. However, households with at least primary education have a slightly lower poverty incidence (22%) and households with post-primary schooling a much lower incidence, at 12% (Wylde *et al*., 2012a).

1.3. Poverty among the Vulnerable Groups in Uganda

There are several vulnerable[4] groups in Uganda. These include people with disability, widows, child-headed households, orphans and other vulnerable children, people living with HIV and people living with AIDS, internally displaced people, older people, households affected by natural disasters, and communities recovering from conflict (especially in northern and eastern Uganda) (Wylde *et al.*, 2012a; MFPED, 2012). Vulnerable groups tend to have higher rates of poverty than the national average.

1.3.1. Older persons

Analysis of UNHS 2009/10 conducted by the MGLSD indicates that an estimated 29% of the households containing older people are poor and 74% are insecure non-poor compared to the national average of 67.5% (MGLSD, 2014c). According to the 2012/13 household survey, the number of older persons has increased from about 1.3 million to 1.6 million from 2009/10 to 2012/13. Out of 1.6 million, 75% of the old persons are household heads (UNHS, 2012/13). Older persons are vulnerable to poverty as a result of a number of factors. These include their concentration in rural areas where most of them are engaged in crop farming that is affected by deterioration of soil quality and adverse weather conditions; limited access to pension schemes; widespread chronic ill health and disability; and continuing care for children (MFPED, 2014).

Similarly, extreme poverty among older people is associated with 'vulnerabilities stemming from an absence of income security, inadequate family or social support, and poor health combined with inadequate health care' (Gorman and Heslop, 2002). External shocks and stresses further amplify these vulnerabilities, as traditional family care structures erode, along with traditional respect for older people (HelpAge International, 2002). Multigenerational households with older people are, by and large, poorer than households without older people (Schwarz, 2003).

4 Vulnerability is a state of being or likelihood to be in a risky situation, where a person is likely to suffer significant physical, emotional or mental harm that may result in their human rights not being fulfilled (UNHS, 2012/13)

Table 2: Orphanhood and poverty status, 2009/10

	Poverty incidence	% of children
Both parents alive	26.0	87.3
Father is dead, mother alive	30.7	7.5
Mother is dead, father alive	28.3	2.3
Both parents are dead	31.1	2.3
Don't know parents	21.4	0.6
Total	**26.5**	**100.0**

Source: Wylde *et al*., 2012a

Orphanhood

The poverty, vulnerability and inequality study conducted by the Ministry of Gender, Labour and Social Development (MGLSD) revealed that double orphans and those whose fathers have died and are living with their mother have a very high incidence of poverty of about 31%. Children living with their mother only (even if their father is alive) also appear to be more vulnerable to poverty than children living with both parents, given the vulnerability women encounter, such as limited access to employment (Wylde *et al*., 2012a). However, according to the 2012/13 household survey, orphanhood in Uganda has slightly decreased from 15% in 2005/06 to 11% in 2012/13 (UNHS, 2012/13).

1.3.2. Persons with disability (PWDs)

The incidence of disability increases significantly with age, as would be expected: at age 56-65 only 0.5% of the population has a severe disability, but this increases by six times for those individuals in the next age bracket of 66-75. For partial disability, the incidence increases by 50% between the age groups of 36-45 and 46-55, then continues to more than double for each subsequent age bracket (Wylde *et al*., 2012a). Moreover, households with at least one severely or partially disabled member have a poverty incidence of almost 30% (Wylde *et al*., 2012).

Table 3: Distribution of age categories across disability status

Age category	No disability	At least 1 score of 2 'some difficult' and none of 3 or 4	Partial disability - At least 1 score of '3' and none of '4'	Severe disability - At least 1 score of 4
3 to 5	95.29	2.97	1.15	0.6
6 to 10	89.61	7.97	1.51	0.92
11 to 15	91.09	6.66	1.72	0.54
16 to 25	90.4	7.34	1.85	0.41
26 to 35	88.78	9.14	1.86	0.22
36 to 45	78.87	18.08	2.85	0.2
46 to 55	61.93	30.98	6.64	0.44
56 to 65	50.24	36.87	12.41	0.48
66 to 75	32.35	45.24	19.83	2.57
76 to 85	21.24	44.57	30.65	3.53
86 and over	18.1	34.84	43.1	3.96
Total	**87.1**	**9.74**	**2.63**	**0.52**

Source: Wylde *et al*., 2012a

0verall, poor households in Uganda face a range of highly interconnected risks, including economic, socio-political, environmental and health-related shocks and stresses that happen throughout their life cycle (Bukuluki and Watson, 2012). Therefore, a nuanced understanding of how different social groups experience poverty and vulnerability is vital for designing and implementing effective social security and broader social protection interventions that support pathways out of poverty and contribute to social justice outcomes.

1.4. Social Security and Social Protection

In many contexts, the terms 'social security' and 'social protection' are used interchangeably. The term 'social protection' is increasingly taking the place of the expression 'social security' that has been widely used for decades (Cichon *et al*., 2004). However, social protection is considered to be broader than social security in that it has wider application and can include developmental programmes and strategies. Social protection covers actions addressing more than risk such as, for example, measures to address discrimination and safety at work, and social services such as health and education (Caracciolo, 2010). A distinction can, however, be made: the International Labour Organization (ILO) convention 102 describes 'social security' as guaranteeing a stable income through medical care, sickness benefits, unemployment benefits, old-age benefits, employment injury benefits, family benefits, maternity benefits, and invalid benefits (ILO, 1952). On the other hand, ILO (2003) mentions that various authors have considered the ILO standard definition of social security as being too narrow for the problems encountered by developing countries. This ILO (2003) further cites Guhan (1994), who claims that social security in poor countries should be viewed as part of, and fully integrated into, anti-poverty policies, providing access to productive assets, employment guarantees, minimum wage and food security (ILO, 2003). However, Kasente (2006) reports that a review of formal social security schemes in the African region indicated that social security is conceptualised on the basis of the perspective of the ILO definition.

For the purposes of this paper, the two terms will be used interchangeably. This is basically because social protection comprises social insurance in the form of contributory schemes for life-course and work-related contingencies, social assistance for addressing poverty and vulnerability as well as employment programmes (Videt, 2013). In addition, Uganda has defined the term 'social protection' using a similar approach, as seen below.

According to the Ministry of Gender, Labour and Social Development (MGLSD), the term 'social protection' refers to public and private interventions to address risks and vulnerabilities that expose individuals to income insecurity and social deprivation, leading to undignified lives. In addition, social protection is a basic service and a human right that ensures the dignity of people (MGLSD, 2014a).

In the Ugandan context, the current draft of the Uganda Social Protection Policy being developed by the MGLSD through the Expanding Social Protection (ESP) Programme categorises social protection into two pillars, namely social security and social care services. Social security includes direct income support (or social transfers) and social insurance. Direct income support is a non-contributory transfer to extremely vulnerable individuals and households without any form of income security. Social insurance, on the other hand, is a contributory system to mitigate livelihood risks and shocks such as retirement, loss of employment, work-related disability and ill health. Social care and support services are concerned with the provision of care, support, empowerment and protection to vulnerable persons who are unable to fully care for themselves (ibid.). Social care services include the protection of children from violence and exploitation; care for chronically sick or disabled children and adults; support in dealing with the social difficulties of those affected by conflicts and disasters and responses to gender-based violence (OPML, 2013).

In addition to the two pillars (social security and social care services), there are complementary interventions which are critical for social protection beneficiaries to overcome risks and shocks. These include interventions articulated in policies for the agriculture (National Agricultural Advisory Services), health, education (Universal Primary Education, Universal Secondary Education), employment (Youth Livelihoods Programme) and finance sectors (Savings and Credit Cooperative Organisations) (MGLSD, 2014b). Given the fact that the paper concentrates on the social security systems in Uganda, it focused on the social security pillar – social insurance and social assistance schemes in Uganda.

1.5. Conceptual and Analytical Framework

Social protection has evolved to become a central subject of discussion in academic, policy and programming debates. We agree with the argument made by the Governance, Social Development, Humanitarian and Conflict (GSDRC) agency that the concept of 'social protection offers a way of thinking of the requirements of groups and individuals to live a fulfilling life, the role of the state in facilitating this, and the vulnerabilities of particular groups or individuals'. Social protection has also been defined to mean 'the public actions taken in response to levels of vulnerability, risk and deprivation which are deemed socially unacceptable within a given polity or society' (see Norton, Conway and Foster, 2011:1). Similarly, the International Labour Organisation argues that ‘systems of social protection enable societies to advance the well-being and security of their citizens by protecting them from vulnerability and deprivation so that they can pursue a decent life’ (ILO, 2003:1). Therefore, the concept of social protection provides a lens that academia, policy-makers and practitioners can use to think creatively in the process of designing primary and secondary interventions aimed at responding to individual, family and community vulnerabilities as well as the individual and structural factors affecting their capacity and agency to achieve a good quality of life. Quality of life is a multi-dimensional concept that encompasses ‘physical wellbeing, material wellbeing, social wellbeing, emotional wellbeing, and development and activity’ (Felce and Perry, 1995: 51). As argued by the International Labour Organisation (2003:1), social protection contributesd to ‘enhancing the quality of life of individuals and societies by developing and unleashing human potential, facilitating structural change, increasing stability, advancing social justice and cohesion, and promoting economic dynamism’.

Several scholars argue that the formal concept of social protection originates from the ‘West’, particularly Germany and Britain, based on the perception that the state is the prime provider and protector of citizens. This assertion draws heavily on experiences from Western Europe, particularly during in the post-World War II epoch (Anderson and Pontusson, 2006; Iversen and Cusack, 2000). This is reminiscent of the welfare state that designs and implements programmes through which the state and its apparatus pursue the goal of social protection against economic and social risks of life and well-being, including unemployment, infirmity, disability, ill health and other forms of misfortune or calamity (ILO, 2003; Guest, 1980).

Similarly, some scholars have noted that ‘welfare is the absolute minimum that society provides to ensure individual survival and dignity‘ (Kahl, 2014:2). This is conceptualised as the ‘last resort safety net, is a small and residual part of the welfare state for those of the poor who have no alternative source of support whatsoever’ (Kahl, 2014:2). According to the GSDRC, originally the conceptualisation of social protection was limited to enhancing people’s coping capacities and enabling them to attain and sustain their social functioning. This was particularly through measures (such as the provision of unemployment benefits, food rations, referrals, psychosocial support) undertaken to enable them to cope with and mitigate shocks and heightened vulnerabilities. However, as noted by Devereux and Sabates-Wheeler (2004) over the last decades, the thinking about social protection has evolved and taken a paradigm shift to encompass active mitigation of risks and vulnerabilities. As these authors noted in their editorial in the *Institute of Development Studies Bulletin*, four types of interventions have emerged and are increasingly becoming influential in theoretical and programmatic debates around social protection. These include: protective (recovery from shocks); preventative (mitigating risks in order to avoid shocks); promotive (promoting opportunities); and transformative (focusing on underlying structural inequalities which give rise to vulnerability) (Devereux and Sabates-Wheeler, 2004; also see GSDRC[5] n.d.).

The conceptualisation and analysis of social protection in this paper leans quite strongly on Devereux and Sabates-Wheeler's (2004) Transformative Social Protection model and the Social Protection Life Cycle approach developed by Cain (2009).

a) **Devereux and Sabates-Wheeler's (2004) Transformative Social Protection model/framework**

This framework first of all acknowledges the lack of a universal definition of social protection and the consequent confusion that the concept and subject of social protection 'remains a term that is unfamiliar to many and carries a range of definitions, both in the development studies literature and among policymakers responsible for implementing social protection programmes' (Devereux and Sabates-Wheeler, 2004: 3). This model, however, contends that as much as there are diverse understandings and definitions of the concept of social protection, the bottom line is that addressing poverty and vulnerability form its central focus. Devereux and Sabates-Wheeler in their framework categorise social protection interventions into protective, preventive, promotive and transformative measures (2004: 9). Protective measures aim to provide relief from poverty and deprivation in the event that promotional and preventive measures have defaulted on this mandate (ibid.). Protective measures encompass social assistance

5 See http://www.gsdrc.org/go/topic-guides/social-protection/understanding-social-protection

for the chronically poor, social services meant for the poor and groups needing special care such as orphans, abandoned children, refugees and internally displaced persons (IDPs), and people living with HIV (PLHIV), among others (Devereux and Sabates-Wheeler, 2004: 10).

Preventive measures aim at shielding individuals from poverty and deprivation by dealing directly with poverty alleviation. Examples include social insurance for 'economically vulnerable groups[6]' that have fallen or might fall into poverty, and hence require support to help them manage their livelihood shocks. Examples of such preventive programmes include formalised systems of pensions, health insurance, informal mechanisms such as savings clubs and funeral societies, and crop or income diversification (Devereux and Sabates-Wheeler, 2004: 10).

Promotive measures are tailored towards enhancing households' and individuals' livelihood, real incomes and capabilities. The central objective here is to realise measures that yield income stabilisation such as micro-finance, village savings and loans associations etc. (ibid., p. 10).

Transformative measures primarily target concerns of social equity and exclusion, and promoting social justice through fostering the rights and empowerment of the poor and vulnerable groups such as the aged, people with disability, households with orphans and vulnerable children etc. (Devereux and Sabates-Wheeler, 2004).

Transformative social protection goes beyond income and consumption transfers to fostering issues of equity, empowerment and economic, social and cultural rights as well as deliberately channelling attention towards changing the regulatory framework to protect socially vulnerable groups against discrimination and abuse,

6 'Vulnerability means the risk of being harmed, negatively affected by unforeseen events' (Guillaumont, 1999 cited in Gordon Cordina, 2004: 23). Vulnerable groups are those that are at risk of being negatively affected by unforeseen events and whose ability to cope with such events is limited. Vulnerable groups in the social protection context are those with a diminished capacity to 'anticipate, cope with, resist and recover from the impact of a natural or man-made hazard' (see the International Federation of Red Cross and Red Crescent Societies website). Although vulnerability is linked to poverty, it goes beyond poverty to include isolation, insecurity and defencelessness in the face of risk, shock or stress (see http://www.ifrc.org/en/what-we-do/disaster-management/about-disasters/what-is-a-disaster/what-is-vulnerability/) [Accessed on 20 November 2014].

and sensitisation campaigns such as rights awareness campaigns (Devereux and Sabates-Wheeler, 2004: 9). It systematically promotes interventions aimed at creating changes in policies that cause and exacerbate power imbalances in society and, therefore, create and sustain inequality and vulnerability.

b) **Social Protection Life Cycle approach**

This model guides in the analysis of risk and vulnerability across the life cycle. In this way, it informs the design of social protection mechanisms in such a manner that it 'increase[s] their effectiveness for tackling social exclusion and breaking the inter-generational cycle of poverty' (Cain,2009:3). This model identifies different life-cycle stages, associated risks and vulnerabilities that if not addressed, make one's graduation to an acceptable state of well-being highly unlikely. These are summarised in the Table 4 below.

Age stage	**Examples of risks and vulnerabilities**
Early years 0-4	• Poor maternal and early nutrition leading to stunted growth and other lifelong negative health impacts • Poor cognitive development if early care and stimulation inadequate, with lifelong impact • Acute vulnerability to disease and infection/ poor access to health services • Exposure to hazardous environments relating to poor housing and/or parents' work • High dependency: risk from loss of parent/ career • Disability through lack of early intervention • Neglect and discrimination against girls

Children 5-11	• Risk of not attending school because of domestic or income-earning responsibilities or lack of household income to pay for school-related costs • Inability to benefit from schooling because of added burden of domestic or income-earning responsibilities • Particular issues for girls: Not prioritised for investment in education/domestic responsibilities/vulnerability to sexual exploitation when attending school • Insufficient food or poor diets increasing likelihood of illness • Dependency: risk from loss of parent/ career
Adolescents 12-24	• Vulnerability of (especially girl) children to early withdrawal from school due to lack of parents/family income • Impact of triple burden of work, unpaid care and schooling • Risks from early marriage and child-bearing • Lack of access to training/formal employment, leading to entry into high risk employment categories • Increased risk of HIV/AIDS infection as individuals become sexually active • Increasing vulnerability of girls due to gender-based violence

Young adults mid-20s/30s	• Lack of access to credit/asset-building opportunities • Lack of employment or further training/ development • Loss of employment/reduced income-earning potential for women through pregnancy and child care • Reduced household income relating to HIV/ AIDS prevalence, and other illnesses
Middle adults[1]	• Loss of employment or employment insecurity through care for younger and older family members (particularly women) • Loss of partner's support through temporary or cyclical migration as well as death, illness, abandonment, leading to increased responsibility for dependents • Acquired disability through hazardous employment or other practices

Older people[2]	• Loss of income when work is lost owing to age discrimination, frailty/illness etc. • Work in informal sector throughout life means that there is no contributory pension provision • Poor health in later life due to poor nutrition, multiple childbirth, poor working environment and lack of health care in earlier years • Continuing to work to support self and dependents in low-income and often physically disabling jobs • Discrimination against widows/lack of inheritance rights for women • Widow's loss of access to late husband's family resources • Increased child-care responsibilities where middle-age adults have been lost to HIV/AIDS, leaving dependent children in the care of grandparents • Increased likelihood of age-related disability and chronic illness

Source: Cain, 2009: Social protection and vulnerability, risk and exclusion across the life cycle

1.5.1. Conceptual debates in social protection policy and programming

Notwithstanding the merits of these theoretical underpinnings of social protection, several conceptual issues have been noted by a number of scholars that are influencing ensuing debates in social protection policy and programming. Devereux and Sabates (2007:1-7) have done a comprehensive synthesis of the key challenges encapsulated in their editorial in the *IDS Bulletin, Volume 38*, Number 3, May 2007. In this editorial, they note that most of the frameworks tend to conceptualise social protection as a 'response to the economic and social vulnerabilities that poor people face, yet none of these frameworks seems up to the task of comprehensively describing the risk environment and proposing a focused and appropriate set of policy options to mitigate or reduce vulnerabilities'. The authors observe that a fundamental distinction has emerged between conceptual approaches that incorporate structural vulnerability in their understanding of the risk environment, and make social inclusion an explicit objective of social protection programming, and those that do not. The question then is: How can we ensure that we create space for dialogue between protagonists for these two approaches? This is particularly important, in the context of developing countries in sub-Saharan Africa, which present a complex reality for social protection policy and programming decisions. Could it be that the boundaries between these two approaches are actually porous borders, areas for mutual exchange and growth rather than areas of separation? How best can these two approaches complement each other?

These scholars further argue that the social protection agenda appears to be equally open to contestation by the 'right' (who are now inviting the poor to participate in economic growth opportunities with revitalisng injections of targeted transfers) and the 'left' (who are hooking their 'rights-based approaches' onto the social protection bandwagon). It is further argued that there is a growing trend towards the social protection agenda prioritising 'moving people from dependency into productive livelihoods'. This in itself reflects a paradigm shift from the narrow set of purely *welfarist* measures, which are just a part of the social protection theory and practice (Devereux and Sabates-Wheeler, 2007: 1).

Devereux and Sabates-Wheeler categorise arguments/protagonists of social protection into two relatively broad groups – the 'instrumentalists' and the 'activists'. Generally, 'instrumentalist' arguments tend to focus on pointing out the dysfunctionality of extreme poverty, inequality, risk and vulnerability with regard to the achievement of development targets that are embodied in the MDGs. For this group (e.g. the World Bank, International Labour Organisation) 'social protection for efficient development' is largely about putting in place risk management mechanisms that will compensate for incomplete or missing insurance (and other) markets. They argue that this should be done until conditions are suitable for poverty reduction and market deepening to allow private insurance to take centre stage. The assumption is that these conditions are likely to occur at a time when the country is maintaining a high rate of economic growth and then safety nets are created for those who cannot cope or who have not been able to benefit from the trickling down of the benefits of economic growth. Conversely, 'activists' tend to argue that the persistence of extreme poverty, inequality and vulnerability is a symptom of social injustice and structural inequity. Therefore social protection is constructed as a right akin to Amatya Sen's entitlement and capability approach. Amartya Sen has been at the helm of addressing and raising questions of social justice, especially with respect to gender and poverty. Against the dominant emphasis on economic growth as an indicator of a nation's quality of life, Sen has insisted on the importance of capabilities, what people are actually able to do and to be. Using the concept of entitlements, Sen describes formal and informal entitlements. He argues that identity (femininity and masculinity) determines entitlements to and use of the factors of production. For example, women and poor men always sit on the fringes (their voices are not heard because they are less privileged/less entitled) and ability to use their labour in terms of entitlements (men can easily use their labour, i.e. hire it out than women) because of societal entitlements. The capability approach is premised on the notion of capabilities which refer to effective opportunities to be and do, and functionings – actual beings and doings (Sen, 1999; Nussbaum, 2000).

From Sen's perspective, poverty is conceived as a multi-dimensional phenomenon characterised by low income, low quality of life, and the denial of choices and opportunities for a tolerable life. This is what Amartya Sen (*Development as Freedom*, 1999) and later Martha Nussbaum (*Women and Human Development*, 2000) refer to as capability deprivation. In this context, poverty reduction or vulnerability and risk reduction are conceived of as the expansion of human well-being and agency – capability expansion. The concept of agency is in line with the philosophy that individuals are subjects rather than objects through demonstrating that individuals act and manoeuvre in the world, make strategies and reflect in spite of the frames, and perhaps the limitations, set by structures of societies (Samuelson and Steffen, 2004; Bukuluki, 2010).

For this group (activists), entitlement to social protection is conceived of as extending beyond cash or food transfers to embody the notion of citizenship, rather than philanthropy or even enlightened self-interest (Devereux and Sabates-Wheeler, 2007: 2).The question again is: Where is the bridge between instrumentalists and activists? How can we use the experiences of people that reflect hybridity and pluralism to avoid getting into some kind of identity politics of 'we and they'? For example, are the boundaries between instrumentalists and activists meeting points and opportunities for exchange rather than areas of separation?

The review of evidence on social protection has also generated some gaps, particularly regarding what works. One of the fascinating debates with respect to evidence-informed interventions is the 'cash vs. food' debate (some think that food in kind is better than cash, especially in humanitarian assistance/relief settings, while others argue that cash is the best because it grants people more freedom and choice). Drawing from the emerging evidence from the Overseas Development Institute (ODI) and World Food Programme, Devereux and Sabates rightly argue that it is important to base policy choices on a sound analysis of the context, especially while paying attention to local market dynamics and the expressed preferences of the heterogeneous nature of beneficiaries (including age, gender and other important cultural variables), rather than 'on resource availability or an untested belief that one form of transfer (food vs. cash) is always best' (see Devereux and Sabates-Wheeler, 2007: 5). Similar arguments have been raised in the debates on conditionalities in social protection policy and programming discourses. The main argument is that there is need to take into account the overall context, especially with regard to the 'quality and availability of local services on which transfers are conditioned' and also to 'assess much more carefully the implications for women' (ibid.).

Another challenge relates to the evidence on the notion of 'asset thresholds'. The premise of 'asset thresholds' is that 'a critical level of assets exists above which people can invest productively, accumulate and advance, but below which people are in a "poverty trap" from which they have no prospects of escape'. With respect to these assertions, scholars such as Michael Carter and Christopher Barrett argue that it is critical to reflect on the implications of such arguments for social protection policy and programming. They argue that, for instance, humanitarian assistance that maintains subsistence consumption does not prevent asset depletion and is likely to push increasing numbers of people into chronic poverty and a 'relief trap' (Michael Carter and Christopher Barrett cited in Devereux and Sabates, 2007: 5-6).

The other conceptual challenge relates to the definition and conceptualisation of some of the key concepts in social protection, especially the concept of 'vulnerability'. It is argued that vulnerability is a defining concept that 'motivates all social protection, but one that is often inadequately understood and weakly carried through into policy design and implementation' (ibid.). Edström argues for the need to disaggregate vulnerability into 'embodied and personal biological and psychological dimensions of susceptibility/resistance and sensitivity/responsiveness, with contextual inter-personal and environmental dimensions' (see Devereux and Sabates-Wheeler, 2007: 6). Questions have also been raised regarding what should constitute the unit of analysis in social protection policy and programming; for example, Edström (cited in Devereux and Sabates-Wheeler, 2007: 6) questions the usefulness of the household as a unit of analysis and response. He argues that this may be inappropriate, given that 'so much social protection is a response to the breakdown of families (e.g. street children) and access to (or exclusion from) support from extended families and communities is a critical determinant of individual vulnerability or resilience'. In the Ugandan context, this becomes an interesting policy and programming issue, given that most of our households and families in the rural areas and, to a considerable extent, those in urban areas are characterised by collectivism and have relatively strong ties with the extended family. As argued by Susan Whyte, in her ethnography on the Nyole of eastern Uganda, 'kinship is like your buttocks…you can't cut it off …relations to various kinds of kin are part of your identity just as your buttocks, for better or worse, are part of yourself' (Whyte, 1997: 156). Even with urbanisation, values of kinship have persisted and remained resilient in the population. Thus the unit of analysis for social protection has to mirror the family context in Uganda, which is largely intertwined with collectivism.

The other very important concern raised in the literature relates to the drivers[7] of social protection policy and the programming agenda. The main argument here is that much of the current social protection agenda is not only designed but is also largely financed by external actors (e.g. DFID, the World Bank, the World Food Programme, UNICEF, EU etc.) and rarely driven by domestic constituencies – national governments, local civil society and the citizens. This inevitably has profound implications for 'the ownership of these processes, accountability for delivery and impacts, and political and financial sustainability of social protection programmes' (Devereux and Sabates-Wheeler, 2007: 6). There is a concern for limited or lack of nationally owned social protection policies, underpinned by a 'social contract' between the state and its citizens, where governments acknowledge that social protection is a right for which they are the duty-bearers, and citizens mobilise to demand that this right is effectively delivered to them (ibid.: 6).

1.5.2. Transformative social protection framework and social protection in Uganda

It can be observed that the definition of social protection in Uganda's context by the MGLSD draws on the transformative social protection framework developed by Devereux and Sabates-Wheeler (2004), which recognises the need for social equity as well as protection against livelihood risks. According to Devereux and Sabates-Wheeler (2004), there is need for social protection as a set of public and private initiatives[8], both formal and informal, that provides relief to extremely poor individuals to cope with risks and shocks as well as enabling them to access basic social services through social assistance programmes (direct income support or social transfers). Social insurance, on the other hand, protects people against risks and the consequences of livelihood shocks, whereas social care services play a protective role through ensuring a minimum level of care and protection for those at risk of abuse and neglect. Lastly, complementary programmes play a transformative role of

7 Most drivers of non-contributory schemes like cash transfers and public works, conditional and unconditional transfers have been external donors, including the World Bank, DFID, UNICEF, ILO, the European Union etc. These draw from experiences in their own countries and the values they hold about social protection. They also draw, in some cases, on evidence of what has worked well to address vulnerability in similar settings.

8 Private initiatives may include private health insurance, school fees insurance, and community health insurance schemes that are community-owned.

supporting access to services for poor and vulnerable individuals and households.

The authors will only focus on social security systems, including direct income support or social transfers and social insurance schemes, as one of the pillars of social protection in Uganda.

2.0. Global Perspective on Social Security Systems

Social security has been widely recognised in numerous international legal instruments, such as the Declaration of Philadelphia (1944) and the Universal Declaration of Human Rights (1948), as a fundamental human right. However, it remains unfulfilled for the majority of the world's population despite the impressive extent of coverage over the past century (ILO, 2014; Cichon and Hagemejer, 2007; ILO, 2010).

In 2012, the ILO estimated that only 27% of the working age population and their families across the world had access to comprehensive social security systems compared to almost three-quarters (73% or 5.2 billion people) of the world population who lacked access to comprehensive social security. The ILO report (2014) notes that half of the population in both middle- and low-income countries is not sufficiently protected and live in poverty. In addition, 800 million people are the working poor, of whom the majority are in the informal sector. The report indicates that lack of access to social security by such a large population is a major obstacle to economic and social development. This is so because limited or lack of social security coverage is associated with high and persistent levels of poverty and economic insecurity, growing inequality levels, inadequate investments in human capital and weak aggregate demand in a time of recession and slow economic growth.

The World Social Protection Report 2014/15 indicates that about one-third of the total non-health public social security expenditure, amounting to 2.3 % of the GDP, is spent on benefits for those of working age. This includes unemployment benefits, employment injury benefits, disability benefits and general social assistance. However, there are significant regional variations, with less than 0.5% in Africa, 1.5% in Asia and Pacific, and 5.9% in Western European countries (ILO, 2014).

Social security systems that have been widely established globally vary greatly in their design characteristics. This section of the paper will highlight the varying features and the evolution of social security systems within developed and developing countries. The ILO categorised countries into four typologies.

2.1. Industrialised Countries

Modern social security systems in industrialised market countries have evolved over a long period of time. Social welfare was provided mainly by the family, church authorities and local communities before the state-sponsored social insurance schemes that emerged largely in the 19th century as a consequence of European urbanisation and industrialisation in developed countries. The state assumed a residual responsibility in most of the countries for the relief of the deserving poor (orphans, the disabled and widows). The current social security systems in these countries are a result of interactions between economic, political and social forces (ILO, 2012).

The social security schemes established in the 19th century were designed to protect workers against labour market risks such as unemployment, work-related injury and retirement. In addition, private charities and state-administered social welfare schemes provided complementary protection for vulnerable citizens (e.g. people with disability, orphans) who were unable to work and lacked other means of support (Institute of Development Studies, 2006). For example, in Germany during the era of Chancellor Otto von Bismarck in the second half of the 19th century, workers faced extremely difficult and dangerous working conditions, increasing the risk of diseases and work-related injuries as result of the industrial revolution. In response, Bismarck established a social welfare system through three basic laws – the 1883 health insurance law, the 1884 work-related accidents law and the 1889 disability-retirement insurance law. It is further reported that several European countries – France, Austria, Belgium, Italy, Luxembourg, the Netherlands, Norway, Portugal and Spain - modelled their social security systems on the Bismarckian approach (Nicoletta, 2014; Stolleis, 2013; Adecri, 2008). In addition, social security schemes developed further after the First World War and were specifically designed to meet social contingencies, to redistribute wealth and consumption in favour of lower-income earners. The social security schemes expanded to include the great majority of workers and retired people in industrial countries after the Second World War (ILO, 2012). Prasad and Gerecke (2010), citing Skocpol (2002) and Bordo *et al.* (1998), indicate that the economic depression of the 1930s in the United States marked the 1935 passage of the US Social Security Act (SSA), which is considered to be one of the 'finest social policy' legacies of the era. In addition, government spending increased considerably as a result of increased old age pensions, welfare and unemployment insurance ushered in by the SSA, in addition to public works. The schemes became more comprehensive and generous and offered social security against poverty, unemployment, sickness and injury, and providing health care, maternity benefits, family allowances, housing subsidies and old age pensions (ILO, 2012; Prasad and Gerecke, 2010).

The high per capita incomes and adequate capacity to extract financial resources through taxation underpinned the social security systems, which were built on an employment structure with the majority of wage employee workers. Despite the fact that the majority of social security systems in industrialised countries share some common features, there is significant diversity with regard to the scope of coverage, the protected people, the level of benefits and the financial and institutional mechanisms (ILO, 2012).

Esping-Andersen (1990), cited in an ILO report on social security priorities and patterns, categorised the social security systems in industrialised countries into three typologies: The liberal welfare system (exemplified by countries such as the United States, Australia, Japan, Switerzerland and Canada), the corporatist model (Austria, France, Italy, Belgium and Germany) and the social democratic system developed by Scandinavian countries (Norway, Sweden, Denmark, Finland and the Netherlands). The liberal welfare system emphasises means-tested assistance, modest universal transfers or modest social insurance plans. The corporatist model considers class and status in access to social security benefits and is influenced by family and church traditions. Hicks and Kenworthy (2002) indicate that the characteristics of the corporatist or conservative model is characterised by not only occupational and status-based differentiations of social insurance programmes and specialised income security programmes for civil servants but also generous and long-lasting unemployment benefits, reliance on employer-heavy social insurance tax burdens, and extensions of union collective bargaining coverage. The social democratic model seeks to achieve equality of highest standards, not of minimal needs, and to maximise individual independence. However, most countries combine elements of the different models and the past two decades have seen a tendency towards the dilution of some contrasting elements (ibid.).

The industrialised countries have relatively high per capita incomes and most of their labour force is in employment compared to other categories of countries. The public social security expenditure forms a relatively high proportion of GDP. However, there are significant variations among the different countries. For example, France, Germany and the Scandinavian countries allocate more than 28% of their GDP to public social expenditure. Julien Bechtel and Michel Duee, cited by Adecri (2008), indicate that in total value of benefits paid by social protection schemes in France amounted to €505.5 billion in 2005, which represents 29.6% of GDP. Other countries such as Portugal, New Zealand, Ireland, Canada, Australia, the United States and Japan spend less than 20%. The proportions in Australia, Japan and the United States are about half (30%) those in Sweden, Denmark and Finland[9] (ibid.). Furthermore, financing social security in these countries takes significantly different approaches, through social insurance or general tax revenue. In most countries, social insurance is used to finance pensions, unemployment and sickness benefits, whereas countries such as Australia and New Zealand finance social security schemes through general taxation. Other social security schemes, such as family allowances and social assistance targeting poor and vulnerable groups, are financed through general tax revenues (ibid.).

2.2. Communist Countries

Social security provisions in communist countries (such as Poland, Romania, the Czech Republic, Romania, Moldova and Georgia) were characterised by fairly comprehensive, universal and egalitarian benefits at relatively low-income levels as a result of the state owning nearly all the productive assets. The state was also free to dispose of the output between accumulation, wages, social security and welfare. These countries relied more on indirect measures of social security and consumption redistribution than the market

9 http://www.scb.se/en_/Finding-statistics/Statistics-by-subject-area/National-Accounts/National-Accounts/Social-protection-expenditure-and-receipts-in-Sweden-and-Europe-ESSPROS/Aktuell-Pong/58116/Behallare-for-Press/372735/ [Accessed on 5 December 2014]

economies where the governments subsidised a variety of services and items of mass consumption, and fixed relatively high prices for non-essentials. In the 1940s, the social security systems in Eastern and Central Europe resembled those of Western Europe prior to the communist takeover (ILO, 2012). The schemes were based on the concept of social insurance though their coverage was incomplete and fragmented into different occupational groups. These countries developed a distinctive system of social security characterised by universality, equality and comprehensiveness after the communist revolution. The social security systems in these countries were closer to the social democratic typology. The schemes were financed through state and enterprise revenues. In the late 1980s, after the downfall of the communist regimes, the social security systems in these countries collapsed. They exerted some influence on the developing socialist countries and also on some other low-income countries (ibid.).

2.3. Transitional Countries

In the early 1990s, after the end of the communist era, transitional countries (such as Poland, the Czech Republic, Romania, Bulgaria, among others) experienced rising poverty, unemployment and a difficult environment of falling production and incomes, which compelled them to restructure their social security systems (ILO, 2012; Hirose Kenichi, 2011). The public financing of pensions, and maternity, sickness and invalidity benefits has been replaced by separate insurance funds with contributions by enterprises and employees in most Central and Eastern European countries. Unemployment benefits, which were practically non-existent under the previous system, are also being financed from the state budget or through social insurance contributions. There have also been efforts to enhance the role of the private sector in health, education and pensions. In addition, the early years of transition, marked by a rapid increase in poverty, led to the expansion of targeted, means-tested social assistance schemes. A significant minority of the working population in many of the transitional countries fall outside the social security framework because of the restricted entitlement to unemployment, sickness and pension benefits and the expanding informal sector economy. These countries also have relatively low per capita incomes in spite of a high proportion of their labour force being wage employees. The social security expenditures constitute a relatively high proportion of GDP although the situation varies between different groups of transition countries. For example, the Baltic and the Central European states[10], on the one hand, and the East[11] and South East European states[12], on the other, while conditions are much worse in the Caucasian and Asian states. The social security systems that emerged in the transitional countries incorporated elements of the continental and liberal welfare models. Most of the explicit or implicit subsidies were eliminated after the collapse of the communist regimes. Public services such as education and health care continue to be provided free by the government in most countries, though the share of the private sector has risen. In the Czech Republic, Hungary and Slovenia, health care is being financed through insurance contributions (ILO, 2002).

2.4. Developing Countries

Developing countries have extremely diverse social security systems, which reflect the differences in the underlying economic, social and political conditions. Before the adoption of modern social security schemes, people in the developing countries depended on their families, communities, religious authorities, employers and money-lenders to help them in an emergency. The majority of people had some independent means of production, which provided a measure of livelihood security. The modern social security systems were introduced by colonial governments in most Asian, African and Caribbean countries. These schemes were extended in the first instance to civil servants and employees of large enterprises and provided benefits such as health care, maternity leave, disability allowances and pensions (Midgley, 1984; Ouma, 1995; Barya, 2011; Kasente *et al*., 2002).

Despite the fact that many developing countries have attempted to cover the main social security needs of their people through some broad-based growth, institutional reform and purposeful use of

10 Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia, Turkey

11 Belarus, Bulgaria, Moldova, Poland, Romania, Slovakia, the Ukraine and the westernmost part of the Russian Federation

12 Albania, Bosina and Herzegovina, Bulgaria, Croatia, Cyprus, Kosovo, Macedonia, Malta, Montenegro, Serbia, and Turkey

resources, a large proportion of the population remains unprotected and lack access to social security (ILO, 2012). Social security systems in most developing countries adopted from industrial countries target a small minority of the population. Developing countries such as those in Latin American – Argentina, Brazil, Chile, Cuba and Uruguay that had been independent for a longer period – adopted European social security system elements during the inter-war period. These countries adopted the social insurance method with coverage for health care, occupational injury and pensions. Other countries such as Colombia, Costa Rica, Mexico, Paraguay, Peru and Venezuela followed suit soon after the Second World War. These social security systems had certain similar features, including the contingencies covered usually being limited to injury, sickness, maternity and pensions. However, there were also significant differences among the occupations, categories of employees and institutions, and limited coverage of the population. There was extremely limited coverage of certain social security schemes, such as unemployment benefits, family allowances and social assistance that existed in relatively few countries (ibid.).

Developing countries with a higher per capita income and a larger proportion of the working population in formal sector employment tended to have more extensive social security expenditure. The central priority in most of the countries is to meet essential needs, including primary health care, basic education, clean water, nutrition, sanitation and shelter. The priority is given to meeting the minimum subsistence needs of vulnerable groups such as the elderly, widows, orphans and the destitute. Most developing countries face a problem of political marginalisation of the destitute and a lack of administrative and technical capacity on the part of the government to formulate strategies and programmes, and to coordinate and monitor the implementation of social security systems (ILO, 2012; ILO, 2014).

In recent years, several middle-income countries, such as Argentina, Brazil, China, Indonesia, India, Mexico, Namibia, South Africa and Thailand, have significantly extended various elements of their social security systems, particularly since the early 2000s. However, these efforts were temporarily disrupted in some parts of the world by the global financial and economic crisis (2007-2008). Some countries rebounded after 2010 in terms of economic growth, but still saw an increase in vulnerable and informal employment and their economic positions remain dependent on the recovery of global demand. Several developing countries which recently graduated from least developed country status, such as Cape Verde, Ghana, Lesotho and Zambia, have implemented distinct social security policies aiming at gradually increasing social security coverage to include larger groups of the population. There have been many reforms with a focus on non-contributory social security schemes and programmes, such as conditional or unconditional cash transfers for children and families, social pensions, and/or employment guarantee schemes. Many countries have also rendered their social insurance programmes more equitable, more effective and more sustainable despite the fact that many are still struggling to cover the informal sector. In addition, middle-income countries have significantly increased their financial resource allocation for social security (ILO, 2014).

However, low-income countries face stronger constraints in extending social security coverage then middle- and high-income countries. They face higher levels of poverty and destitution that have to be addressed with fewer financial resources, through the weaker institutional capacities and within often fragile contexts. In recent years, a number of low-income countries have extended social security systems in various areas. For example, Rwanda has reformed its health-care system, and Bangladesh, Kenya, Malawi, Nepal, Mozambique, Niger, among other countries, have introduced conditional cash transfer programmes. Although the coverage of these programmes is still limited in coverage and target, they have generated significant effects in reducing poverty and vulnerability and improving living standards. Many low-income countries have also significantly increased the share of GDP that they invest in social security systems (ibid.).

3.0. The Evolution of Social Security Systems in Uganda

3.1. Pre-colonial Period

Social security has evolved over time in Uganda, like in most of sub-Saharan Africa; it is firmly rooted in the country's institutions and traditions. In the pre-colonial period, Africans lived in mutual support networks of community, extended family and clan groups. Social security was embedded within the cultural norms as a form of solidarity and assistance to people within clans and communities, who were unable to take care of themselves. These normally included orphans and vulnerable children, widows, older persons, persons with disability, and the terminally ill (Ssanyu *et al*., 2013; Lwanga-Ntale, Namuddu and Onapa, 2008; Ouma, 1995; Devereux and Sabates-Wheeler, 2004).

Everybody knew each of their neighbours sufficiently and intimately in society. Clan organisation and authority were reinforced by the system of extended families in ensuring area-based development through the exercise of collective responsibility in such areas as housing, creating and maintaining access roads, farming, food harvesting and its storage, hunting down wild animals and destroying vermin that were a potential danger to both human security and food crops, caring for the elderly sick, consoling and assisting the clan (Ouma, 1995). Family members in bereavement relied on mutual-aid assistance and reciprocity. In the circumstances, these acts of reciprocity, atrium, social cohesion and personal intimacies were sufficient to guarantee social protection in both good and bad times to all members of any ethnic community by ensuring equity and social justice. Social security resulted in extensive local commitment to culture and tradition and indeed area-based development (Ouma, 1995). Some of the traditional social organisations through which social security was delivered included *Bulungi Bwa Nsi* ('For the good of the country), which represented the tradition of voluntary work on public projects and *Muno Mu Kabi* ('Friend in need') representing the tradition of mutual assistance (ibid.). These community-based and mutual support networks pooled resources to respond to emergencies in times of death, sickness and celebrations. In cases of death, community members contributed food, their labour and cash for funeral expenses (Synovate Limited, 2011).

In most of northern Uganda (particularly the Lango and Acholi sub-regions), in addition to mechanisms that guaranteed access to food, clothing and shelter, social security mechanisms were also formed around labour with cooperative work groups (locally known as *wang tic*, *awak*, *akiba*) to open up fields, weed and maintain land for production (De Connick and Drani, 2009).

In general terms, traditional and pre-colonial social security systems in East Africa, Uganda inclusive, depended upon the social structure of a particular community. The structure was defined by, for instance, whether the members of the community were settled agriculturalists or pastoralists or, as stated above, whether they were organised in a state – such as the Buganda and Bunyoro Kitara kingdoms – or whether they were stateless – such as the Bakiga and Acholi (Barya, 2009). There were no formal social security systems, but society relied on the traditional family and kinship relationships to deal with issues of social protection (Barya, 2011). However, the post-independence political turbulence and state violence of the 1970s and early 1980s, and the scourge of HIV/AIDS, have been reported as key factors in weakening the traditional social security mechanisms, not only owing to the death or displacement of individuals, families and entire communities, but also because of the stress and strain which the pandemic has imposed on surviving individuals and households (Lwanga-Ntale, Namuddu and Onapa, 2008; Ouma, 1995).

While the traditional social security mechanisms have been weakened and diminished in terms of effectiveness, they nonetheless still exist in societies, especially the rural areas, in Uganda. Similarly, in spite of the challenges these mechanisms face, and the extent of their 'stretch' notwithstanding, traditional social security mechanisms remain the main form of support, especially in the countryside. It is also reported that the modern social security mechanisms have supplemented the efforts of the traditional social security mechanisms (Lwanga-Ntale, Namuddu and Onapa, 2008; Connick and Drani, 2009; Msalangi, 1998; Devereux and Sabates-Wheeler, 2004; Kasente *et al*., 2002).

The traditional social security systems have also undergone changes that have seen them either modify the manner in which they cushion the poor from shocks, weaken this support or cease to exist altogether.

This has happened especially in areas that have been affected by conflict, so that both traditional and solidarity mechanisms have either been severely disrupted or have disappeared. These changes have also entailed evolving and redefined membership. This has in turn increased exclusion of the very poor: people who fall 'below' the poor peasant group are locked out by some of the mechanisms that previously accommodated and provided for them (Connick and Drani., 2009).

3.2. Colonial Period (1894 - 1962)

Formal social security schemes were introduced in Uganda during the colonial era as a response to the social security needs of expatriate workers. Social security and social protection were conceived and laws were made in consonance with the interests and objectives of colonisation and colonial policy. One of the hallmarks of colonial labour policy was to have cheap labour. In Uganda forced paid labour (*kasanvu*) was used up to 1923, when it became costly and unsustainable. Not only were wages arbitrarily fixed but, in the case of Uganda, they were kept low due to the abundant supply of migrant labour, especially from Rwanda, Burundi and the Belgian Congo – the current Democratic Republic of Congo (Barya, 2011)). The result was that because of low wages, administrators were prepared to use force to obtain African labour for public works and also for private employers. The wages paid were not enough to maintain a worker and his dependants and, in fact, could hardly sustain a worker himself, so that many looked to the subsistence sector to provide their food. The British colonialists provided social security essentially for the white settler community, and this excluded the Africans from accessing social security (ibid.).

The Africans depended on the family, clan members and members of the community for assistance (Kasente *et al*., 2002). Therefore, the majority of the African population was not affected by the social security systems put in place by the colonialists. The colonial state assumed that Africans would take care of their own social security. It is further reported that the colonial economy extracted labour and raw materials from the people and society generally without any significant reciprocal benefits for the Africans (Barya, 2011). The colonial state had been set up to serve the interests of the colonisers and, as a result, social security for the Ugandans was not at the forefront of colonial state concerns. The formal social security systems put in place were indeed initially meant only for the (white) settler community or colonial officials and employees (ibid.).

The coming of colonialists was reported to have weakened the traditional social security systems that are met through family system based on kinship relations, tribal or clan or village as whole. The principle of communal responsibility and solidarity was eroded by westernization and its attendant individualism. Urbanisation, high mobility as well as European influence caused people to gradually become more individualistic which eventually resulted into weakening kinship relations. Urbanisation during the colonial era separated family members who were detached from their traditional, social and cultural settings (Msalangi, 1998; Barbone and Sanchez, 1999; Madukwe *et al*., 2009; Barya, 2009).

In addition, missionaries introduced hospitals and endeavoured to cure the sick, established a system of care, and looked after the elderly, the sick, orphans, blind people, and the disabled as well as the handicapped in institutional care centres. The traditional responsibilities and family obligations were beginning to weaken, which left many community members helpless when religious bodies and other private organisations could no longer cope with the overwhelming responsibilities. This forced the British empire to establish social welfare in its colonies (Msalangi, 1998).

In Uganda, social security covered Europeans, Asians and a few Africans in certain types/levels of colonial government employment (Barya, 2011). The British government established a public service pension scheme in 1927 to cater for its employees in the Uganda Protectorate (International Policy Centre for Inclusive Growth, n.d.).[13] The employees were covered by different legislation from 1921[14] for Europeans and for Asians from 1927[15] and for a few African civil servants from 1929.[16] The Government Employees

13 Seehttp://www.ipc-undp.org/publications/cct/africa/NationalExperienceSocialTransferProgrammesUganda.pdf [Accessed on 20 November 2014]

14 The Asiatic Officers' Pensions Ordinance 1935 (Cap. 8) and The European Widows' and Orphans' Ordinance No. 2/1921

15 The Asian Widows' and Orphans' Pension Ordinance No. 6/1927

16 The African Civil Servants Regulations 1929

Provident Fund Ordinance No. 1/1941[17] catered for some employees, while the Provident Fund (African Local Governments) Ordinance No. 38/1950[18] established a provident fund 'for the benefit of employees of such African Local Governments as may desire to become contributors thereto and…for the control and management thereof …'[19] It was a provident fund for 'non pensionable servants in the service of local governments' (Barya, 2011).[20]

The Armed Forces Pension Scheme is the oldest social security scheme. It was first implemented in 1935 to provide social protection to retired soldiers. Following the establishment of this scheme, a number of other schemes were created, including the Public Sector Pension Scheme, which was first established on 1 January 1946 to provide retirement benefits to public servants (World Bank Economic Outlook, June 2014). In 1946, the Department of Compensation, originally known as the Pension Department, was created after the enactment of the Pension Act (Ministry of Public Service, 2014).[21] In line with article 22 of the Universal Declaration of Human Rights[22], 12 December 1948, the colonial government in Uganda formed a social security department in the Ministry of Labour, which was the precursor of the present National Social Security Fund.[23]

While pensions were introduced much earlier in Uganda, workers' compensation followed almost immediately, being introduced in 1946. A requirement under the workmen's compensation scheme was and is for employers to protect themselves through a private or public insurance against their liability to injured workers (Msalangi, 1998). In addition, it is reported that in 1953, the teachers fund was introduced and all the money that had been collected under

17 Cap. 53, Laws of Uganda 1951

18 Cap. 75 Laws of Uganda 1951

19 Long Title, Cap. 75, Laws of Uganda, 1951

20 The Provident Fund (Local Government Act 1951). http://www.ulii.org/ug/legislation/consolidated-act/287

21 See http://publicservice.go.ug/index.php/services/dept-compesation [Accessed on 19 November 2014]

22 Every member of society, every human being has the right to social security

23 http://www.memoireonline.com/09/10/3894/m_Role-of-social-security-fund-scheme-in-enhancing-the-socio-economic-development-of-Rwanda10.html

the provident fund was distributed to them. This was the period when the teachers joined the non-contributory pension scheme – the current public service pension scheme in Uganda targeting all the civil servants. Initially the teachers had a different pension arrangement through the provident fund, which was a contributory scheme. They used to contribute to this fund and money would later be distributed back as pension (International Policy Centre for Inclusive Growth, n.d.).□

Msalangi (1998) points out that no social assistance scheme similar to those existing in Europe were introduced in the British colonies of Africa, including Uganda. There was, however, institutional care covering very few people, which the British administration established for the elderly, the physically disabled and the handicapped as well as orphans. The system did not have any form of cash benefit. Msalangi further reveals that such practice has been retained by the governments in the post-independence era and in most cases such countries' provision of social assistance is made directly by the ministries responsible for social welfare. Social assistance schemes were not introduced in all British colonies and where they were, they were not always implemented fully in the entire state. This tends to suggest that, although the system of social assistance was and still is the lifeblood of social security in Britain, it was not transplanted to African countries. However, it will be seen later that the Government of Uganda, with financial support from development partners, is piloting a social assistance grant for empowerment in Uganda.

3.3. Post-independence Period (1962 to-date)

The Government of Uganda continued with the social security systems which were introduced before independence by the British colonialists and modified them slightly in order to bring them into line with the needs of the changing society. Therefore, the design of Uganda's current social security system was based on its colonial history because immediately after independence the existing social security systems were not altered. After independence most African countries sought to extend coverage of their social security systems beyond sectors that were covered by the schemes during the colonial era. However, the coverage of these schemes is not yet sufficient (Barya, 2009; ILO, n.d.). Uganda's current pension system is similar to those in most Anglophone countries in sub-Saharan Africa (Nyakundi, 2009).

Barya (2011) points out that the social security regime that was put in place in the three East African countries (Uganda, Kenya and Rwanda) was fairly similar in structure, with only a few differences. Barya goes ahead to reveal that during the first ten years of independence (1961-1971), these countries had the following as the main features of their social security systems:

1. The majority of the population, including the peasantry in the rural areas, the self-employed, the unemployed and those in the informal sector mainly in the urban areas, were not covered and excluded.
2. A non-contributory defined benefit pension scheme for permanent public servants, and other public officials was put in place under some Pension Acts.
3. A provident fund, commonly known as NSSF, for private sector employees and non-pensionable public servants was a compulsory savings scheme based on earnings-related contributions by workers (members) and their employers, was put in place.
4. A range of other benefits (including workers' compensation, at times sick pay, maternity leave) were provided for under an array of legislation, and in some cases severance pay,, all provided directly by employers under specific legal obligations (Workers' Compensation Acts, Employment Acts etc.), were also provided for.

In 1985, the Government of Uganda established the National Social Security Fund (NSSF) to provide social security to private sector workers. In addition, other voluntary schemes have been established by a range of employers to provide retirement benefits to their employees. At that time, the major complaints about both the Public Sector Pension Scheme (PSPS) and NSSF were that they were based on a very low wage base, while inflation between the 1970s and late 1980s had made both public service pension and NSSF benefits practically meaningless. In the case of the NSSF, workers complained that their savings were borrowed by government companies and the Uganda People's Congress (UPC) to build Uganda House but the borrowed monies had not been repaid or paid without interest. While some of these problems continue and others have been ameliorated, new managerial and conceptual problems with respect to both schemes persist (Barya, 2009). However, Barya (2011) points out that the social security systems that obtained until the mid-1980s and early 1990s in East African countries never encountered major challenges and this could be explained partly by the still existing informal or traditional social security mechanisms, fairly easy access to land resources and the limited urbanisation (ibid.).

From the above discussion, it can be concluded that formal social security systems have been in place since colonialism and has continued to increase in scope and coverage during the post-independence era. These schemes include public service pension schemes, the NSSF, and the Parliamentary Pension Scheme. These are some of the examples of the formal social insurance schemes covering public and private employees. There are also private pension schemes that are developing in the private sector in Uganda today as a result of economic liberalisation policies. However, most of these schemes are targeting the limited number of the working population in the formal sector, which excludes those in the informal sector. The details of each of the schemes will be discussed in the chapter analysing key social security systems in Uganda.

Structural Adjustment Programmes (SAPs) and social security systems

Between the 1980s and 1990s, many other African countries were exposed to strong forces of Structural Adjustment Policies (SAPs), privatisation, the retrenchment of state workers and broad neo-liberal economic policies which were intended to respond to economic and social crises. The Government of Uganda implemented a range of World Bank/International Monetary Fund (IMF) policies. These included the privatisation of government institutions; reducing the size of the civil service and the army; the liberalisation of foreign exchange; the decentralisation of services to local authorities; and cuts in government spending on social services.[24] The Washington

24 See http://www.saprin.org/uganda/uganda_forum1.htm

consensus led by the American government and the Bretton Woods institutions (the World Bank and the IMF) took centre stage during that period in most of the countries. However, the role of the states in their economy was challenged, in providing certain basic services such as health, education, water and others (Barya, 2011).

Despite the fact that the SAPs were intended to create conditions for achieving sustainable levels of economic growth, they had implications for social security schemes. The transitory social costs in the form of retrenching workers in both the private and public sectors resulted in workers being withdrawn from the social security schemes – a situation which reduced the revenue base of social security schemes. One of the critical issues in the implementation of SAPs was the reduction of the budget deficit achieved through, among other things, a reduction in social sector spending (Kaseke, 2000). Furthermore, the devaluation of local currencies necessitated by SAPs severely eroded the value of benefits in some countries, such as Uganda (National Research Council (US) Committee on Population, 2006; Ouma, 1995; ILO, 2001).

The end result of the SAPs in the 1980s and 1990s was not only the intensification of foreign domination and exploitation of African countries but also the undermining of the working class and all working people (including the salaried middle class or petty bourgeoisie), particularly through wage freezes and massive retrenchments from the government and public enterprises. This led to unemployment of all categories of workers through massive retrenchment in the public and private sectors, privatisation, subsidy withdrawal, drastic expenditure cuts, the destruction of small and indigenous capital and import dumping. For example, some 350,000 people were retrenched, which sharply exacerbated unemployment. In addition, some of the laid off civil servants did not even receive severance packages and even for those who received packages, they were too small (Structural Adjustment Participatory Review International Network, 1998).[25] These processes further and directly impacted on the welfare functions of the state, mainly education, health and housing. SAPs also exacerbated social inequalities by redistributing wealth in favour of the rich and powerful, caused unemployment and made the poor poorer (Barya, 2011; ILO, 2001).

25 See http://www.saprin.org/uganda/uganda_forum1.htm

Policy reforms that were undertaken in Uganda in the mid-1990s including retrenching staff as part of the SAPs and consolidating as well as monetising the pay and emoluments of the retained staff; a revised benefit formula; the indexation of pension to salaries; and the application of such indexation retrospectively to all wage increases since 1988. The policy reforms led to a sharp increase in the stock of pension liabilities (which became recognised in terms of pension arrears) that resulted in the need for reforms. It can be seen that the SAPs policy reforms in Uganda contributed to the reforms of the Uganda Pension Sector which started in earnest in the mid-1990s, with the amendment of the Pension Act 1978. This was triggered by the erosion of the value of the pension, caused by inflation during the 1970s and 1980s. The Pension (Amendment) Statute No.4 of 1994 and the Statutory Instrument No.6 of 1995, amended the Pension Act and the Regulations respectively. Pensions were indexed to the salaries, allowing them to be raised whenever the salaries of serving public officers are increased. The amendment also provided for the payment of the survivors' pension to the spouses, children and dependants of the deceased public officers and pensioners. This amendment was backdated to 1 July 1988 (Office of the President, 2013).

Other factors that contributed to the rise in the pension arrears include the Pension Act amendments in 1978 which recognised the services of persons who had served under the defunct East African Community and the decision by the High Command of the Uganda People's Defence Forces (UPDF) to recognise the services of persons who had served in the previous armies, from independence. As a result of the above developments, the stock of pension arrears increased to unsustainable levels and has greatly stressed the government budget, which has necessitated the urgent need to reform the Public Service Pension Scheme (PSPS). The consensus for the reform of the PSPS gained momentum and strengthened in the early 2000s (ibid.). The current pension reforms debates will be discussed later in the chapter analysing key social security systems in Uganda.

Transition from Structural Adjustment Programmes (SAPs) to Poverty Reduction Strategy Papers (PRSP)

In early 2000, the SAPs were replaced with Poverty Reduction Strategy Papers (PRSPs), also imposed by the World Bank and the IMF as the main development framework documents. In the case of Uganda, the PRSP was the Poverty Eradication Action Plan (PEAP). The PRSPs sought to achieve high levels of economic growth and higher levels of development with a view to 'reducing poverty'. However, social protection was not recognised in these 'development' frameworks as having a role to play in poverty reduction. Social protection was not given priority or adequate coverage in the PRSPs (Barya, 2011).

In 1997 the PEAP was developed and launched with the main purpose of addressing the key poverty challenges in Uganda. During the process of its implementation, new challenges arose, such as emerging differences in the implementation of the priority areas among the local governments; non-consultation of the poor during its development; and the placing of little emphasis on private sector development. This led to its revision that resulted in a new PEAP in 2000. The Poverty Eradication Action Plan (PEAP) was described as 'social protection-friendly', given the fact that it suggested interventions in health, education, water and sanitation, putting social development as a priority action for reducing poverty and vulnerability (DRT, 2006). The PEAP recognised social protection as a cross-cutting issue to help address risks and vulnerabilities and to prevent the poor and vulnerable from sinking into deeper poverty (MFPED, 2004).

In 2002, the Ministry of Gender, Labour and Social Development also addressed issues of social protection in the Social Development Sector Investment Plan (SDSIP). This was followed by seeking support from Department for International Development (DFID) to design and fund a pilot cash transfer scheme in 2007. However, the Ugandan cabinet refused to approve the pilot scheme until 2008/09 when the DFID review team proposed social pension and targeted a vulnerable family grant which was later, in 2010, approved for implementation as a pilot scheme by the cabinet (Barrett, 2013).

Social security issues remained relatively less visible in Uganda until the Ministry of Gender, Labour and Social Development set up a Social Security and Pensions Sector Stakeholders Transition Group (STG) in 2002. The mandate of the STG was to advise on necessary reforms in the pension sector. In 2003, the STG produced a report in which several recommendations were made, including reforming the pension sector (Ministry of Public Service, 2012). This period witnessed a growing interest by other government agencies such as the Ministry of Finance, Planning and Economic Development, in the social security issues. This was attested by the policy statements in the 2007/8 and 2008/9 budgets, where the government sought to effect some reforms in the social security sector. In 2007, in order to implement some of the STG recommendations and also to introduce some new elements, the Ministry of Finance, Planning and Economic Development presented a paper to the cabinet on the reform of the social security sector in Uganda. The discussions on the pension sector have been around mismanagement, governance and the inadequacies of the NSSF and the Public Service Pension Scheme (Barya, 2011).

In 2004 the oversight of NSSF was transferred from the Ministry of Gender, Labour and Social Development (MGLSD) to the Ministry of Finance, Planning and Economic Development. The main reason for the transfer was that the MGLSD did not possess the technical capacity and experience to manage the enormous amounts of money[26] that the NSSF runs (*The Independent* magazine, 2010). However, it can be seen that the transfer had little or nothing to do with adequacy or coverage or equity, which are some of the main challenges facing the pension sector.

26 As shall be later seen in the chapter on financing social security in Uganda

4.0. Institutional, Legal and Policy Framework of Social Security Systems in Uganda

4.1. Institutional Framework

There are a number of institutions in Uganda that are responsible for social security management and provision.

The Ministry of Gender, Labour and Social Development (MGLSD), through the Directorate of Social Protection, is the leading institution in Uganda responsible for policy development and implementation oversight of social protection programmes and interventions (Rukundo, 2013). The ministry regulates the social security sector in the country. Within the ministry, there is also the Department of Labour, Industrial Relations and Productivity which is responsible for labour relations functions such as handling of individual labour complaints; labour inspection; dispute resolution; administration of workers' compensation; administrative support to the labour advisory board; the Medical Arbitration Board; giving support to employers and workers in the workplace on HIV/AIDS programmes; advocacy for productivity improvement; and labour migration. The Medical Arbitration Board within the Department of Labour is responsible for resolving disputes in cases of workers' compensation. It consists of four members (two physicians, one surgeon and one occupational health expert). The board that is centralised in Kampala holds meetings depending on the availability of funds. On average, the board holds two to three meetings per quarter and deals with 8-10 cases that have been referred by labour officers in each meeting. However, many district cases are not usually referred and, furthermore, the labour officers are not aware of the existence of the board (ILO, 2011). The Department of Labour was decentralised to local government level. There are district labour officers who are responsible for the resolution of individual labour disputes such as workers' compensation. However, the labour officers are not sufficiently trained, if at all, to conciliate or mediate disputes and also a large number of cases are resolved after the three-month period established by law has elapsed (ibid.).

The Ministry of Public Services is responsible for the administration and management of the Public Service Pension Scheme through the Department of Compensation. The department handles pension schemes for the traditional public service, the teaching service, defence and the former employees of the defunct East African Community (EAC). The department falls under the Human Resource Management headed by a Commissioner. This department handles the pension scheme through receiving and approving pension and gratuity applications; verifying and assessing pension and gratuities; budgeting for pension and gratuities; and receiving and maintaining pension records and data. The department, further, answers pension-related inquiries and complaints and provides technical support to other pension centres; monitors the pension performance of the pension policies, programmes and procedures to ensure that they meet desired objectives; and plans and executes pension and retirement awareness programmes. The Ministry of Public Service collaborates with the Ministry of Defence in matters relating to pensions for military personnel (Ministry of Public Service, 2014; Nyakundi, 2009; MGLSD, 2014c; Ministry of Public Service, 2012; Office of the Auditor General, 2010).

The Ministry of Finance, Planning and Economic Development (MFPED) mobilises, allocates and releases funds in the national budget to finance social security in the social development and other sectors. It also plays a lead role in the governance of public and private pension schemes, including the fiscal arrangements for both and appoints the board and management of the NSSF (Office of the President, 2013; Office of the Auditor General, 2010).

The NSSF reports to the Minister of Finance, Planning and Economic Development whereas the Central Bank of Uganda plays a more oversight role. The Bank of Uganda was appointed by the Minister of Finance as the interim regulator of the NSSF pending the establishment of the Social Security and Pension Sector Regulator. With effect from 1 January 2005, the Bank of Uganda was, therefore, assigned the responsibilities of vetting and approving a new board and executive management, reviewing and approving interest rates payable to pensioners and also consenting to major long- and medium-term investment decisions (BoU, 2005). The Minister of Gender, Labour and Social Development (MGLSD) has the powers to appoint a maximum of eight board members (two of whom represent government, two from workers' organisations, one from employers' organisations and others being people with expertise in the area of social security). The NSSF operates in 24 locations in the country and carries out compliance inspections to make sure that private sector employers are paying the necessary contributions to the fund. The NSSF used to be under the authority of the MGLSD until 2006 when it became the responsibility of MFPED (ILO, 2011), when the Minister of Finance, Planning and Economic Development appointed a new NSSF Board of Directors. Their term of office was effective from1 June 2012 for a period of three years. The board includes the Permanent Secretaries of the Ministry of Finance, Planning and Economic Development and the Ministry of Gender, Labour and Social Development, a representative each from the Federation of Uganda Employers (FUE) and the National Organisation of Trade Unions (NOTU), the NSSF managing director, and a representative of the Central Organisation of Free Trade Unions (COFTU).[27] The NSSF further operates under the regulatory framework of the Retirement Benefit Regulator with the responsibility to regulate occupational schemes in the country (ibid.).

The Uganda Retirement Benefits Regulatory Authority (URBRA) is an independent authority whose mandate is to regulate the establishment, management and operation of retirement benefit schemes in both the private and public sectors and was created by the URBRA Act 2011.[28]

The Ministry of Health is the overall agency responsible for health provision in Uganda and is spearheading the introduction of the National Health Insurance Scheme (NHIS) through drafting the National Health Insurance Bill that proposes to extend contributory health insurance to formal workers. In 2006, the Government of Uganda asked the Ministry of Health to design a health insurance scheme through Cabinet Minute No. 63 to the Ministry of Health. The minister established a national task force on health insurance with representation from all relevant stakeholders to spearhead the drafting of the bill and design issues. The stakeholders included the Ministry of Health, the Ministry of Finance, the Ministry of Gender,

27 http://www.nssfug.org/28/NSSF_Board

28 http://www.newvision.co.ug/news/647173-workers-to-benefit-from-pension-reforms.html

Labour and Social Development, the Ministry of Public Service, trade unions and Federation of Uganda Employers.[29] The National Health Insurance Bill 2007 is currently with the Ministry of Finance, Planning and Economic Development awaiting issuance of a certificate of finance implications and requires civil servants and formally employed Ugandans to make mandatory contributions to the NHIS.[30] The details of the proposed National Health Insurance Scheme will be discussed in the chapter analysing key social security systems in Uganda. In addition to the above, voluntary or community-based health insurance schemes have emerged in a number of regions in the country and the private health insurance schemes. These will also be discussed later.

In addition, there are private institutions that are providing social security health services, mainly insurance companies such as AAR Health Services and AIG Insurance Company, among others. Most of the services offered by these private health insurance institutions are intended for contributors that can afford to pay for the service, which leaves the poor excluded. The total number of persons benefiting from these social security providers in the form of health insurance is difficult to estimate owing to fragmented interventions in the country (Obot, 2007).

4.2. Legal and Policy Framework of Social Security Systems in Uganda (Acts, Policies, Strategies and Development Plans)

Uganda has ratified various conventions with social security provisions at both international and regional levels. This section highlights the key conventions and commitments to which Uganda is a signatory.

Uganda is a signatory to the Universal Declaration of Human Rights (1948), which recognises social security provisions. Article 22 of the declaration states that '[e]veryone, as a member of the society, has the right to social security and is entitled to reali[s]ation, through national effort and international cooperation and in accordance with the organi[s]ation and resources of state, of the economic, social and

29 http://www.equityhealthj.com/content/9/1/23

30 http://www.theeastafrican.co.ke/business/Uganda-employers-insurers-fail-to-agree-on-new-insurance-scheme/-/2560/2421118/-/ij7342/-/index.html

cultural rights indispensable for his dignity and the free development of his personality'. Article 25 formulates it in a more precise way as 'a right to social security in the event of unemployment, sickness, disability, widowhood, old age or lack of livelihoods in circumstances beyond his control'. Furthermore, section 2 of the same article states that '[m]otherhood and childhood are entitled to special care and assistance. All children whether born in or out of wedlock shall enjoy the same social protection' (Universal Declaration of Human Rights, 1948).

On 21 January 1987, Uganda ratified the International Covenant on Economic, Social and Cultural Rights (1966) (Nyakundi, 2009). Article 9 recognises the right of everyone to social security, including social insurance. Furthermore, section 2 of article 10 states that '[s]pecial protection should be accorded to mothers during a reasonable period before and after child birth. During such period, working mothers should be accorded paid leave or leave with adequate social security benefits' (International Covenant on Economic, Social and Cultural Rights, 1966).

Uganda has not yet ratified the ILO Covenant 102 on Minimum Standards of Social Security (1952), which covers a wider scope of social security. The covenant is comprehensive in that it defines the benefits that should respond to most of the risks. The benefits recognised are: health care; sickness benefit; old age benefit; employment injury benefit; family benefit; unemployment benefit; maternity benefit; invalidity benefit; and survivors' benefit (ILO, 1952). Despite the fact that Uganda has not yet ratified this covenant, some of the above benefits have been domesticated into the legislative framework that recognises social security provision in Uganda.

In 2002, Uganda adopted the Madrid Plan of Action on Ageing (MIPAA, 2002), which calls on the signatory nations to ensure that social protection systems respond to the needs of older persons. This plan aims to 'ensure that persons everywhere are able to age with security and dignity and to continue to participate in their societies as citizens with full rights'.

Uganda adopted the Livingstone Call for Action in 2006, which sets out commitments to social protection and calls on countries in Africa to put in place costed plans for the implementation of direct income support programmes (The Livingstone Call for Action, 2006).

Furthermore, Uganda adopted the African Union Social Policy Framework (2008) that calls on African member states to recognise the need for social protection programmes. The African Union Social Policy Framework calls upon states to: build political consensus and recognise that social protection should be a state obligation, with provision for it in national legislation. The states should also include social protection in national development plans and poverty reduction strategy processes, with a link to the Millennium Development Goals (MDGs) outcomes and processes; they should also review and reform existing social protection programmes. In addition, the governments should develop and operationise costed national plans for social protection based on the concept of a 'minimum package'. Last but not least, the states should utilise social protection instruments as a means of safeguarding the poor from global financial and economic shocks (AU, 2008).

Uganda's legislative and policy framework makes significant provisions for social security and broader social protection. The government has further domesticated the above conventions by developing national laws, policies, strategies and development plans. This section will highlight the key legal and policy frameworks in Uganda with social protection provisions.

The 1995 Constitution of the Republic of Uganda provides a firm basis for social security interventions. Article 14 states that '[a]ll Ugandans enjoy rights and opportunities and access to education, health services … decent shelter, adequate clothing, food security and pension and retirement benefits' and the National Objectives and Directive Principles of State Policy specifically oblige the state to make 'reasonable provision for the welfare and maintenance of the aged'. Article 40 recognises maternity leave for employed women under the economic rights as one of the social security benefits stipulated by the ILO Covenant 102 on the Minimum Standards of Social Security (1952). Section 2 of the same article states that '[t]he employer of every woman worker shall accord her protection during pregnancy and after birth in accordance with the law'.

Article 254 of the 1995 Constitution of Uganda recognises pension. It warrants that:

I. A public officer shall, on retirement, receive such pension as is commensurate with his or her rank, salary and length of service.

II. The pension payable to any person shall be exempt from tax and shall be subject to periodic review to take account of changes in the value of money.

III. The payment of pension shall be prompt and regular and easily accessible to pensioners.

The Pensions Act (Cap. 281, Laws of Uganda) regulates the arrangements of pensions for traditional civil servants, primary and secondary school teachers, police officers, prison officers, doctors and public employees in the judiciary. The Pensions Act also covers civil servants in local authorities (Pensions Act, 1946).

It is worth noting that until 1994, the provision relating to pensions for the urban authorities established the urban authorities' provident funds under the Local Government Provident Act (Cap. 292), whereas municipalities were provided for separately under the Municipalities and Public Authorities Provident Fund Act (Cap. 291). The provision of pensions to both urban authorities and municipality employees was amended under the Pensions Act in 1994 where local governments (urban authorities and municipalities) were required to provide pensions to their employees. In addition, the responsibility of administering and managing pensions for local governments was transferred to the Ministry of Public Service (Office of the President, 2013).

The Armed Forces Pension Act established on 3 September 1939 (Cap. 295) acknowledges the need for social security through providing for the payment of pensions, gratuities and other allowances in respect of the death, disablement or sickness of members of the armed forces while serving in any unit raised in Uganda and residents of Uganda while serving in any other unit of such forces.[31]

31 The Armed Forces Pension Act http://iclass.iuea.ac.ug/intranet/E-books/LAW/all%20laws%20of%20uganda/STATUTORY%20INSTRUMENTS/SI_295_1.pdf [Accessed on 5 November 2014]

The National Social Security Fund Act 1985 (Cap. 222) recognises the establishment of a National Social Security Fund (NSSF) and the need to provide for its membership, the payment of contributions to, and the payment of benefits out of, the fund and for other purposes. The NSSF is a provident fund (pays out contributions in lump sum). The scheme was instituted with a core objective to protect employees against the uncertainties of social and economic life. The scheme is mandatory for employers that have five or more employees. The contribution rate of NSSF is 15% shared at 5% and 10% by the employee and employer respectively (Nyakundi, 2009). The NSSF provides a range of benefits.[32]

The Local Government Act 1997 (Cap. 243) recognises pensions as one of the benefits for the local government staff under the terms and conditions of service of local government staff. The act stipulates that the pension payments will be in accordance with the Pensions Act (Local Government Act, 1997).

The Retirement Benefits Regulatory Authority Act 2011 established a Retirement Benefits Regulatory Authority whose objective is to regulate the establishment, management and operation of retirement benefits schemes in Uganda in both the private and public sectors.

The Workers' Compensation Act 2000 (Cap. 225) entitles employees to automatic compensation for any personal injury from an accident arising out of and in the course of his employment, even if the injury results from the employee's negligence. The act further details that, for an injury that leads to death, the compensation should be equivalent to an employer's monthly pay multiplied by sixty months. Under this act, compensation is automatic. The compensation is paid by the employer whether the worker was injured as a result of his own mistake or not. In case the employee fails to resolve a dispute with their employer, they can contact the Directorate of Labour in the Ministry of Gender, Labour and Social Development, where the matter can be resolved to compensate the employee (Young Leaders Think Tank for Policy Alternatives, 2011).

The Employment Act 2006 entitles women to maternity leave and men to paternity leave in employment. Article 36 (1) states that '[a] female employee shall, as a consequence of pregnancy, have

32 Old age, withdraw, invalidity, survivors, exempted and emigration benefits.

the right to a period of sixty working days' leave from work on full wages hereafter referred to as maternity leave of which four weeks shall follow the childbirth or miscarriage'.

Section 2 of the article acknowledge that '[a] female employee who becomes pregnant shall have the right to return to the job which she held immediately before her maternity leave or to a reasonably suitable alternative job on terms and conditions not less favourable than those which would have applied had she been absent on maternity leave'.

Article 55 of the Employment Act 2006 on sickness stipulates that '[a]n employee who has completed not less than one month's continuous service with an employer and who is incapable of work because of sickness or injury is entitled to sick pay'. The act applies to both public and private institutions in Uganda.

Article 57 of the Employment Act 2006 recognises paternity leave and states that '[a] male employee shall, immediately after the delivery or miscarriage of a wife, have the right to a period of four working days' leave from work yearly. The employee shall be entitled to the payment of his full wages during the said paternity leave'.

The Parliamentary Pensions Act 2007, which makes provision for a contributory pension scheme for Members of Parliament (MPs) and members of staff of Parliament, established a Parliamentary Pensions Fund for the payment or granting of pensions or retirement benefits to MPs and members of staff of Parliament.

Uganda's National Policy for Older Persons 2009 identifies the provision of direct income support and social insurance as a key social protection instrument for addressing the needs of older persons.

The National Employment Policy 2010 supports social insurance for workers in the formal sector, especially those who are able to contribute to social insurance schemes such as the NSSF, private pension or health schemes. It also specifies the responsibility of employers to provide contingencies for their workers such as paid maternity, paternity and sick leave.

In addition to the above legislative and policy frameworks, Uganda has developed strategies which recognise social security provision. For example, the National Development Plan (2010-2015) accepts social protection as one of the key strategies for transforming Uganda from a peasant society into a modern and prosperous country. The NDP emphasises the diversification and provision of comprehensive social protection measures for the different categories of the population as a measure to reduce vulnerability and enhance productivity of the human resource.

The Uganda Vision 2040, under section 5.4, identifies the need for the development and implementation of social protection systems to respond to the needs of vulnerable groups such as the elderly, orphaned children, and the disabled, among others. The vision further recognises the development of a universal health insurance system through public-private partnerships.

The National Health Insurance Bill 2007 proposes the establishment of a universal health insurance scheme that makes it mandatory for all employees, especially those in the formal sector (both public and private), to pay 4 % of their monthly earnings to the National Social Health Scheme. Their employers would contribute another 4 %. Those in the informal sector or those with no job would be mobilised under savings schemes where the same percentage would be deducted for the insurance. The bill is currently in the Ministry of Finance awaiting issuance of a certificate of financial implications (*The East African* newspaper, 2014).

Uganda lacks a comprehensive national social protection policy framework despite its ratifying and being a signatory to international and regional commitments as well as domesticating such commitments. This has left the legislation fragmented and uncoordinated. This state of affairs poses a threat to access to social security and makes citizens vulnerable to political manipulation. In addition lack of comprehensive policy may lead to limited or no state guaranteed provision of social security. It also makes the social security interventions to be viewed as not social entitlement or right to citizens. However, a draft is currently being developed by the Ministry of Gender, Labour and Social Development through the Expanding Social Protection Programme (MGLSD, 2014a).

Uganda's social security legislative framework provides for workers in the formal sector rather than those in the informal sector. This leaves many of the Ugandans vulnerable to risks and excluded from accessing social security schemes.

5.0. Drivers and Opportunities for the Development of Social Security Systems in Uganda

There is evidence of significant efforts being made by the Government of Uganda and non-governmental actors to address the concerns of the marginalised and vulnerable groups in Uganda through social protection programmes. There are a number of factors that have driven this development in Uganda. This section of the paper analyses the socio-economic and political factors that have shaped social security developments in Uganda.

I. Social security is anchored in the national policy and legal framework: This is evident in the legislative frameworks, policies and strategies with social security provisions. These include provisions in the 1995 Constitution of the Republic of Uganda, the Pensions Act, the National Social Security Fund Act, the National Development Plan (2010-2015), Vision 2040 and others that have been discussed in the above section. The existence of these measures indicates a strong commitment from the Government of Uganda to provide social security schemes. Furthermore, these policies and legal frameworks represent an opportunity for the development of social security systems in the country as they serve as a basis for the citizens to demand social security schemes.

II. Institutional framework: The institutional framework in place is another opportunity for the development of social security systems in the country. The Ministry of Gender, Labour and Social Development (MGLSD) is a public agency in Uganda that is responsible for policy development and oversight of social protection programmes and interventions and is in charge of regulating the social security sector in partnership with other ministries, as discussed in the previous section of the paper. However, this is one of the least funded ministries in Uganda. For example, in the financial year 2013/14 the Ministry of Gender, Labour and Social Development was allocated about 0.3% of the national budget and continues to experience cuts whenever excesses occur in the other sectors. In the current financial year (2014/15) the ministry is the second least funded sector, with a slight allocation increase of 0.1% to 0.4% of the total national budget (CSBAG, 2014).

III. Other ministries and government agencies: There is also growing support for social security in Uganda among various other ministries and government agencies. For example, the Ministry of Finance, Planning and Economic Development (MFPED) is currently spearheading reforms and the liberalisation of the pension sector and is also responsible for allocating funds for social pensions in Uganda, more specifically for the civil servants. The Ministry of Health is also currently finalising the drafting of a bill that will lead to the establishment of a national health insurance scheme in Uganda. Last but not least, the Office of the Prime Minister is implementing public works schemes in selected districts of northern Uganda as part of the post-conflict recovery programmes. Therefore, it can be concluded that there is a growing interest within government agencies in supporting social security systems in the country. The challenge remains the lack of coordination among the institutions that makes it difficult to implement social security schemes.

IV. Increasing interest of development partners: There is increasing interest on the part of the development partners, particularly DFID, Irish Aid and UNICEF, in social protection programmes, specifically direct income support schemes. These development partners have financially supported the Social Assistance Grants for Empowerment (SAGE) under the Ministry of Gender, Labour and Social Development, which is a pilot direct income support scheme that provides senior citizen grants and vulnerable family grants. In addition to financing the direct income support schemes in the 14 pilot districts, the development partners have also financed conferences, research studies, study trips and institutional capacity-building of the government (Mubiru, 2014).

On the other hand, the World Bank has recently shown an interest in the liberalisation of Uganda's pensions sector. This is evident in the recently launched Fourth Uganda Economic Update which specifically explores the changes the country can make to its existing pension system. The World Bank calls upon the Government of Uganda to urgently liberalise the pension sector because the limited number of social protection schemes in the country leave the vulnerable elderly members of society exposed to poverty, a situation that is exacerbated by the fact that few workers save for their own retirement. This has resulted in a low domestic savings rate, with underdeveloped capital markets acting as a brake on potential growth and development. The World Bank further reports that government spending on pensions provided benefits primarily to a small, relatively highly paid group of public sector workers, with expenditure set to rise, which places limits on the available fiscal resources for other vitally necessary poverty alleviation and development interventions (World Bank, 2014a).

V. Civil society organisations (CSOs): They are interested in promoting the welfare of the citizens, particularly the poor, vulnerable and marginalised, and this is evident in the advocacy for the implementation of various social protection programmes across sectors and regions in the country. However, these efforts are patchy, uncoordinated and sometimes duplicative and at times even omit key vulnerable categories of the poor. Worse still, many such interventions are not located within the broader conceptual or policy framework owing to the lack of a comprehensive social protection policy framework (Lwanga-Ntale, Namuddu and Onapa, 2008). In addition to the above, the CSOs have issued various position papers on the liberalisation of the pension sector, calling for the amendment of the National Social Security Fund Act as well as providing their views on the proposed Retirement Benefits Liberalisation Bill 2011 (Uganda National NGO Forum, 2014). In the context of the proposed reforms in the pension sector, Platform for Labour Action (PLA), a key civil society actor, undertook a civil society analysis of the Retirement Benefits Liberalisation Bill 2011. It proposed a number of changes to the bill, such as mandatory social security schemes for informal sector workers, including domestic workers; the definition of maternity allowances for pregnant workers who do not qualify for statutory pay; access to pension benefits before retirement; and severe fines for those that do not abide by the regulations. The organisation further recommended the prescription of a minimum cash reserve for pension schemes (Parliament of Uganda, 2014; CSBAG, 2014). Through the Uganda Social Protection Platform (USPP), CSOs have been key stakeholders in advocating the establishment of social security schemes in Uganda as well as participating in social protection policy development.

VI. Increasing support for social security among political parties: There is also growing support for social security systems in Uganda across the political spectrum and this is evident in the manifestos of all the key political parties in Uganda. For example, the Forum for Democratic Change (FDC) manifesto 2011-2016, on page 21, stipulates 'providing cash transfer of USh 50,000 every month to persons above 65 years' (FDC, 2011). The Uganda People's Congress (UPC) manifesto 2011, on page 17, states that UPC plans and commits to undertaking a study to explore the feasibility of providing old age pensions to all elderly persons in Uganda (UPC, 2011). These are not different from the manifesto of the ruling party – the National Resistance Movement (NRM) manifesto 2011-2016 – which commits to providing direct income support to the elderly in Uganda. Specifically, page 41 of the manifesto states that 'the NRM Government will roll-out the cash transfer program for older persons' (NRM manifesto, 2011).

Furthermore, policy-makers, specifically the parliamentarians, have formed a forum known as the Uganda Parliamentary Forum on Social Protection. This platform brings together members of Parliament with an interest in and who support social security provision in Uganda. The forum was launched in early 2014 and currently has over 40 members from both the ruling government and the opposition political parties. With such a platform, it can be seen that social security has started gaining political acceptance in Uganda (ESP, 2014).[33]

VII. Private sector: In addition, the growing private sector in Uganda presents an opportunity for the development of social security systems in the country. The private sector is one of the employers in Uganda whose employees contribute 10% of gross wages towards the NSSF. In addition, some of the employers pay health insurance for their employees at the workplaces. In addition, the private sector is provides private health insurance in Uganda. The major health insurance providers in Uganda include AAR Health, IAA, AIG, CASE Medical Centre, and Jubilee Insurance, among others. Furthermore, the financial service providers or insurance companies are currently the largest providers of voluntary social security schemes to both the formal and informal sectors in Uganda (Barya, 2009; Nyakundi, 2009).

33 See http://www.socialprotection.go.ug/Parliamentary%20Forum%20on%20Social%20Protection%20launched.pdf [Accessed on 6 November 2014]

6.0. Analysis of Key Social Security Schemes in Uganda

Existing Social Protection Interventions

Uganda has built a multi-tier pension system model comprised of non-contributory direct income support schemes, mandatory contributory/social insurance schemes and voluntary private social security schemes. The two most prominent parts are the public pension system covering the public sector employees and the NSSF that covers the private sector workers. Other social insurance schemes include health insurance, worker's compensation and social assistance interventions such as direct income support schemes – the senior citizen grant and the vulnerable family grants – under the Social Assistance Grants for Empowerment (SAGE). There have also been voluntary social security schemes implemented by private institutions in the form of social insurance. This section describes some of the above key social security schemes in Uganda.

6.1. Public Service Pension Scheme (PSPs)

The Public Service Pension Scheme (PSPS) was established on 1 January 1946 and is currently a non-contributory, defined pay-as-you-go retirement benefit scheme financed directly by tax revenues from the consolidated fund. Through the Ministry of Public Service, benefits are paid to the public service employees and cover traditional civil servants, including the police and prison services, local government employees and teachers (Office of the President, 2013). The scheme has a generous full pension based on gross salary with an accrual factor of 2.4% multiplied by the number of years in service capped at 89% of final salary. It also promises a commuted pension equivalent to one-third of the full pension to new retirees. The pensions are indexed to wages. With regard to survivors' pension, the payable pension is 100% of the pension entitlement of the deceased public officer. The guaranteed period for the survivors' pension is 15 years. The scheme also provides an array of other gratuities such as contract, death, short-term and marriage gratuities (Nyakundi, 2009).

The disability pension for civil servants is recognised in the Pensions Act as retirement on medical grounds to the satisfaction of the Pensions Authority (Ministry of Public Service, 2012). The scheme has currently around 269, 000 employees – covering traditional civil servants, civil servants in local governments and teachers (Office of the Prime Minister, 2013). The payments to beneficiaries include a one-off lump sum given upon retirement and a pension based on the prevailing salary of civil servants in similar positions as the retiree's final position paid monthly. Civil servants who opt out of the service before the attainment of retirement age forfeit the benefits (MGLSD, 2013). The public pension scheme constitutes about 0.82% (of which traditional civil servants constitute 0.3%, while teachers constitute 0.52%) of the entire population of Uganda. The total benefits that beneficiaries consume are about 0.35% of the country's GDP as of 2011(Office of the President, 2013).

6.2. The Parliamentary Pension Scheme

The Members of Parliament (MPs) pushed for a pension scheme for themselves since they are public servants, too, and yet they are not covered by the current public service pension scheme. The Parliamentary Pension Scheme covers MPs and members of staff of Parliament, providing for pension and gratuity under the Parliamentary Act 2007. The Parliamentary Pensions Act No.6 of 2007 was passed by the 7th Parliament in April 2007 and assented into law on 20 July 2007. The scheme covers members of Parliament, starting with those who served in the 6th Parliament (Office of the President, 2013). All the members of Parliament, whether elected or ex-officio except the prime minister and vice president, benefit from the scheme. The Parliamentary Pension Scheme is contributory in nature; MPs contribute 15% of their pensionable emoluments while the government contributes 30% of the monthly pensionable emolument. The government contributions to the fund are charged and payable out of the consolidated fund. The scheme provides for the payment of pension to a member who retires or ceases to be a member on or after attaining 45 years of age, subject to being a member for a continuous period of five years or more. Furthermore, a member is entitled to a pension of a lump sum payment of not more than 25% of his or her credit. It is also worth mentioning that section 21 of the Parliamentary Pensions Act provides for a government guarantee during the short and medium term, and ensures that the scheme is solvent for payments that may be required under it (Parliamentary Pensions Act, 2007). However, the period when this lapses is not indicated, which makes the beneficiaries vulnerable to risks in case the government pulls out. The estimated value of the Parliamentary Pension Scheme at the start was USh 20.44 billion and by 2012 it had grown to an estimated value of USh 55.5 billion (Kwesiga, n.d.).[34]

However, the public pension sector currently faces a number of challenges, including lack of timely access to benefits and access by unqualified beneficiaries through the enrolment of ghost pensioners partly due to lack of proper records. As a result of these and other issues, the fiscal burden of these schemes is increasing, while they are failing to achieve their goal of providing social security to all members of society. The public servant pensioner receives a pension with an average value of up to 87 % of their final salary before retirement, which is a very high replacement rate when compared to similar schemes in other African countriess, where a range of 60 to 70 % is more common. In addition, the increasing size of the civil service and the average age of its employees are contributing to the high cost of financing the pensions, raising questions regarding its sustainability (World Bank Economic Outlook, June 2014). Without parametric reforms to reduce the generosity of the scheme, the fiscal burden of pension liabilities will increase and thus could constrain the government's ability to finance equally important priorities of public expenditure, including the expansion of social security programmes for the poorest and most vulnerable persons in the country. In addition, the governance-through-corruption practices by the public and private sector officials strategically located within different government and private institutions who conspire to embezzle public funds have negatively impacted (such as leading to loss of trust in the funds) the pension sector in Uganda. This is worsened by the limited institutional capacity and lengthy bureaucratic processes that delay sanctioning of those involved in corruption and encourage impunity (ibid.).

34 See http://chimpreports.com/9711-igg-probes-theft-in-shs55bn-parliament-pension-scheme/ accessed on 10 November 2014

6.3. National Social Security Fund (NSSF)

The NSSF is the largest social security scheme and currently has over 1.45 million registered members, of whom 458, 000 members are active (NSSF, 2014). This scheme is a provident fund (pays out contributions in lump sum) mandated by the government through the National Social Security Fund Act (Cap. 222) to provide social security services to the private sector employees in Uganda. The scheme was instituted with a core objective to protect employees against the uncertainties of social and economic life. The NSSF pays a competitive interest to the members without compromising the safety of member savings. In 2012, the fund paid an interest rate of 10%, translating into USh 202 billion, an improvement from 7% paid in 2011. The interest rate of 10% is above the 10-year inflation rate of 9.23%. NSSF, therefore, preserves the value of members' savings. The scheme provides the following benefits to its members:

I. Old age benefit: This payment is payable to a member who has reached the retirement age of 55 years.

II. Withdrawal benefit: This is payable to a member who has attained the age of 50 years and is out of regular employment for one year.

III. Invalidity benefit: This is payable to a member who, because of illness or any occurrence, develops incapacity to engage in gainful employment. In this case, a medical practitioner's report is required to ascertain the condition.

IV. Survivors benefit: This is payable to a dependant survivor(s) in the unfortunate event of a member's death.

V. Exempted employment benefit: This is payable to members who join employment that provides alternative social security schemes recognised under the existing law and exempted from contributing to the NSSF.

VI. Emigration benefit: This is payable to a member (Ugandan or expatriate) who is leaving Uganda for good.
(NSSF, 2013)[35]

35 See *New Vision*, Thursday 12 September 2013/ Pension/Retirement Benefits Sector Supplement 2013

The fund is a contributory scheme fully funded by contributions from employees and employers, both contributing a total equivalent to 15% of the employee's monthly wages, with the employee contributing 5% and the employer 10% (Nyakundi, 2009). The scheme covers all employees in the private sector from the age of 16 to 54 years working in enterprises having more than five workers who are not covered by the government's scheme (*New Vision*, 2013). The scheme does not reach people who work in the informal sector, including small holder farmers.

The low returns on retirement savings and methods of payment undermine the security of pension savings in the NSSF. The poor returns derived by this fund have a direct negative impact on the value of members' retirement savings, making it impossible for these members to maintain pre-retirement consumption levels. In addition, the NSSF currently only pays out entitlements in the form of a lump sum, rather than an annual pension income, further reducing the level of security provided to members. Overall, mismanagement of NSSF funds in the past has also contributed to a lack of public confidence in pension savings systems (World Bank, 2014b).

The other limitations facing the NSSF include: the small coverage of only organisations with more than five workers and only in the formal sector; it covers a limited range of products; there is excessive government control through the line minister; and limited participation of the basic interested parties, specifically the workers and the employers (National Organisation of Trade Unions, 2011).

6.4. Reforms in the Pension Sector of Uganda

The Government of Uganda has initiated measures aimed at reforming the pension system in response to the challenges facing the sector. These reforms are laying a foundation for reforming Uganda's pension sector to achieve a wider coverage where a significant proportion of the workers are saving for their retirement. The benefits are adequate and sufficient to meet the retirees' basic needs. The pension sector is also sustainable in that it delivers to the retirees the promised benefits and improved governance through ensuring the security of the benefits that are not lost and misappropriated and also through ensuring that the pension sector is managed efficiently to optimise returns (World Bank, 2014b;

Ministry of Public Service, 2012; Nyakundi, 2009). As mentioned in the earlier sections, Uganda started pension reforms in the 1990s as a result of the many challenges facing both the PSPS and the NSSF. The reforms have an overall objective of creating a robust and efficient pension sector. The government is currently in the process of liberalising the sector with the aim to introduce competition from other players in the provision of pension services. This is expected to lead to improved governance, better services and the sustainability of the financial sector and reduced administration costs (*New Vision*, 2013a).

The reforms started with the establishment of the Uganda Retirement Benefits Regulatory Authority (URBRA). The Uganda Retirement Benefits Regulatory Bill 2011 was passed by Parliament into law on 26 April 2011. His Excellency the President of Uganda assented to it on 28 June 2011 and it came into effect in September 2011 (URBRA Act, 2011). This act provides for the establishment of the Uganda Retirement Benefits Regulatory Authority (Office of the President, 2013). URBRA was established to regulate the establishment, management and operations of retirement benefit schemes in Uganda in both the private and public sectors as well as promote the development of the retirement benefits sector. URBRA is a semi-autonomous agency under the Ministry of Finance, Planning and Economic Development with a governing board and a management team, led by an executive director. The governing board of directors has representatives from the Ministry of Finance, Planning and Economic Development, the Ministry of Public Service, the Ministry of Gender, Labour and Social Development, and the Federation of Uganda Employers (URBRA, 2014). The Ministry of Finance, Planning and Economic Development, which is spearheading the reforms, and URBRA have benchmarked the regulatory regime based on countries that have successfully implemented pension reforms, such as Brazil in Latin America (Kisambira, 2014). The implementation of the pension sector reforms will start when the Uganda Retirements Benefits Sector Liberalisation Bill is passed into law by the Parliament of Uganda. The bill was first tabled before the 8th Parliament by the Hon. Minister of Finance, Planning and Economic Development. It is currently under consideration by the Finance Committee of the 9th Parliament that continues to receive amendment proposals regarding the bill through stakeholders' consultations (Rwakakamba, 2014).

The Uganda Retirement Benefits Sector Liberalisation Bill (2011) proposes a number of reforms in the pension sector (URBRA, 2011). The key reforms are: The Public Service Pension Scheme becoming a contributory one, with government contributing 10% and employees contributing 5% to a pension fund which will be managed through an independent pay-as-you-go fund. This is because the non-contributory nature of the Public Service Pension Scheme (PSPS) combined with relatively generous payments (based on the final salary) has made the pension unsustainable as a result of issues related to inadequate budget allocation and the amassing of substantial arrears. The other reform includes lowering the rate at which employees accrue pension entitlements and basing the pension on an average of the last five years (rather than the final salary alone) (Wylde, Ssewankambo and Baryabanoha, 2012). This proposal aims at making the Public Service Pension Scheme fully funded for fiscal sustainability. The bill also proposes extending coverage of social security to all those in formal sector employment. This will involve removing the current threshold of more than five employees for companies contributing to the NSSF. The bill further proposes portability and transferability of the retirement savings to other registered schemes, across occupations in Uganda or the East African Community. The introduction of fair competition among the different licensed retirement benefits schemes for offering retirement products and services is another proposal for reforming the pension sector. This is aimed at improving governance in the entire pension sector, including schemes collecting mandatory and non-mandatory contributions for the Public Service Pension Scheme, involving separating the scheme from the Ministry of Public Service and also ensuring that the Public Service Pension Fund is run by a professional governing board of trustees (*New Vision*, 2013 b).

The proposed pension reforms have raised a number of debates in Uganda and a number of stakeholders have been opposed to the move to liberalise the pension sector. There have been fears that the government should be cautious about foreign pension managers before it opens up the pension sector for competition. In his book, *Advancing the Uganda Economy*, Dr Suruma Ezra (former Minister of Finance between 2005 and 2009) recognises that Uganda, being a small underdeveloped economy, may not have the capacity to vet external players, who may enter the pension market to collect contributions and then later disappear with the money. He further notes that there is a risk that foreign players in Uganda's pension sector may later collapse for a number of reasons, leaving nationals destitute in their old age. Suruma also argues that the Liberalisation Bill consultations have been limited to academics, politicians, civil servants and foreign experts in the country, which excludes the majority of Ugandans who hardly understand pension systems and social security (*The Weekly Observer*, 2014).[36] The URBRA Act 2011 also excludes the workers from the board of directors, which puts their savings at risk. The board has no representation of workers/savers or their organisations (trade unions). Section 8 of the act (page 10) authorises the Minister of Finance to appoint three Permanent Secretaries and four persons knowledgeable in the administration of retirement schemes on the board (Rwakakamba, 2014).

The proponents of the liberalisation of the pension sector argue that it will break the monopoly of the NSSF and the PSPS and bring many people in the informal sector on board to access social security benefits (*The Weekly Observer*, 2014). According to Moses Bekabye, the acting Chief Executive Officer (CEO) of URBRA, the reforms will ensure that all Ugandans are protected from old age poverty, such as ensuring a minimum social safety net for the elderly. Savings coverage in Uganda is low, as less than 10% are covered, which means that there is no social security for 90% of the population (*New Vision*, 2013a). Others have also indicated that the NSSF is a provident fund and not a pension scheme and lump sum payments to beneficiaries are usually consumed quickly, leaving the beneficiaries vulnerable to risks. This is worsened by the low interest rates that are most times below the inflation rate, which results in the real value of their savings diminishing over time, as well as mismanagement of the funds due to governance issues.[37]

However, the NSSF has been repositioning itself to favourably operate in a liberalised environment. The fund has finalised plans to broaden the scope of the benefits to include home ownership, education, health and maternity and unemployment benefits. Other final plans

36 See http://observer.ug/index.php?option=com_content&view=article&id=34244:-former-minister-cautions-on-pension-liberalisation&catid=79:businesstopstories&Itemid=68 accessed on 8th October 2014

37 Why the Proposed Pension Sector Reforms in Uganda May not Benefit 'Pensioners' -http://preciousinformine.wordpress.com/2014/05/29/why-the-proposed-pension-sector-reforms-in-uganda-may-not-benefit-pensioners/ [accessed on 15 November 2014]

include engaging the regulator to give current members the option to choose between lump sum payment and annuities and, lastly, developing new value-adding products for the bNSSF members. In May 2013, the fund also received a licence from the regulator to continue operations as a retirement benefits scheme, in accordance with the Uganda Retirement Benefits Regulatory Authority Act of 2011 (*New Vision*, 2013a).

The World Bank Economic Outlook (2014) identified key constraints that may hinder Uganda from achieving the objectives of the pension sector reforms. These are:

1. The governance risks related to fraud and corruption. If the proposed pension reforms in both the public and private sectors are not properly managed under strong, independent, regulated and transparent institutions, they will not provide an effective pension system for workers. Therefore, in order to address governance risks, the Uganda Retirement Benefits Regulatory Authority must be made functional and effective to regulate and supervise the sector.
2. The costs could rise with many pension operators. There are concerns that private sector competition will simply lead to higher costs within the pension sector, due to marketing battles to secure mandatory contributions. This needs to be addressed with appropriate regulation and competition managed through cost caps and low cost default funds.
3. The low level of development of the financial market may limit benefits from a liberalised pension system. The level of development of the capital market remains low in Uganda and this may create challenges to the achievement of some efficiency objectives. The NSSF portfolio is highly concentrated and dominates both the local equity and government bond markets. Without both the development of a broader range of local investment opportunities and the possibility for increased geographical diversification, it will not be possible to greatly increase the returns generated by the NSSF or private sector players. Plans to develop the financial and capital markets need to be strengthened if pension assets are to contribute to long-term financing. The management of the potential build-up of assets in the PSPF

fund will also need careful consideration. Recycling these assets back into government bonds would achieve little. Additional resources will also flow to the capital market from the contributions of formal workers who were previously not covered under the NSSF. Regulations issued by URBRA and its ability to monitor the sector will be critical to enhancing the sector's efficiency.

4. The lack of institutional capacity at the Ministry of Public Service (MoPS). Following governance issues in 2012, the management team at MoPS, together with the technical team responsible for the management of pensions, was replaced entirely. While this change may have been necessary, it places great strain on the new management team, which will need to quickly build the capacities required to manage the proposed reforms. A unique personal identification system is an essential building block for administrative reform and would be required before pension coverage can be substantially expanded. The recently inaugurated national identity card is expected to address this, but if not successful, the lack of a national, universal personal identification system could jeopardise the goal of further increasing coverage of the pension system.

5. Informality of the labour markets and the high cost of universal pension systems may constrain extending coverage. The pension system still needs to cover over 75% of workers in the formal sector who are not yet contributing to pensions. However, by 2010, 84 % of the working population was employed in the non-wage, informal sector, particularly in agriculture. Therefore, innovative approaches such as the Mbao Scheme of Kenya would be needed to extend coverage to the many people employed in the informal sector. On the other hand, universal pension systems that cover all elderly people need to be carefully planned as they are quite costly. Uganda should learn from the Kenya Mbao pension scheme[38] established by the Retirement Benefit Authority for the informal sector (World Bank, 2014b).

38 The Mbao pension programme covers medium and small micro-enterprises and Jua Kali associations. Members commit to save at least KSh 20 a day or USD 60 per month towards retirement. Mbao members can make payments through the leading mobile transfer services such as M-PESA and the Airtel money transfer service. A similar scheme is currently being developed between the Retirement Benefits Authority and matatu (taxi and minibus) operators.

6. Transition costs could increase fiscal spending on public pensions before it declines, as the public sector scheme is converted into a contributory system. These transitional costs would occur since the government would be paying the existing pensioners benefits while starting to contribute to the new public service pension fund. The cost would have to be properly planned for within the national budget. The fiscal cost of pensions would increase in the short term before declining. Given the tight budgetary conditions, financing the transition costs of moving to a funded PSPF could be challenging. Though likely to only represent a small percentage of GDP, this could represent a significant portion of the government's revenues, given the low rate of tax collection in the country. In the long run, the financial sustainability of the fund could be put at risk if the parametric reforms of the PSPF scheme are not sufficient to balance contributions and benefits, and if the government fails to pay its contributions.
(World Bank, 2014b)

6.5. Workers' Compensation

The Workers' Compensation Act (Cap. 225) provides compensation to workers employed both by the government and the private sector who suffer injury or contract occupational diseases in the course of their employment. The injuries covered are only those which result in permanent incapacity or incapacitate the worker for at least three consecutive days from earning full wages at the work at which he or she was employed. In spite of the fact that the law requires every employer to insure and keep themselves insured in respect of any liability which may arise under the Workers' Compensation Act, only a few employers in the private sector have insurance cover (MGLSD, 2014c).

Despite the fact that the provisions for workers' compensation are clear in law, implementation still remains a challenge both in the public and the private sectors. There is a problem of bureaucracy in processing and paying compensations to employees or to their family members in case of death. The assessment process takes over three years in the case of government employees before they can access their compensation mainly as a result of limited financial resources. In the private sector, few employers have attempted to insure their workers. Most employees in the private sector either do not report workplace accidents to the labour officers as required by law or delay settling claims because their workers are not insured. The failure or delay in paying compensation for work injuries makes workers and their dependants more vulnerable and increases their risk of falling into poverty (MGLSD, 2013). The Government of Uganda also pays claims for workers' compensation by the public sector workers. The payments are managed by the Ministry of Gender, Labour and Social Development (Wylde, Ssewankambo and Baryabanoha, 2012).

6.6. National Health Insurance

The Ugandan health system is made up of both public and private health-care service providers, which operate alongside traditional healers. The public system provides 60% of all health-care services. The private-not-for profit (church-related) sub-sector provides about 30% of health care and the rest (10%) is supplied by the private-for-profit sub-sector. Private-not-for-profit units often exist in remote, isolated rural places and supplement the inadequate health service provision. In the 1990s, the Government of Uganda introduced user fees in the public health system. However, in 2001 the government abolished user fees in all the public health units upon realising that the fees excluded over 50% of the population from receiving health care at the public health facilities. Though the abolition of user fees was aimed at eliminating financial access barriers, they continued to be levied in the private wings. The purpose of the user fees was to meet the huge public sector deficit and a response to pressure from structural adjustment programmes. The private health-care service providers have continued to charge user fees in Uganda. The health sector system in Uganda is decentralised at district, sub-county and parish levels, and has regional and national referral hospitals (Basaza, Criel and Van der Stuyft, 2007).

The increasing health-care costs, inadequate tax revenue and unsustainable donor funding have made the Government of Uganda think of alternative systems of health-care service provision. The government, through the Ministry of Health, is currently in the process of developing a national health insurance scheme which will consist of compulsory contributions to health funds by the formally employed. The scheme is expected to ensure that Ugandans have financial access to affordable, equitable and quality health-care services (Kagolo, 2014).[39] Uganda is the only country without a national health insurance scheme out of the five East African countries. For example, in 2010 Rwanda enrolled 8.5 million members in its national scheme known as 'Mutuelle de Santé' which depends on citizens' contributions based on their economic status, though the government pays for those who cannot afford. Rwanda has achieved about 98% coverage whereas Kenya is at 35%, Tanzania at 25% and Burundi at 24% (ibid.).

The health insurance policy has been sustained by the ruling National Resistance Movement (NRM) and this has contributed to a sense of government ownership and deep institutional knowledge (Basaza, O'Connell and Chapčáková, 2013). The National Health Insurance Scheme Bill 2007 has been shelved for over eight years since the Government of Uganda announced plans to introduce a national health insurance scheme which would enable all citizens of Uganda to have access to health-care services. The scheme was expected to start in the 2012/13 financial year but was halted because of criticisms from major stakeholders, who described it as another tax burden on employees; these criticisms resulted from the fear that the policy might increase the already high costs of doing business in Uganda (Mugerwa, 2013). However, this scheme is yet to be fully developed because the National Health Insurance Bill is neither finalised nor passed into law by Parliament. The proposed National Health Insurance Scheme is a contributory health financing mechanism, in which members pay a premium (4% of their gross salary) in exchange for a defined package of services, containing elements from both the formal and informal employment sectors. The scheme will be established by an Act of Parliament as part of proposed reforms to achieve universal health coverage (Basaza, O'Connell and Chapčáková, 2013).

Under the proposed National Health Insurance Bill, civil servants will pay 4% of their monthly earnings to the insurance scheme, which will be matched by a contribution equivalent to 4% of their earnings by their employers, while those in the informal sector or those

39 Article on health insurance scheme to start soon, published in *New Vision* on Thursday 20 November 2014

without a job will be mobilised under a savings schemes where the same percentage will be deducted for the insurance (Mugerwa Yasin, 2013).[40] The scheme's members will include public servants and all people who are employed by firms with more than five workers in Uganda. These members will be entitled to register four dependents with the scheme. In the case of an indigent or poor person, the government will use the funds appropriated by Parliament to the scheme for the purpose. According to the bill, every person resident in Uganda who is not a member or beneficiary of a government-managed scheme shall be registered as a member of a private commercial health insurance or a community health insurance scheme. The proposed law also states that private commercial health insurance schemes will be regulated in accordance with the Insurance Act 2011 and the Medical and Dental Practitioners Act 1996. The bill also provides that foreigners resident in Uganda shall be registered as members or beneficiaries of the scheme or as members of a community health insurance scheme. The bill seeks to facilitate the provision of affordable and quality health-care services to citizens. The bill will establish a board of seven directors for the scheme. They will include the chairperson, a representative from the public, accredited public health service providers as well as the Ministries of Health, Public Service and Finance (Kashaka, 2014). In order to accelerate universal coverage, the National Health Insurance Bill provides for the concurrent operation of different insurance sub-schemes – the Social Health Insurance Schemes, Community Health Insurance Schemes and Private Commercial Health Insurance Schemes. The package for the national health insurance will include outpatient and inpatient services, medicines, supplies on the essential medicines list and limited preventive services (Kagolo, 2014).

However, a number of stakeholders feel that the bill has shortcomings in its current shape. For example, the Insurance Industry, through the Uganda Insurers Association, proposes changes to the National Health Insurance Scheme. The association suggests that, given the potential reluctance of the private sector to mandatorily contribute to the scheme and the potential effect of having mass numbers enrol at a specific number of facilities, each formally employed person,

40 Article published in Daily Monitor on 20 July 2013. Available on http://www.monitor.co.ug/News/National/Shelved-health-insurance-plan-gets-new/-/688334/1920238/-/7wypnrz/-/index.html

both in the public and the private sectors, should contribute 1% of their salaries directly to the National Health Insurance Scheme. It further proposes that, instead of the national insurance scheme being managed by the government, it can be opened up to several private managers who can then compete for the contributions, which makes the scheme competitive and efficient (Uganda Insurers Association, 2014).[41] The draft bill has been finalised and the Ministry of Health is currently waiting for the certificate of financial implications from the Ministry of Finance, Planning and Economic Development so as to prepare a Cabinet Paper and have the bill tabled in Parliament (Nakatudde, 2014).

6.7. Social Assistance Grants for Empowerment (SAGE)

The Ministry of Gender, Labour and Social Development (MGLSD), in partnership with the Department for International Development (DFID), Irish AID and UNICEF, has been implementing the Expanding Social Protection (ESP) programme since July 2010. The ESP is a five-year programme that seeks to reduce chronic poverty and inequality and promote inclusion through embedding a national social protection system, including social assistance for the poorest and most vulnerable, as a core element of Uganda's national policy, planning and budgeting process (Namuddu *et al.*, 2014; Bukuluki and Watson, 2013; Wylde *et al*., 2012; DRT/CPRC, 2013; OPML, 2012). The ESP was designed around three main components: a) the development of a national social protection policy and costed strategy; b) institutional reform and capacity-building within the MGLSD and across government as a whole; and c) engagement with political actors to build understanding and commitment to social protection (Namuddu *et al*., 2014). In addition, the ESP programme implements the Social Assistance Grants for Empowerment (SAGE) pilot scheme, which aims to generate evidence on the impact and feasibility of delivering small but regular and reliable direct income support to poor and vulnerable households (ibid.). The SAGE scheme is currently implemented in 15 districts[42] of Uganda and comprises

41 See http://uia.co.ug/the-insurance-industry-proposes-changes-to-the-national-health-insurance-scheme

42 Apac, Kole, Amudat, Moroto, Nakapiripirit, Napak, Kiboga, Kyankwanzi, Kaberamaido, Katakwi, Kyegegwa, Kyenjojo, Nebbi, Zombo and Yumbe

a Senior Citizen Grant (SCG) – or Social Pension – for older people aged 65 years and above (60 years in the disadvantaged Karamoja region) and a vulnerability-targeted Vulnerable Family Grant (VFG). All together 105,836 direct beneficiaries have been enrolled to-date and over 80% of programme beneficiaries are enrolled in the SCG component. Beneficiaries of both components receive USh 50,000 (USD 20) every two months and over USD14.9 million had been disbursed through the MTN Mobile Money service by end of March 2014 (Namuddu *et al*., 2014).

Operational research, evaluations and pay point surveys conducted provide evidence of how the cash transfers have transformed the SAGE beneficiaries and their households. For example, Senior Citizen Grants (SCGs) have been shown to have increased access to health, education, food security and local economy investment through petty trade and micro-enterprises (OPML, 2012; MGLSD 2014a; Namuddu *et al*., 2014; Bukuluki and Watson, 2013). However, the programme has encountered certain challenges, including staffing gaps at local government level, difficulties in proving the age of beneficiaries, lack of birth and death information, long distances to pay points and connectivity issues, given the fact that the payment delivery system relies on an instant e-money transfer service (Bukuluki and Watson, 2013). The Government of Uganda has also not fulfilled its commitment to counter-financing of the programme which raises questions of sustainability.

6.8. Public Works Programmes

There are a number of programmes with public works components concentrated in northern Uganda. These programmes include the Northern Uganda Social Action Fund (NUSAF), the Karamoja Livelihoods Improvement Programme (KALIP) and the Agricultural Livelihoods Recovery Programme (ALREP). The objectives of the public works programmes include the creation of community assets, the provision of food items to households affected by famine and the transfer of cash transfer to poor households with labour capacity. The public works schemes targeted about 500,000 people as of 2012 (MGLSD, 2014c). They are the second biggest category of social cash transfers after the SAGE in Uganda. However, these schemes face a number of challenges from a social protection perspective. They are currently fragmented, limited in coverage and also do not guarantee a regular and predictable minimum level of income for vulnerable households. The objectives of the public work components in these programmes have a limited social security focus. The programmes are more concerned with the development of the assets[43] than with the creation of predictable employment because the duration of employment is short and may be created at any time of the year, and do not take into account seasonal variations in consumption (McCord, Onapa and Levine, 2013; MGLSD, 2014c). The scheduling of public works is usually influenced by the design and approval processes, rather than by a consideration of the most appropriate period for transfers (MGLSD, 2014c).

According to the MGLSD, public works programmes in Uganda tend to be relatively high-cost as a transfer mechanism (averaging about USD 3-5 per USD1 of benefit transferred). This is in part due to the fact that (a) they operate on a small scale; (b) the non-wage costs of construction activities in northern Uganda (where all of the existing programmes operate) are high, owing to remoteness; (c) many of the programmes involve costly layers of donor NGO involvement in implementation; and (d) in many of the programmes the transfers were a secondary benefit, with the primary benefit seen as being the asset developed. This suggests that a larger programme (that reached economies of scale, with lower overheads and implemented in other parts of the country) could potentially transfer resources to the poor at reasonable costs (MGLSD, 2014c). One-off investments are unlikely to be effective in terms of promoting sustained impacts on livelihoods at either household or community level. While programming is linked to district development plans, interventions tend to be guided by donor or project preferences rather than being part of a community- or district-wide development strategy. Lack of technical capacity is also undermining the quality of infrastructure developed in some programmes. The quality of technical inputs into public works programmes varies with the capacity of the implementing institutions. This is particularly an issue for the Assets for Work and NUSAF programmes, which depend on the limited expertise of implementing partners and government agencies respectively (ibid.).

43 For example, ALREP is building and renovating roads, bridges, stores and markets using labour-intensive methods which involve employing the local communities. The money paid for the work to the communities is expected to assist families in purchasing household items and meeting other household needs as well as farm tools such as hoes, and seeds aimed at boosting agricultural production (Office of the Prime Minister, 2014).

6.9. Private Social Security Schemes

There are a number of private non-statutory social security schemes, also known as voluntary schemes, managed by employers and public institutions either on their own or through insurance companies. These include private pension schemes (such as the Makerere University Retirement Benefits Scheme (MURBS) and the Bank of Uganda Retirement Scheme, among others) and health insurance. Furthermore, there are various forms of savings schemes under the informal sector that support their members in times of financial crisis. These voluntary schemes have been established by a range of employers to provide retirement benefits to their employees. However, previously these private sector schemes had not been subjected to regulation, and little is known about their parameters, scope and performance (World Bank, 2014b). The voluntary savings schemes are regulated by the Uganda Retirement Benefits Regulatory Authority. More interestingly, these private social security schemes usually operate side by side with the statutory NSSF arrangements. They, therefore, cover individuals whose incomes and standard of living allow them to afford additional contributions for supplementary benefits over and above what is being provided under the basic state-mandatory arrangement (Barya, 2009).

Previously, the private social insurance schemes were unregulated before the establishment of the Uganda Retirements Benefits Regulatory Authority. Currently the URBRA has registered and provided licences to 52 schemes that are private.[44] URBRA has also licensed service providers, including 12 administrators (corporate), six fund managers, five custodians, four corporate trustees and 275 individual trustees. The licensing of the retirement benefits schemes (pension schemes, provident funds, private occupational schemes, and gratuity schemes) commenced in December 2012. Most of these retirement benefits schemes were already in existence and, therefore, are all operational, and the URBRA recognises their existence in section 96 of the act (Bahingwire, 2014).

According to the URBRA Interim Chief Executive Officer, '…the primary objective of licensing schemes, custodians, trustees, administrators in the pension sector is to create transparency and accountability which are key factors for good governance'. He further said that

44 Refer to the Annex – List of licensed retirement schemes

for a long time, the retirement benefits sector was not regulated and there was no requirement for licensing of schemes, custodians, trustees, administrators and fund managers. This led to problems of inadequate benefits to those who saved, and misappropriation of workers savings, leading to loss of trust by the general public in the retirement benefits system, which is a key component of social security (*Daily Monitor*, 2014).

6.9.1. Private health insurance schemes

There is also a number of private institutions that provide health-care insurance services in Uganda. These are mainly insurance companies, such as AAR Health Services and AIG Insurance Company. Other private health insurance providers include the International Air Rescue (IAA), Case Medical Centre, Kadic Hospital, International Health Network, St. Catherine's Clinic, and Paragon Hospital, among others (Obot, 2007). These health insurance service providers are not different from the private health service providers, except that they enter into some semi-formal pre-payment arrangements with some of their clients. The pre-payments are calculated according to previous utilisation of health services and the size of the family. The pre-payments are also calculated on an ad hoc basis depending on whether you go as an individual or as an organisation/company (Zikusooka *et al*., 2007). Most health services offered by the private institutions are for the contributors who can afford to pay for them, which eventually exclude the poor persons that cannot afford them. The number of beneficiaries of the private health insurance companies is difficult to estimate as they are fragmented. These private health insurance providers are regulated by the Uganda Insurance Commission. The main functions of the Uganda Insurance Commission include: offering annual business licences; receiving complaints from the general public about the insurance industry and making recommendations based on them; writing policies that regulate the insurance market; and ensuring that insurance companies are properly capitalised so that they can pay their claims. Premiums are always paid annually or on a monthly basis. This depends on the terms and conditions of the agreement between the health insurance service provider and the clients or the insured (ibid.).

6.9.2. Community-Based Health Insurance Schemes

Community Health Insurance (CHI) Schemes are voluntary arrangements, organised at community level, that target people employed in the formal sector. They aim at improving people's financial access to health care. They run on a non-profit basis and apply the basic principles of resource pooling and risk sharing with community participation in design and management (Basaza, Criel and Van der Stuyft, 2008). Most of the private not-for-profit health facilities in Uganda charge user fees to cover the financial gap left by the government and external donors. However, most of the poor are still excluded from accessing health-care services. In such cases, Community-Based Health Insurance Schemes are preferable to user fees at public healt facilities but not easy to implement in poor rural areas and in the informal sector. As indicated above, Uganda plans to introduce a National Social Health Insurance Scheme mainly focusing on the formal sector where contributions can be deducted from the monthly salaries, though the inclusion of the informal sector is not yet clear (Platform for Health Insurance for the Poor, n.d.).[45]

Over the years, the Government of Uganda, specifically the Ministry of Health, has been exploring alternative health financing strategies that would ensure access to health services by citizens, especially the poor. In 1995, the Ministry of Health, through the Planning Department, reviewed options for health-care financing and one of them was community financing, specifically health insurance through pre-payment. The Ministry of Health piloted the first Community-Based Health Insurance Scheme known as the Kisiizi Hospital Society Health Plan. At this time, the government health financing policy still stipulated cost-sharing where citizens contributed user fees to access public health-care services in government health facilities (Community Health Financing Association for Eastern Africa, 2006). Therefore, the first Community-Based Health Insurance Scheme in Uganda was set up in 1996 at a rural hospital in Kisiizi. Following the establishment of this scheme, many Community-Based Health Insurance Schemes (CBHIs) have been established, including the Community-Based Scheme and Save for Health Uganda (*Munno mu Bulwadde*). The majority of schemes are hospital-based, run (and

45 See http://www.hip-platform.org/projects/project-overview/community-health-insurance-in-uganda [Accessed on 15 November 2014]

largely owned) by the hospitals themselves, with the exception of the Save for Health Scheme which is run and owned by local communities (operating in Luweero, Nakasongola and Nakaseke districts). Most of the schemes were started jointly by the Government of Uganda through the Ministry of Health and various donors, including DFID and USAID. The support provided to the schemes by the Ministry of Health included basic training and technical assistance in the scheme design. In addition, the majority of the funds for the schemes were provided for deficit funding and for meeting operational costs such as computers, sensitisation and purchase of stationery (Basaza, Criel and Van der Stuyft, 2008).

The Uganda Community Based Health Financing Association (UCBHFA) and Save for Health Uganda (SHU) have been key umbrella organisations for running Community Health Insurance Schemes in Uganda. These organisations coordinate, promote, conduct research and build the technical capacities of community-based health insurance initiatives in Uganda. As of 2012, the Uganda Community Based Health Financing Association was running a total of 25 schemes with a total coverage of 108,939 beneficiaries[46] (UCBHFA, 2012).

Save for Health Uganda is also running a community health financing programme. The objective is to improve access to health-care services by expanding and extending well managed health micro-pre-payment schemes to target communities. Specifically, the programme aims at improving access to quality health-care facilities and services where communities are supported to create community health financing schemes which then provide health insurance to the member families. With an insurance card, a family member can access all out-patient services and all admission services including surgery, unless the service cannot be offered at the contracted facility. The community health insurance financing schemes are supported to contract service providers and, on a monthly basis, to pay for the medical service offered to the scheme members. Secondly, the community health insurance financing programme aims at protecting families from catastrophic health problems. This is because the Community Health Insurance Schemes place no limit on the number of episodes presented to a health-care facility per member during the covered year and for each episode of illness

46 Refer to the Annex

presented at the contracted facility, the scheme pays between USh 150,000 and 250,000 (Save for Health Uganda, 2014). Save for Health Uganda also provides both health and insurance education in the target sub-counties to help them rationalise their health-care seeking behaviours and to join the Community Health Financing Scheme for protection. Save for Health Uganda promotes three types of this scheme. These are pure insurance schemes (medical bills are covered by the scheme), pure credit schemes (medical bills are cleared by the scheme but become a loan to the family) and mixed insurance and credit scheme (part of the bills is covered by the scheme while part becomes a loan) (ibid.). As of 2013, Save for Health Uganda had a total of 74 running community health financing schemes[47] (Save for Health Uganda, 2014a).

Community Health Insurance Schemes face a number of challenges. For example, the Uganda Community Based Health Financing Association still has a very small resource base and remains dependent on donors; and there is a weak information management system at the scheme level which hampers and causes delays in reporting. There is also low coverage of the schemes. For example, the UCBHFA currently runs 25 schemes with a total coverage of 108,939 beneficiaries, which is less than 1% of the population of Uganda (UCBHFA, 2012). In addition to the above, Save for Health Uganda faces two major challenges in the promotion of Community Health Insurance Schemes. Firstly, there has been low motivation of the volunteer scheme leaders. The Community Health Financing Schemes are self-managed, rely heavily on the volunteer elected leaders who sensitise and enrol members, collect premiums and verify health-care bills, among other activities. Secondly, there has been a reduction in income in some regions, such as western Uganda, owing to banana wilt that has not been quickly contained. Many families cannot afford to pay for the schemes, whereas those who paid struggle and indeed pay late (Save for Health Uganda, 2013).

Both Private Health Insurance and Community-Based Health Insurance Schemes are an alternative to health-care financing in Uganda despite the lower coverage. According to the principal health economist in the Ministry of Health, only 1.5% of the 34.9 million Ugandans have health insurance cover (Kagolo, 2014). Currently in

47 Refer to Annex

Uganda, private health insurance is usually paid for by employers in few private firms, whereas the Community Health Financing Schemes coverage remains limited to the central and southwestern regions of Uganda.

6.10. Informal Social Security Systems in Uganda

Informal social security systems remain vital in the rural communities of Uganda where access to formal social security schemes is limited or even not available. Historically, the informal social security systems have been in place for many years globally. People have looked to their families, clans, communities, tribes, religious groups and authorities to meet their needs for social security whenever they have encountered risks and vulnerabilities. In Uganda, informal social security systems include both traditional systems of extended family, kinship and community support – self-help schemes, mutual burial groups, cooperatives, market associations and SACCOs, among others (Ouma, 1995; Kyadondo and Mugisha, 2014).

Kasente (2006) reports that the majority of the population in the African region, particularly self-employed women and men, are protected by informal social security systems with benefits being either in cash or in kind. This is because the public social security measures meet the needs of less than 25% of the population, with the majority being men. Kasente (2006) (citing Kaseke, 2009) states that the majority of the informal social security systems observe the principles of risk-sharing and pooling resources as well as membership and shared obligations. The formal schemes are mainly urban-based and cover a small percentage of the population. Therefore, the majority of the population in Africa in general, and in Uganda in particular, rely on informal social security systems.

Traditional social security systems depend a great deal on collectivism within the society. Bukuluki (2013), citing Verhoef and Micheal (1997: 396 cited in Ikwenobe, 2006 and Hofstede, 1991), states that in collectivism, an individual is obliged to contribute to the community, not only because it is expected of him or her but because the 'community is him or her'. The concept of a person in the African collectivist world-view is 'first and most importantly that of the community…this means not that the individual is selfless, but that the self is the community' (Verhoef and Micheal, 1997: 396 cited in Ikwenobe, 2006).

However, globally these systems are declining and weakening. There this decline has been attributed to a number of factors by various scholars. These include urban-rural migration, violent and armed conflicts, industrialisation, the HIV/AIDs epidemic, and the adoption of the western lifestyle, among others (Ouma, 1995; Kyadondo and Mugisha, 2014; Lwanga-Ntale, Namuddu and Onapa, 2008). In addition, mutual social support systems been 'weakened' and this has been attributed to colonialism and its version of modernization (Ouma, 1995). However, inadequte evidence exists to show that colonialism weakened traditional social security systems.

The effectiveness of the informal social security schemes that are currently in existence are limited by their low capital base, owing to the small contributions made by members, and the limited financial management skills. In addition, the informal social security systems based on kinship tend to exploit women for the benefit of other family members, without guaranteeing their own social security (Kasente, 2002). However, while these informal social security systems have deteriorated in terms of effectiveness, they have been and continue to be useful in small communities and mainly the rural areas of Uganda. They remain scattered, highly uncoordinated and only target small pockets of people, especially in the countryside (Ssanyu *et al.*, 2013; Kyadondo and Mugisha, 2014). Contrary to the above, it has been reported that the informal social security systems are not confined to rural areas but reach out into peri-urban and urban areas as well, partly via maintained urban-rural linkages (Verpoorten and Verschraegen, 2008). It should also be noted that even those benefiting from the formal social security systems still access the informal social support systems to provide social protection in the most pressing eventualities, such as the death of relatives (Twimukye, 2011).

Social Protection Life Cycle approach and the gaps in Uganda's social security systems

As already reflected in the conceptual and analytical section, there are a number of risks and vulnerabilities across the life cycle, the social security systems in Uganda as discussed in Chapter 6 attempts to respond to some of the risks and vulnerabilities. However, there are a number of gaps that need to be addressed.

Early years of childhood (0-11 years): In its current state, Uganda lacks comprehensive social security systems to respond to the risks and vulnerabilities that are rampant at that stage. There has been an attempt to pilot vulnerable family grants under the SAGE programme targeting vulnerable and marginalised children, such as orphans, but coverage is still limited to a few selected sub-counties in 15 districts. However, Uganda can learn from other countries such as South Africa that initiated child support grants. In addition, social assistance and social insurance are very relevant at this childhood stage. The benefits improve the standards of living for the children at this stage. However, these schemes are limited in coverage. For example, social assistance in the form of senior citizens grants is still being piloted whereas the pensions target only those in the formal sector, which excludes a large proportion of those in the informal sector.

Young and middle adults (20-40 years): This is a development stage where the majority of the persons are in the working age. These face a number of risks and vulnerabilities while at work such as injury, unemployment, sickness etc. Uganda enacted a law on workers' compensation but there are challenges relating to enforcement, especially in the private sector. Public works schemes also exist, though they target only a limited number of persons, especially in the northern region. Uganda lacks unemployment insurance schemes for the unemployed of working age, which makes many people remain unemployed for a long period of time or get employed in the informal sector. Instead, the government has established complementary programmes such as the Youth Livelihoods Programme (YLP) to curb youth unemployment. There are a number of social security insurance schemes that Uganda could adopt to target this age bracket, such as unemployment insurance, enforcing workers' compensation, and sickness and invalidity benefits. Given the fact that Uganda's working population is primarily employed in the informal sector, the Government of Uganda can initiate a number of social security schemes, such as mandatory contributory schemes, or learn from the Mbao scheme□

for the informal sector in Kenya. In addition, government-financed social assistance schemes in the form of disability grants, child support grants for the children of working citizens, family allowances as well as expanding the coverage of mandated contributory social insurance are very relevant for catering for this age group.

Older persons (50 and above years): Uganda has made considerable progress in initiating social security schemes for this age bracket. Uganda's three tier pension system provides well for risks and vulnerabilities for this age bracket. This includes the Public Service Pension Schemes, NSSF and the voluntary pension schemes. This also contains social assistance in the form of direct income support that is being piloted in 15 out of 112 districts. Therefore, the Government of Uganda has to expand the coverage of the social insurance schemes to cover the informal sector as well as rolling out the senior citizens grants for the poor older persons.

7.0. Gender and Social Security in Uganda

Access to social security should be equitable among men and women in the world. However, it has remained unequal because of the gender inequalities in the labour market, given the fact that the majority of women work in the informal sector. In the informal sector women can easily combine work with their heavier burden of family responsibilities, and partly for other related reasons, for example the discrimination encountered in the formal employment sector (ILO, 2001). According to UBOS 2010, only about 4.8% of women are employed in the formal sector, of whom about 95% are found in the private sector or the self-employed and informal sector. The social security framework only covers workers in formal sector employment (public and private) and remains silent on the self-employed and people working in the informal sector who account for the bulk of the labour force (ILO, 2012).

In Uganda, women have limited income-earning opportunities, as is the case with the rest of the low-income countries. Such gender gaps in earning opportunities have implications not only for household welfare but also for access to social security (Kasirye, 2011). As Kasente (2006) reports, very few women in the African region have access to formal social security because they work in the informal and agricultural sectors. Furthermore, she reveals that women's access to formal security is through marriage to a male salary or wage earner. Kasente cites Folbre (1993), who states that access to social security by women reflects the traditional male bread-winner, female dependant and nuclear family model.

Uganda is characterised by a large informal sector, with over 80% self-employed – with the proportion being higher for female workers (61%) than their male counterparts (46%) – and by 72% in the agricultural sector. This is worse among the women in Uganda, at 77% as compared to males at 67% (UNHS, 2012/13; MFPED, 2014). Women in Uganda account for more than half of the total labour force but they nonetheless account for only 37% and 29% of the labour force in the public and the private sectors respectively. According to the 2008 Gender and Productivity Survey (GPS), four out of every five women in Uganda are employed in agriculture and 42% of the women in the labour force are unpaid family workers receiving no income despite contributing the largest proportion of the agricultural labour in the country (EPRC, 2009). Women's lower representation in the public and private sectors may be partly explained by women's lower education attainment and, to some extent, by time demands attributed to reproductive activities (Kasirye, 2011). Work in the informal sector is often intrinsically hazardous and the fact that it takes place in unregulated environments makes it still more difficult for women to access social security benefits. Women face additional disadvantages due to discrimination related to their reproductive role, such as dismissal when pregnant or upon marriage. Women in the informal economy do not benefit from safeguards and benefits related to child-rearing that in principle apply to women in formal wage employment (such as family allowances, paid maternity leave, nursing breaks or assistance with the cost of child care) (ILO, 2001). However, there is need to appreciate the SAGE programme under the ESP programme that provides senior citizens grants to older persons – both men and women.

According to the ILO Covenant 102 on the Minimum Standards of Social Security (1952), which covers a wider scope of social security, maternity benefits for working women are recognised with a view to addressing maternity protection. In 2000, ILO adopted the new Maternity Protection Convention (C 183), prompting the formation of a National Steering Committee in Uganda to advocate increasing the duration of maternity leave and extending maternity leave to all working women in Uganda. In addition, legislative amendments were made that culminated in the enactment of the Employment Act that provides job protection and maternity leave for all employed women. However, despite the principles of the ILO Convention, the Employment Act does not apply to women employed in the informal sector yet these represent the largest proportion of working women in Uganda, as seen above (ILO, 2012).

From the above, it can be concluded that the majority of the working population (both men and women) in Uganda are excluded from formal social security benefits in case of risks and vulnerabilities and the situation worse for the women. Those formally employed in the public and the private sectors and covered by the social security schemes (specifically the Public Service Pension Scheme and the National Social Security Fund) are fewer than 10% of the working population out of a total of 13 million. This leaves over 90% of the working population not catered for by any form of comprehensive social security scheme (World Bank, 2014b). The pension sector reforms in Uganda will be relevant in extending social protection coverage to the informal sector.

8.0. Financing Social Security in Uganda

Social security financing is a key constraint in many developing countries. Globally, expenditures on social security remain lower (2.8%) in Africa than in any other region. This is mainly because of the limited financial resources available in many countries. Social security expenditure in relation to a country's GNP is considered a reliable indicator of the level of social sector development in that country (World Bank, 2012; Bastagli, 2013). In countries where a large part of the GNP is spent on social security schemes, inequality and poverty levels will be lower than in countries where a smaller part of the GNP is spent on social security (Bastagli, 2013). Within Africa, there are significant variations in social security spending. The regional average of 2.8 % of GDP disguises a wide range of expenditures in different countries, from highs of over 12 and 8% of GDP in the Seychelles and South Africa respectively to lows of under 0.5% of GDP in Chad, Sudan, Guinea, Niger, Uganda and Zimbabwe (World Bank, 2012).

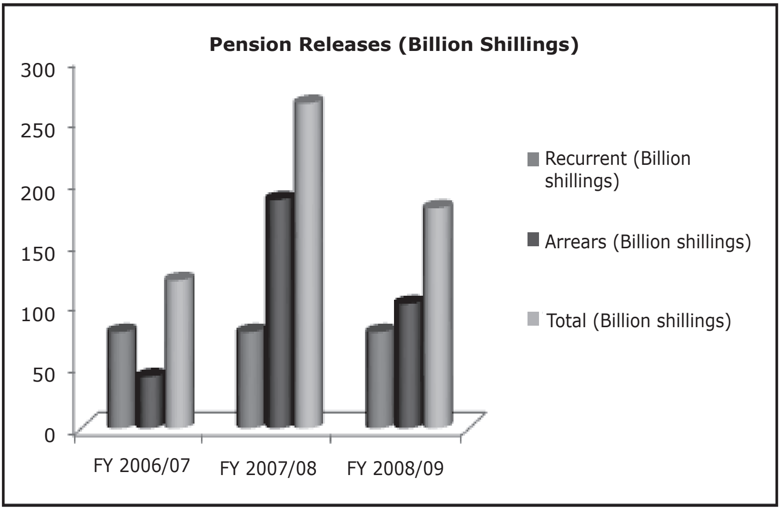
The low levels of expenditure are a reflection of the low levels of public resources that are available in African countries, especially for social programmes. Some scholars have argued that committing significant resources to finance social protection amidst a high incidence of poverty and extreme poverty would generate large and long-term liabilities beyond government budgetary capacities (Barrientos, Hulme, Nino-Zarazua and Hickey, 2010). It is urged that even if social security programmes are adopted with 1% of GDP spent on schemes, it may be challenging to achieve in situations where the government tax collection capacity is still very limited. For instance, Uganda collects around 13% of GDP in taxes, and a 1% of GDP allocation to social security would involve a significant expenditure switch or additional resource mobilisation (ibid.).

Social security financing in Uganda has been mainly focusing on social insurance in the form of pensions for former civil servants. By 2013, about USD 249 million was spent on social security which accounts for 1.2% of GDP. Most of the social security spending was on contributory social security schemes. Contributory social security (PSPF and NSSF) amounted to about 57% of all spending on social security, 35% was spent on direct income support programmes (SAGE) and 8% on social care and support services (MGLSD, 2014c). However, the total spending on social security has been fluctuating between 0.6% and 2.2% of GDP from 2006/07 to 2011/12. This variation in spending has been mostly driven by an increase in spending on the Public Service Pension Fund (with spikes in 2007/08 and 2008/09) (Wylde, Ssewankambo and Baryabanoha, 2012). However, current spending in Uganda is still far below the regional average (2.8% of the GDP) compared to other African countries such as Seychelles (12%) and South Africa (8% of the GDP) (World Bank, 2012, 2014).

In addition to government spending (35%) on social security in Uganda, current estimates indicate that in 2013 donors contributed 42%, especially to the direct income support schemes and social care services. The individuals, especially members of the NSSF, make a contribution of 23% to financing social security in Uganda. Social security expenditures by the government are principally on the Public Service Pension Fund, with a small allocation to social care and support services (MGLSD, 2014c).

8.1. Social security spending on the Public Service Pension Fund (PSPF)

The Government of Uganda allocates PSPF the largest share of the social security schemes budget (35%) compared to the other social security schemes (social cash transfers and social care services together). Therefore, the PSPF contributes a significant proportion of spending on social security, which amounts to 0.4% of the GDP (MGLSD, 2014c). Furthermore, Huda *et al.* (2013) report that pensions take up over 3% of the total government budget and in some years it increased to over 6% when backlogs of arrears were paid.The scheme is non-contributory in nature and it is currently fully funded from government tax revenues – particularly from the consolidated fund. Since 2006, the funding has been fluctuating as shown in Figure 2 above (Office of the Auditor General, 2010).



The total expenditure on the Public Service Pension Fund between financial year 2007/08 and 2011/12 was USh 1, 485 billion (Huda *et al*., 2013). In the financial year 2009/10, the Auditor General carried out a forensic audit and USh 113 billion was verified as pension arrears, which were provided for and paid in the 2010/11 budget. In the financial year 2010/11, a total of 17, 189 beneficiaries were paid pension arrears. This reduced the overall pension arrears liability by 78% instead of the targeted 80% that had been planned. In the financial year 2010/11, therefore, pension arrears worth USh 113 billion were paid; USh 218.1 billion was paid as gratuities to 16,021 pensioners and over USh 14.7 billion was paid ex gratia to 17,781 veterans. Monthly pensions worth USh 5.0678 billion was paid to veterans/the military; teachers were paid USh 38.910 billion; traditionals were paid USh 67.838 billion; widows and orphans were paid USh 25.157 billion and former heads of state were paid USh 264.8 billion. In financial year 2011/12 USh 68 billion was provided to cater for the outstanding gratuity arrears. However, it was reported that this amount was not sufficient to meet all the pension obligations as a result of an increase in the military and local government claims (Ministry of Public Service Ministerial Policy Statement, 2011/12).[48]

48 See http://www.publicservice.go.ug/public/Ministerial%20Policy%20Stategy%20 2011-2012.pdf

Projections indicate that government expenditure on the fund is likely increase in the long run to 1.1% of GDP. This implies that a percentage of the government's budget expenditure on the PSPF will increase from the current 2-3% to an estimated 10%. This leaves the Government of Uganda with a fiscal burden of about USD 4.9 billion or over 23% of GDP as accrued liabilities to the beneficiaries of the PSPF (MGLSD, 2014c). The high pension fiscal burden in Uganda is partly attributed to the features of the PSFP, which makes it quite generous compared to other countries, and the increasing size of the public service, which has raised the cost of the public sector pensions (ibid.). However, as discussed in the previous sections, the Government of Uganda is considering pension reforms, including the PSPF, to ensure financial sustainability in the longer term.

8.2. National Social Security Fund (NSSF)

Financing the NSSF in Uganda has been mainly through contributions by both the employers and the employees. Member contributions have grown by 14% from USh 558 billion in financial year 2012/2013 to USh 638.2 billion in financial year 2013/2014. This is complemented by a compliance level of 77%, with USh 53 billion on average being contributed monthly to the fund and with some months registering a collection as high as USh 60 billion. In addition, the fund's interest credited to members' accounts has increased from USh 278 billion in financial year 2012/2013 to USh 366 billion in financial year 2013/2014. Therefore, the interest credited to members' accounts has increased by 33%. The NSSF has lived up to its promise of delivering competitive returns to its members. In 2013, the fund declared a rate of 11.5% interest to be paid to its members. It is reported that this rate is above the 10-year average inflation rate of 9.23%. Similarly, compared to the Bank of Uganda (BoU) and other commercial banks, the 11.5% interest rate is above the average 11.2% BoU rates for the 364-day treasury bill, above the average 11.3% interest rate offered on the 7-12 months fixed deposits and the average 3.3% interest rate offered by commercial banks. The NSSF benefits paid to members have also grown by 18.5% from USh 140 billion in financial year 2012/2013 to USh 165.9 billion in financial year 2013/14 (NSSF, 2014).

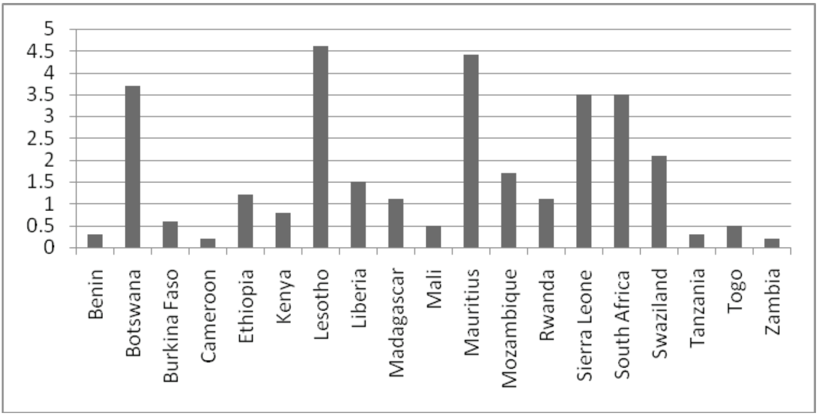
The NSSF has invested in Uganda's economy, whose assets base has grown by 26% from USh 3.5 trillion in financial year 2012/2013 to USh 4.4 trillion in financial year 2013/14. The fund has three investment vehicles. These are fixed incomes registering USh 2.7 trillion (81%), equities registering USh 391 billion (13%) and real estate registering USh 175 billion (6%). According to the NSSF managing director, Richard Byarugaba, 'The fund has played a leading role in Uganda's economic development and has over the years provided liquidity for the long term lending in the country's financial sector' (*New Vision*, 2013 a).

8.3. Direct income support

Until 2010, social assistance in the form of direct income support in Uganda mainly concentrated on conflict-affected and agriculturally marginalised areas in the northern region of the country through recovery programmes such as the Northern Uganda Social Action Fund (NUSAF), which is a government programme supported by loan finance from the World Bank that started in 2003. There were also other donor-financed programmes with elements of agriculture and livelihoods improvement. These programmes were mainly developmental but with an element of direct income support through public works programmes (Cammack and Twinamatsiko, 2013). In 2010, SAGE, which is another form of direct income support, was approved by the Government of Uganda.

Financing social assistance in the form of direct income support schemes remains low in Uganda compared to other low-income African countries. According to the MGLSD (2014c), by 2013, the total spending on direct income support amounted to USD 88 million, equivalent to 0.40% of GDP, which is low in comparison to the 1.1% spent on social assistance in low-income countries in Africa (see the figure below), and far below the 1-2% of GDP spending on social assistance globally. Despite the limited allocations (0.40%) spent on the direct income support programmes in Uganda, the amount is not insignificant because it is almost 10 times the budget currently allocated to the social development sector. The amount has been compared to allocations to the energy and mineral sectors in 2013 (MGLSD, 2014c).

Figure 3: Spending on social safety nets as a percentage of GDP, including government and donor resources, for selected countries



Source: Monchuk V (2014) in MGLSD, (2014c)

Within the direct income support expenditures, 28% is allocated to public work schemes and 41% to complementary social protection programmes (including food or nutrition programmes, agriculture etc.), expenditure on which amounted to 0.64% of GDP in 2013 (Wylde, Ssewankambo and Baryabanoha, 2012). While food aid has been the main form of direct income support financed by donors in Uganda, in 2010 the Government of Uganda approved the establishment of the Expanding Social Protection (ESP) programme in recognition of the need to establish a coherent policy and fiscal framework for broader social protection in Uganda.

Under the ESP programme the Social Assistance Grants for Empowerment (SAGE) programme was developed. The SAGE programme is being supported financially by DFID, UNICEF and Irish Aid, and this involves the establishment of ESP, policy development and the payment of the cash transfers for the duration of the pilot programme. The current funding level is £41 million (about USh 160 billion) for a five-year period – 2010-2015. The existing donor commitment ends in March 2015 (Bukuluki and Watson, 2012). In addition, the Government of Uganda entered into a Memorandum of Understanding (MoU) with donors to provide some counterpart funding. Starting from the financial year 2011/12, the government committed itself to providing USD 50,000 plus in-kind support estimated at USh 6 billion over the five years of the programme (MGLSD, 2012). In financial year 2011/12, the government contributed only USh 30 million of the USh 125 million committed; in financial year 2012/13, the Ministry of Finance, Planning and Economic Development allocated only USh 39.5 million; whereas in financial year 2013/14, a total of USh 2 billion was allocated to finance the SAGE programme (specifically the Senior Citizen Grants) in Yumbe district (ESP, 2013). However, based on the MoU, the government has not fulfilled the terms of counterpart funding of the SAGE programme, as indicated above. By the end of the pilot phase, the Ugandan government contributions are expected to reach at least USD 900,000 per year under the following arrangements.

Table 5: Counterpart funding between the Government of Uganda and development partners

2011	2012	2013	2014
£20,030	£143,000	£540,800	£1,388,700

Source: SAGE MOU in Cammack and Twinamatsiko (2013)

The financial allocations under the MGLSD for the vulnerable groups increased from USD 3.0 million in 2008/09 to USD 14.5 million in 2012/13, with much of the increase in 2011/12 being due to the launch of the SAGE programme that is almost fully funded by DFID (Rukundo, 2013). However, in November 2012, there were significant changes in the payment modalities for the operational expenses for the SAGE programme. Previously, the operational costs were paid through MGLSD bank accounts and the District Community Development Offices. Following the audit report detailing serious irregularities and misuse of funds in the office of the Prime Minister, the donor community instituted a suspension of aid which resulted in SAGE payments flowing only through bank accounts controlled by Maxwell Stamp (Cammack and Twinamatsiko, 2013).

Since the launch of the SAGE in September 2011, the programme has disbursed in total over USh 50 billion in monthly grants through the MTN Mobile Money service (MGLSD, 2014a).

8.4. Workers' Compensation

The Government of Uganda, through the Ministry of Gender, Labour and Social Development (MGLSD) also pays claims for workers' compensation for public sector workers. However, there are no funds budgeted for financing this purpose. Therefore, payments are made on an ad hoc basis and funded by the Ministry of Finance, Planning and Economic Development, which transfers the funds to the MGLSD for payment to beneficiaries. The reliance on such non-budgeted expenditures inevitably resulted in severe budget constraints and the build-up of a large amount of arrears (Wylde *et al*., 2013). According to the Uganda Social Protection Public Expenditure Review, USh 2.5 billion was spent on workers' compensation between 2007/08 and 2011/12.

Table 6: Level and trend of social protection in government expenditure

	2006/7 Budget	2006/7 Actuals	2007/8 Budget	2007/8 Actuals	2008/9 Budget	2008/9 Actuals
Social insurance	116,900	120,115	264,753	265,562	189,285	**189,386**
Regular transfers	-	-	-	-	-	**-**
Social care	2,772	2,690	5,566	5,261	1,728	**1,722**
Policy	-	-	-	-	-	**-**
Total government SP	**119,672**	**122,805**	**270,319**	**270,824**	**1,758**	**191,108**
Total GoU expenditure	**3,890,652**	**3,579,087**	**4,599,160**	**4,067,308**	**5,998,957**	**5,272,399**

	2009/10 Budget	2009/10 Actuals	2010/11 Budget	2010/11 Actuals	2011/12 Budget
Social insurance	115,390	231,176	306,038	363,442	317,636
Regular transfers	-	-	-	-	1
Social care	881	825	1,211	957	992
Policy	-	-	-	-	-
Total government SP	**116,271**	**232,001**	**307,249**	**364,399**	**318,629**
Total GoU expenditure	**6,810,380**	**6,332,448**			**9,820,100**

Source: Wylde, Ssewankambo and Baryabanoha (2012)

8.5. Social security donor financing in Uganda

The donors have been a major source of financing for social protection programmes, especially direct income support in the form of cash transfers, social care and support services and complementary programmes in Uganda. An analysis of ministerial budgets for the Office of the Prime Minister (OPM) and the MGLSD with specific focus on social protection programmes shows that the overall budgetary allocations consistently increased from USD 43.5 million in 2008/09 to USD 72.2 million in 2012/13. Special programmes under the OPM targeting social welfare and infrastructure intervention, including cash transfers, cash for food and other community infrastructures through public works programmes accounted for a larger proportion of social protection budgets increasing from USD 31.1 million in 2008/09 (71.5%) to USD 56.1 million in 2012/13 (73.6%). The main donor-funded programmes were the World Bank-funded Northern Uganda Social Action Fund (NUSAF) and the European Union-funded ALREP and KALIP, among others. On the other hand, budget allocations for social protection programmes for vulnerable groups under the MGLSD increased steadily from USD 3.0 million in 2008/09 to USD 14.5 million in 2012/13 as a result of launching the SAGE under the ESP programme, which is almost fully funded by DFID (Rukundo, 2013). It has also been reported that donors finance 80% of the social care services budget that is another pillar of social protection in Uganda, with about 64% being financed by USAID (MGLSD, 2014c).

However, it has been observed that, although the MGLSD is the main government institution charged with social protection alongside civil service pensions, the ministry does not appear on the list of seven major funded government ministries. It only accounts for one-half of 1% of government expenditure (Cammack and Twinamatsiko, 2013). In addition, the ministry budget relies heavily on external funding, as shown in the table above. The external financing has been mainly dominated by food aid expenditure, which outstrips all other spending over the period by almost 10 times. It has been observed that food aid peaked in 2008/9 and 2009/10 with the emergency programme responding to the drought in Karamoja over the years (see Table 2 below).

The dependence on donor funding in the MGLSD and lower budget allocations indicate that there are strong competing demands on government spending allocations, which results in social protection spending receiving lower priority. This is partly because social protection, especially cash transfers, is regarded as 'welfare handouts' or 'charity' that consumes scarce public resources and generates no real economic return (Cammack and Twinamatsiko, 2013).

Table 7: Social protection donor financing financial year 2006/7 to 2011/12

	2006/7 Actuals	2007/8 Actuals	2008/9 Actuals	2009/10 Actuals	2010/11 Actuals	2011/12 Budget
Denmark	0	0	-	-	-	7,260,392,115
VfW	0	0	-	-	-	7,260,392,115
DAR	0	0	-	-	-	4,768,698,846
RALNUC	0	0	-	-	-	2,491,693,269
DFID	0	0	-	-	5,949,958,294	11,616,192,551
Cash Transfer (ESP)					1,184,824,294	11,616,192,551
CfW (NUSAF)	0	0	-	-	4,765,134,000	-
EC	0	0	-	7,276,791,040	-	-
CfW/IGA NUREP	0	0	-	7,276,791,040	-	-
Norwegian Embassy	0	0	97,317,000	1,196,817,220	-	-
CfW (LEARN)	0	0	97,317,000	1,196,817,220	-	-
WFP	0	0	19,399,896,248	540,605,892,289	168,512,630,914	39,472,205,392
CCT (Karamoja ECD)	0	0	-	1,266,025,410	4,573,777,538	-
CfW (WFP PRRO)	0	0	-	5,787,183,626	5,863,941,923	-
FfW/CfW (KPAP)	0	0	-	-	9,240,073,339	9,569,367,494
Food aid	0	0	19,399,896,248	533,552,683,253	148,834,838,113	29,902,837,898
WFP CP	0	0	-	-	-	-
WFP Emergency	0	0	50,967,419,550	93,822,067,302	44,339,138,676	-
WFP PRRO	0	0	368,432,476,698	439,730,615,952	104,495,699,437	29,902,837,898
World Bank	8,948,740,500	42,332,152,200	1,844,894,400	3,868,000,000	11,232,528,515	-
CfW (NUSAF)	8,948,740,500	42,332,152,200	1,844,894,400	3,868,000,000	11,232,528,515	-
Grand Total	**8,948,740,500**	**42,332,152,200**	**21,342,107,648**	**552,947,500,549**	**185,695,117,722**	**58,348,790,059**

Source: Wylde, Ssewankambo & Baryabanoha (2012)

From the above, it can be concluded that social security spending remains low in Uganda. However, it such spending can be financed from a combination of resources, including domestic, private and donor funds as well as remittances. Domestic resources through taxes can be one of the best options for financing social security in Uganda, provided that there are returns and accountability. The other option for Uganda is the revenues from recently discovered natural resources, specifically oil and gas, that if properly utilised present an option for financing universal social security schemes in the country.

9.0. Challenges of the Formal and Informal Social Security Systems

The social security systems in Uganda have encountered a number of challenges. This section of the paper will focus on challenges in the both formal and informal social security systems.

9.1. Challenges in the Formal Social Protection Systems

Lack of a reliable information management system: Formal social security schemes have been faced with the challenge of absence of reliable information such as a birth and death registration (BDR) database. This has made it difficult for various institutions providing the social security services to verify information such as the correct age of beneficiaries. For instance, under the pensions scheme age verification is particularly problematic in instances where public servants alter their age entries either at joining the service or during active service (to avoid being retired[49] or retrenched). Similarly, owing to the lack of comprehensive birth and death registration data, the enrolment of senior citizens grants beneficiaries under the SAGE began with a birth and death registration exercise carried out by the Uganda Registration Services Bureau in partnership with the Uganda Bureau of Statistics and the line local government departments. However, some studies carried out reveal that many potential SAGE beneficiaries failed to qualify because it did not provide the information needed since people were not informed about the purpose of the birth and death registration exercise (Bukuluki and Watson, 2013). The absence of this reliable information may affect the future enrolment of people who are eligible for social security programmes. In addition, the NSSF lacks a comprehensive register of organisations or businesses in Uganda, which makes it difficult for the scheme to identify eligible employers. Similarly, some employers understate theie employees' salaries in NSSF schedules in order to remit less money. In addition, information is lacking on the armed forces pensions. This in turn

49 For the PSPF, the minimum qualifying age is 45, with a compulsory retirement age of 60. As for the NSSF, the members can access their lump sum payment at the age of 55, or claim early access at the age of 50 if they can prove they are no longer in employment (MGLSD, 2014c).

makes it difficult to accurately determine the future costs of the scheme benefits (World Bank Economic Outlook, June 2014).

Inter-sectoral coordination challenges: The government, through various ministries and agencies, is implementing social security schemes. However, there is limited coordination among the various agencies. Furthermore, some of the schemes are fragmented and this has led to too few contributors being available for each scheme (MGLSD, 2014c). Similarly, other private schemes exist that operate side by side with the statutory arrangements, for instance the Makerere University Staff Retirement Benefits Scheme, the British American Tobacco Staff Pension Scheme, the Stanbic Bank Staff Pension Fund and the Bank of Uganda Staff Pension Scheme. Many schemes are problematic because most of them unregulated despite the establishment of the Uganda Retirement Benefits Regulatory Authority (URBRA).

Limited financial resources to finance social security schemes: Gruat (1990), Guhan (1994) and Töstensen (2004) observed that most of the developing countries, including Uganda, are faced with a challenge of raising taxes. This has affected the expansion of social security programmes (ibid.). Most low-income countries only collect around 10-15% of GDP in taxes, and tax revenues from the richest sections of the populations have certainly not been increasing (Townsend, 2007). Similarly, employers and employees have often escaped their responsibility to pay social security contributions and, consequently, governments could not collect the appropriate amount of money needed to finance social security programmes. In Uganda, limited financial resources, especially at district level, have led to delays in payments and, in some instances, pensioners never get paid. As a result, many retired public servants who are ex-employees of districts do not get their retirement benefits and live in poverty despite their entitlement to a pension. At central level, the pension scheme is also affected by outstanding pension claims. This has been attributed to the non-contributory nature of the scheme which does not allow it to accumulate enough funds to pay pension for a lifetime. Apart from the limited resources, competing demands in the government budget shift the attention from social security to other policy fields such as education, infrastructure, economy and health care. Consequently, the budget available is distributed across different policy fields.

Governance and mismanagement: Formal social security schemes have also been affected by corruption and mismanagement of beneficiary funds. For example, USh 169 billion meant to clear the outstanding pension claims of 1,018 former East African Community workers went missing between February and October 2012. The money is reported to have been siphoned through a financial institution, with connivance from top employees of the Ministries of Public Service and Finance (*New Vision*, 2012). In addition, although the NSSF has grown in worth from a few billion shillings to over a trillion shillings now, misuse and mismanagement have increased over the years, where the management and the government have abused the fund. There have been several dubious and questionable investments undertaken by the fund. For instance, in 2008, the NSSF bought land at an inflated price; and in this case one of the fund directors was found guilty and convicted by the High Court of Uganda for causing financial loss to the NSSF. Similarly, projects such as the computerisation of the NSSF records have been shoddy; and management also continues to mismanage the fund and incur heavy administrative costs (Barya, 2011). Although some officials have been indicted, the fund is still suffering from internal strife, with almost all its managing directors being forced out on allegations of corruption allegations, which has continued to affect the operations of the fund. There have also been cases of culpable mismanagement of pension records, particularly through the enrolment of ghost pensioners in the system, which places additional pressures on government resources. According to a report by the Auditor General submitted to Parliament in December 2012, a total of USh 165 billion (USD 66 million) was lost in the period from 2009 to 2012 as a result of the fraudulent enrolment of 3,000 ghost pensioners. The problem led to the suspension and delay of pension payments for approximately 60,000 retirees for up to a year (World Bank Economic Outlook, 2014).

Lack of a redistributive component: The money obtained by the pensioner is a function of the last salary scale of the officer in question and the length of service. This could imply that if a pensioner retired at a low salary, they would receive low pension payments. This would culminate in low benefits for pensioners, which are often too little to meet their basic needs. This has often led to poverty among many pensioners, some of whom carry the burden of looking after their sick children and taking care of their grandchildren, many of whom are orphaned by HIV/AIDS.

Scope of coverage (population vs. benefits): Formal social security schemes are also faced with the challenge of a limited range of products or benefits as well as the population being covered by the schemes. Gruat (1990) notes that formal social security programmes seem to be confronted often with challenges related to coverage in terms of number and categories of persons covered, range of protection and the level of the benefits offered (Gruat, 199). In Uganda, most of the schemes do not cover health, education and insurance or invalidity benefits. For example, the pension schemes have no mid-term or work-life benefits. Therefore, one must wait till old age to qualify unless one is retrenched or opts for voluntary early retirement (Barya, 2011). In addition, formal social security schemes, such as social insurance, are mainly oriented towards meeting future needs. It, therefore, ignores the immediate needs of the poor. Amidst high poverty rates in developing countries such as Uganda, where most of the population struggles to survive on a daily basis, it makes little sense to focus exclusively on future contingencies (Kaseke, 2000). Similarly, Townsend (2007) and Adésina (2008) note that formal social security is mainly premised on a formal employment status, where individuals typically have earnings. Therefore, since the employment status is mainly reserved for persons in public or semi-public institutions and official firms in the economic and industrial sectors, the bulk of the population is always completely excluded from formal social security. In sub-Saharan Africa where Uganda is located, the majority of the population work in the informal sector or in the agricultural sector, thus have not benefited from formal social security programmes (Gruat, 1990: 409). In addition, wages in Uganda, like in any other developing country, are extremely low. This makes it difficult for workers to contribute to any social insurance scheme as the contributions take away income meant for meeting immediate needs. This has, consequently, made workers reluctant to participate in social insurance schemes.

Delays in processing benefits: Over the years, the public pensions and NSSF schemes have been characterised by delays in processing benefits for the members. For instance, the Office of the Auditor General Report (2010) on the PSPF revealed that it takes on average

23 months for the traditional civil servants and 30 months for the teachers to access the pension payroll, instead of the expected six months. The initial procedure for processing the pension is too long. Although pensioners are advised to submit their forms at least six months before they resign or reach retirement age, the process is still slow in responding (Barya, 2011). This is partly because of lack of a communication strategy, the failure by the Ministry of Public Service to use the existing records of retired officers to commence timely pension processing and an unreliable pension information management system.

9.2. Challenges of informal social security

The existing informal social security systems in Uganda are under severe strain and, in many instances, have already collapsed, with little prospect for their revival (Foster, 2000). The systems have over time been affected by several challenges, including high illiteracy levels, poverty, rural-urban migration as a result of industrialisation, lack of support from the government, colonialism and economic changes, persistent civil and violent conflicts, and commercialisation of agriculture, which has also reduced incentives to maintain food stores, since people have pressing needs that require cash.

Persistent civil conflict and insecurity: Since independence, Uganda has witnessed a great deal of political turmoil and armed conflict across the whole country. This has affected the functionality of both the formal and informal social support systems. Of late, the Lord's Resistance Army (LRA) sowed terror and instability in northern Uganda. This conflict led to the displacement of 1.6 million people and the abduction of around 30,000 children. This conflict, coupled with others, has had adverse effects, including the death of family income-earners and the weakening of traditional institutions. In addition, the LRA conflict led to people being confined in camps and, consequently, the economic potential and opportunities of the region were never fully developed. The population was, therefore, not able to provide for their elderly parents or other dependants as would be expected. Other forms of traditional social security became inapplicable, as the displacement meant that social groups or cooperative labour groups could no longer operate. People could not go to dig and what had been harvested was stolen, hence there were no means of returns (Kyadondo and Mugisha, 2014).

Other studies have shown that insecurity has threatened many communities which used to have village grain banks, and farming households that had granaries. Granaries were stolen and people were forced to store food inside their houses, which means that they store less food now. However, with the return of peace in the North, people are resettling in their communities and traditional social support systems are working in instances of shock and vulnerability.

Urbanisation: Informal social security systems have also been affected by increasing urbanisation[50] in Uganda partly because there is less social cohesion in urban settings. A study by Kyadondo and Mugisha (2014) reveals that what was happening in the past, where the rich would share their resources with their poor family members, was less common in urban areas. Communal life and cohesion was stronger in rural areas.

Rapid population growth: Population pressure, especially in rural communities, has led to a reduction in the size of agriculturally viable land per person. In the face of low farm outputs, it is difficult for families and communities to help those who are vulnerable. Rural communities in the past were food baskets owing to what communities regarded as predictable weather patterns. The current low farm outputs are obtained amidst reported population growth and high unemployment rates, which challenge the moral imperatives to share with others even in times of great need.

High levels of poverty: Many members of savings groups find it difficult to pay their contributions, partly because of poverty and partly because of alternative demands on their labour and funds. The demand for social security services has also expanded rapidly owing to diseases (especially malaria, HIV/AIDS, TB and cancer) and the high cost of living, thus weakening the capacity and cohesiveness of the extended family and kinship systems to work well. Traditional social security systems also face the challenges of limited recognition and support from the government. The traditional social security systems mainly depend on the limited external remittances from urban migrants, especially aspiring politicians and a few compassionate individuals. Amidst high levels of poverty, monetisation of the economy has also greatly affected the informal social protection systems, with social services being

50 An increase in a population in cities and towns versus rural areas

commercialised. Kyadondo and Mugisha (2014) report that almost all public services, including health care, require money and in most cases people are forced to borrow money for health care, with a lot of interest charged.

Monetisation of life has complicated the provision of social security because of the competing demands on money. Even when relatives or family members feel that a vulnerable person (e.g. an aged parent) 'deserves' support, this support might not be forthcoming if resources are scarce. Moreover, the needs of the potential provider would have 'fundamental priority' over those of the sick, old or disabled. Therefore, as the close family members continue to play their role in supporting their needy relatives, as a result of increasing monetisation and commercialisation of services, in the context of poverty, what they provide is simply symbolic support, and not adequate to solve the problems relating to well-being for vulnerable persons (Kyadondo and Mugisha, 2014).

HIV/AIDS epidemic: Among the diseases that have hit Uganda hard, HIV/AIDS has greatly affected the informal social security systems. It has been observed that families and communities, though quite resilient, have been weakened by the HIV/AID carnage (Ankrah, 1993; Lwanga-Ntale, Namuddu and Onapa, 2008; Ouma, 1995; Ntozi and Gipere, 1995). The epidemic has impacted on traditional social security. HIV/AIDS has not only increased the burden of those who need care from others, but also weakened the existing traditional sources of care. As communities take care of the sick within their families, they may not be able to help others within the community. At the same time, the frequent deaths also drain the family and community resources and weaken the capacity to extend help to those who are vulnerable. Therefore, in this context, families may experience a high burden of care and this negatively affects their willingness to help others. The poorest households are most likely to resort to non-reversible coping strategies, including the sale of land or livestock or the withdrawal of children from school. This is likely to create an inter-generational poverty circle (Kyadondo and Mugisha, 2014).

Like in any other developing country, in Uganda, modernisation and the adoption of the Western middle class values have also greatly affected the informal social protection systems. Several studies have shown that the deteriorating influence of the kinship and clan systems is a result of ongoing modernisation among the developing countries including Uganda. Kyadondo and Mugisha (2014) reveal that, although the immediate family (nuclear family) is acknowledged as still strong, the extended family is said to be dying out as the clan system dies out. In this study, it was noted that clan leaders are economically struggling and thus failing to mobilise and organise clan activities. For example, clan leaders might fail to feed the clan members invited for meetings, unlike in the past where food for ceremonies was free. Furthermore, currently several of the richer members of clans are less willing to use their resources for clan activities. In addition, the desire for a middle class lifestyle has deprived those who need support because many people have become less willing to share resources to meet the needs of the extended family members (UNICEF, 2003; Nyamukapa and Gregson, 2005; Ntozi and Mukiza-Gapere, 1995).

Despite the challenges, informal social security mechanisms still play an important role, especially for individuals and families in extreme poverty, in mitigating their vulnerabilities, risks and shocks, alongside the formal social security mechanisms (Ankrah, 1993; Chirwa, 2002; Abebe and Aase, 2007; Bukuluki, 2008).

The increased investment in formal social security systems by the government is perceived by some scholars as likely to contribute to the deterioration and inadequacy of traditional social security systems. There are concerns that increased formal social systems could further accelerate the demise of the traditional value-sets, which underpin traditional social protection systems (Kyaddondo and Mugisha, 2014). However, it is argued that formal social security systems will strengthen social networks within communities and rebuild traditional support mechanisms, which calls for the need to strengthen partnerships between traditional (informal) and formal social security systems (Bukuluki, 2008).

10. The Future of Social Security Systems in Uganda

From the foregoing discussions and evidence on social protection/ social security dynamics taking place globally and particularly in Uganda, several issues have come up that are likely to influence the future of the social protection/social security policy and programming in Uganda. These include: increasing the coverage of social security/ social protection interventions (extending informal and formal schemes with regard to pension reforms and health insurance); financing (we foresee an increase in finance allocation, especially to the contributory social security schemes compared to the non-contributory); rights (including citizen-state contract – an increase in the number of Ugandans who perceive social protection as a right and demand it from the government); liberalisation of some key aspects of social security, such as the pension sector; increased debates on conditional vs. unconditional cash transfers; we expect an increase in financing complementary social programmes; donor influence (interest in non-contributory schemes, except for the World Bank, which has an interest in liberalisation); targeting (with focus on categories perceived as deserving or undeserving and the efficiency of targeting mechanisms); ingenious hybrids (public-private partnerships); and formal social security complementing informal social support systems.

Coverage: Globally and particularly in Uganda, debates will focus more on how to develop strategies that will facilitate increasing coverage for social security provisioning and less on whether social protection is needed. 'In the next 5-10 years, critical discussions will be on approaches to increasing coverage such as universal versus targeting, conditional versus unconditional, cash versus public works, rights-based versus developmental approaches, etc.' (see Arup Banerji cited in Devereux and Ulrichs, 2014: 5). However, interest in increasing coverage will inevitably create an impetus for other critical questions, particularly on the scope of social protection provisioning. One of the key issues that will take centre stage is whether social protection/social security should extend beyond the poorest to take on a more proactive approach geared towards primary interventions. The other relevant policy and programming debate will be centred on how social assistance and social insurance can be reconciled within one holistic social policy framework (ibid.).

Rights: The current debates on rights are likely to take centre stage in social protection discourses. In Uganda, we have witnessed a number of advocacy platforms championed by civil society and, to some extent, by the media and academia. For example, the Uganda Social Protection Platform (USPP) has been building the capacity of organisations to advocate the national roll-out of the senior citizens grants. The meetings have been targeting ministers, members of Parliament, local governments and their respective local leaders such as chairpersons, district speakers and councillors. For example, older persons, through their national network, have petitioned the Speaker of the Parliament of Uganda and the Buganda Parliamentary Caucus Committee. The petition was recently read to Parliament and is currently being considered by the relevant committee. There have also been media engagements regarding the programme. However, some scholars, such as Rachel Slater, aptly note that continuing to use normative statements in discussions about social protection as a right may not achieve much. 'It is not helpful to turn social protection into something very normative, where governments all have to commit to the same thing' (see Slater cited in Devereux and Ulrichs, 2014: 5). Instead, it may be more realistic to increase the engagement of states, particularly in Africa, to increase their commitment to evidence-based social protection programmes by increasingly demonstrating the success stories, promising/ best practices and returns on investments in social protection programmes. In addition, continuing to engage the grass roots to create a movement with a stake in social protection may be helpful in demonstrating that limited investment in social security can cost votes, given that people start to perceive social protection as a right and entitlement rather than a generous initiative from the government (Bukuluki and Watson, 2014).

Financing: The major issue, particularly in Africa and Uganda, will continue to be how to get the state to increase its financing of social protection interventions and reduce reliance on external funding mechanisms. In Africa, South Africa provides an example of states that have increased financing of social security and protection programmes. With regard to financing, there is likely to be increasing interest in the assessment of the relative position of social protection in comparison to other interventions (also see Devereux and Ulrichs, 2014: 5). Definitely, the debates around extending coverage have close links with the issue of financial affordability in contexts with limited resources. The current trend of financing and related debates suggest that interest is likely to increase in financial allocations from the state, especially to the contributory social security schemes such as National Health Insurance and social pensions, compared to the non-contributory schemes such as cash transfers and public works. However, it is expected that donors will tend to finance non-contributory social security programmes that target the poor and most vulnerable people with a view to contributing to improving their quality of life and their livelihoods. In Uganda, private sector participation in and financing of the social security sector is also likely to increase, especially motivated by the current interest by the government and other stakeholders, such as the World Bank and IMF, in the liberalisation of the pension and the formal social security sector. We are also likely to see some partnerships beginning to emerge or actually increase where the government and donors engage competent private sector entities to manage some aspects of the formal pension and social security schemes. We also anticipate a number of CSOs and projects will continue to develop complementary social protection projects aimed at strengthening the capacity of households and families to reduce risk and vulnerability to key social and economic shocks.

Conditional vs. unconditional social security schemes: Debates about the pros and cons of the conditional and unconditional social assistance interventions, especially cash transfers, are likely to continue in Uganda. This is because, although the current social assistance programmes have adduced evidence to show that the absence of conditionalities in the SAGE programmes has not had any significant impact on the processes and outcomes of the SAGE scheme, some voices in government, civil society and academia have been arguing in favour of conditional social protection interventions. Some people have argued that 'these programmes [conditional cash transfers] are as close as you can come to a magic bullet in development. They are creating an incentive for families to invest in their own children's futures. Every decade or so, we see something that can really make a difference, and this is one of those things' (see Nancy Birdsall quoted in de Janvry and Sadoulet, 2004:1).

Conditionalities may be human capital-related and may include requirements such as school attendance or academic achievement by children, clinic visits, meeting nutritional objectives and adult education programmes. The aim is to actively encourage changes in behaviour, and beneficiaries must fulfil these conditions in order to receive payments (see Lindert *et al*., 2006).[51] Others, including the former president of Tanzania, have argued that '[d]evelopment cannot be imposed. It can only be facilitated. It requires ownership, participation and empowerment, not harangues and dictates' (President Benjamin Mkapa cited in Stiglitz and Charlton, 2006: 10). Scholars have noted that the core debates on conditional and unconditional transfers rotate around the questions of 'whether poor households know how best to employ resources for household well-being, and whether they act accordingly'. Some studies on conditional cash transfers have generated evidence to show that 'when implemented jointly – higher money incomes for households, public funding to improve service delivery and conditionalities requiring school attendance and other forms of compliance can improve social well-being and reduce poverty'. This notwithstanding, it has been aptly noted that 'within the evidence base to date, it is difficult to distinguish whether these impacts are due to the cash transfer, or whether they are due to the conditionality' (see Sedlacek *et al.*, 2000: 20). In some instances and contexts, unconditional transfers may achieve the same developmental outcomes or sometimes greater outcomes compared to conditional transfers (also see Samson, Niekerk and Quene, 2010: 130; Sedlacek *et al*., 2000; Moorstein, 2010) .Therefore, this means that the design of social security programmes with conditionalities should give consideration to the appropriate role for household autonomy and context and balance this with 'the common interest in ensuring that households engage in the development of largely public and intergenerational benefits, such as education, health and employment' (also see Samson, Niekerk and Quene, 2010: 130). 'While all social transfer programmes that aim to promote social protection will consider the cost of the minimum living standard in setting the benefit level, conditionalities create additional costs that must be reflected. These include the costs of educational materials and uniforms, transportation to school, the income the child gives up by not working (the opportunity cost of going to school) and other costs

51 Also see http://epri.org.za/wp-content/uploads/2011/01/EPRI_Chapter9_5.pdf

associated with compliance. In addition, the determination of the benefit may be constrained by a pre-existing programme that the conditional scheme replaces' (see Ayala, 2005: 28).[52]

Targeting: In Africa and Uganda in particular, there have been different perspectives about the best approaches that will help to increase effectiveness and efficiency in targeting the most deserving persons to benefit from social protection/security programmes. Some contributors think that targeting efficiency needs to increase to make a case for financial investment in programmes, while others argue that this debate is not relevant since 'it represents a vision of social protection that is focused on the poorest'. It was, however, noted by some contributors, such as Göran Jonsson (cited in Devereux and Ulrichs, 2014: 5) that 'universalism does not imply that all are treated equally; hard-to-reach groups need special attention to ensure that they get anything at all'. It was argued here that 'targeting within universalism' is needed to 'ensure that the most marginalised and discriminated groups in society have access to social protection'. This inevitably leads us into conceptual and programming debates on the difference between equity and equality. One of the examples cited relates to issues of double targeting; for example, with respect to the SAGE scheme, some people have observed that under the SCG, the elderly benefiting from the formal pension sector schemes should not be included as beneficiaries of the SCG. This grant uses categorical/universal targeting based on age (65 years of age or 60 years if one is from the Karamoja region).

A recent study in Uganda that aimed to contribute to learning targeting approaches and mechanisms adopted in the SAGE scheme under its key components the Senior Citizen Grants (SCG) and the Vulnerable Family Grants (VFG). This study specifically assesses the following:

(a) Efficiency: How well the targeting approach performs in terms of costs (social, political, opportunity and financial);

(b) Effectiveness: How well the targeting approach enables the programme to identify its intended beneficiaries;

52 Ayala 2005, p. 28, quoted in http://epri.org.za/wp-content/uploads/2011/01/EPRI_Chapter9_5.pdf

(c) Appropriateness: How suitable the targeting approach is to the overall context (poverty and vulnerability profile; institutional capacity; political and social acceptability). (Bukuluki and Watson[53], 2014)

This study concluded that policy-makers need to consider a wide range of issues when designing targeting mechanisms for social transfer programmes. These include: administrative cost efficiency; coverage of the poor and inclusion of the non-poor; institutional capacity requirements; likely social impact; scope for negative politicisation; transparent and easily understood eligibility criteria; data needs and capacities; susceptibility to abuse/corruption and rent-seeking; and the creation of perverse economic or social incentives. The study further noted that there is clear need for the development of strong management capacity, checks and balances, accountability mechanisms, and effective public communications. Systematic and continuous tracking of both direct and indirect beneficiaries can shed more light on the comparative cost effectiveness of particular targeting methods and approaches (Bukuluki and Watson, 2014).

The findings of the study are quite similar to those of others studies on comparative perspectives on targeting from other African countries which found that: The effectiveness of targeting had not yet been thoroughly assessed (lack of data and operational information on costs); errors of both exclusion and inclusion were high in some programmes; the selection processes were not always well understood by communities; demographic eligibility criteria combined with community-based targeting were effective; poverty-based targeting could lead to social divisiveness in the context of broad-based poverty and lack of reliable income/expenditure data; categorical approaches were more prevalent than poverty-based approaches owing in part to prevailing policy thrusts favouring 'horizontal equity' (between like groups) over 'vertical equity' (poverty-based); common weaknesses in categorical approaches included inconsistency between the defined categories and the targeting objectives and lack of clear definitions of the targeted categories; more accurate and effective targeting would depend on strengthened data collection and analysis, including further

53 Bukuluki, P and Watson, C. (2014). An evaluation study of the efficiency, effectiveness and appropriateness of targeting in Uganda's Social Assistance Grants for Empowerment scheme (SAGE). Final report submitted to Ministry of Gender, Labour and Social Development

development of management information systems, monitoring and evaluation (see Monchuk, 2013; Bukuluki and Watson, 2014). These findings are likely to inform targeting processes and approaches for continuing and new social security interventions in Uganda.

From the above discussions and assessments of the social security systems, it can be seen that Uganda is yet to achieve the principles of the social market economy. Justice, solidarity and responsibility are at the heart of the social security system. The social market economy emphasises social balance through catering for the vulnerable and marginalised persons in society. Those individuals who are left out owing to the harsh economy are helped by either individuals or the community, or the government comes in to intervene (Twimukye, 2011). Uganda's economy has grown strongly over the last two decades. However, only the rich people have benefited from the growth while other proportions of the population have experienced a decline in welfare levels. This rapid economic growth has been criticised for being non-inclusive, where large sections of the population have not benefited from its fruits (ibid.). For example, there are many unemployed youth who lack access to social insurance schemes. This includes other categories of persons that have limited or no access to social security systems, which has contributed to inequalities in the society. In addition, the adoption of the structural adjustment programmes in the early 1990s diminished the role of the state in influencing the market outcomes as well as the provision of public goods. The role of the private sector in the provision of social services in Uganda is increasing, and this includes social security such as retirement benefits and health insurance that has excluded the poor from accessing social security. This has eventually resulted in an unequal society where individuals lack equal opportunities, hence violating the principles (particularly justice) of the social market economy. Therefore, there is need for the country to re-examine the role of the state in ensuring that there is equitably between all the sections of the population.

In addition, the government in the recent years has prioritised investment in infrastructures, including road networks and electricity, in order to achieve economic development with more emphasis on foreign investment. This has left the social development sector with limited prioritisation regarding where social security lies. This calls for the Government of Uganda to prioritise social protection as a strategy for socio-economic transformation.

11. Conclusions

Social security systems have evolved over time in Uganda with increasing awareness of their role in preventing and mitigating risks and vulnerabilities. The formal social security systems that are currently being implemented have roots in the colonial government schemes, although these have changed over time to take on some new attributes. Uganda has a multi-tier pension system model encompassing contributory social insurance, non-contributory direct income support and voluntary private pension schemes. Informal social security systems were and still remain vital in Uganda, particularly in rural areas and in the informal sector. They are, however, experiencing challenges related to poverty, urbanisation and, to some extent, some sections of the population becoming relatively individualistic with more focus on nuclear families. There is, therefore, need for the government to consider adopting measures to strengthen informal social security systems and to undertake deliberate strategies to create and strengthen partnerships between the formal and informal social security systems. This is crucial, given the fact that only a limited section of the population, particularly those in the formal sector, have access to formal social security systems.

The social security coverage in Uganda has been increasing over time as a result of commitment from government which is attested by the legal framework and financing. However, the financing is still inadequate. Support from development partners, particularly to social assistance programmes like cash transfers, has been on the increase since 2010 and is likely to continue for the next five years. The role of the private sector and civil society organisations is also likely to increase. However, coverage has remained mainly limited to formal sector workers, which excludes the majority of the population working in the informal sector. Coverage is expected to increase when pension reforms and the national health insurance schemes are implemented and the national roll-out of the senior citizens grants is finalised.

Many Ugandans, especially at grass-roots level, are not yet aware that they have a right and are entitled to access to social security schemes. This is evident in the very limited to non-existent demand for it by the population to the government. The Government of Uganda should establish more schemes to cover the risks and vulnerabilities encountered throughout the life cycle. These include child support grants, unemployment insurance, and family and sickness benefits. The government should further enforce laws with social security provisions to protect beneficiaries from risks, including workers' compensation and maternity provisions, among others. In this respect, Uganda could learn from South Africa, which is one of the countries in sub-Saharan Africa with a range of social security schemes, including universal old age schemes, child support grants, and disability grants.

Social security systems in Uganda have continuously been encumbered by bad governance in the form of mismanagement and corruption; inadequate funding; limited scope of coverage; poor information management systems; delayed processing of benefits, among other factors. These have undermined the effectiveness of the schemes. These challenges are expected to become less severe when the pension sector is reformed and liberalised in the future. Other opportunities include support provided by development partners, especially DFID, Irish Aid and UNICEF, towards social assistance and by the World Bank in the liberalisation of the pension sector.

Financial investments in social security systems remain low in Uganda. The government's financial resources are largely channelled towards the public service pension schemes with limited investments in the social assistance schemes that are primarily donor financed. There is also inadequate financial investment by the government in social assistance schemes despite the evidence from the SAGE programme showing that it has improved the living standards of the beneficiaries and their households. Therefore, there is need for the government to allocate resources for the national roll-out of such schemes that contribute to inclusive development. It is, furthermore, noteworthy that low levels of financial investment in social security is partly a result of strong competing demands on government spending allocations. There is more investment in sectors and programmes that the government believes will lead to economic growth. This has eventually left the Ministry of Gender, Labour and Social Development responsible for social development as one of the least funded government ministries. Moreover, it is likely that financing of the public works schemes that are principally concentrated in northern Uganda will decrease, given that the region has started to show signs of recovery and, in some areas, development, unless unforeseen disasters and conflicts are experienced. The northerners have previously been beneficiaries of development programmes with significant financial support from development partners, particularly the World Bank and the European Union.

While the Government of Uganda considers reforming the pension sector to achieve adequacy, coverage and sustainability, the policy has to be carefully analysed. The government should make an effort to take lessons from the rest of the world regarding pension reforms and liberalisation as there is a high likelihood of constraints hindering the process. It is also very important for the government to strengthen the capacity of families, especially in rural areas and among the urban poor, given that these are largely excluded from the formal social security schemes.

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13. Annex

Registered private social insurance providers by Uganda Retirement Benefits Regulatory Authority

<table>
<tr><th>NO.</th><th>INSTITUTION</th><th>PHYSICAL ADDRESS</th></tr>
<tr><td>1</td><td>AAR Health Services Uganda Limited Staff Retirement Benefits Scheme</td><td>Elizabeth Avenue, Kololo</td></tr>
<tr><td rowspan="4">2</td><td rowspan="4">AIG Uganda</td><td>AIG Uganda Insurance Company Limited</td></tr>
<tr><td>P. O. Box 7077</td></tr>
<tr><td>Plot 24A Akii Bua Road,</td></tr>
<tr><td>Kampala</td></tr>
<tr><td rowspan="16">3</td><td>Alexander Forbes Retirement Fund</td><td rowspan="16">5 Bandali Rise Bugolobi, 2nd Floor, Studio House</td></tr>
<tr><td>Marsh Uganda Ltd</td></tr>
<tr><td>CitiBank Uganda Ltd</td></tr>
<tr><td>WIPRO Ltd</td></tr>
<tr><td>International Alert Uganda</td></tr>
<tr><td>Alexander Forbes Financial Services Ltd</td></tr>
<tr><td>Uganda Development Bank Ltd</td></tr>
<tr><td>Rakai Health Services Program</td></tr>
<tr><td>KCB Bank Uganda Ltd</td></tr>
<tr><td>FINA Bank Uganda Ltd</td></tr>
<tr><td>Capital Markets Authority</td></tr>
<tr><td>ICCO Cooperation</td></tr>
<tr><td>Imperial Bank Uganda Ltd</td></tr>
<tr><td>Lion Assurance Company Ltd</td></tr>
<tr><td>Rift Valley Railways (Uganda) Ltd</td></tr>
<tr><td>Unilever Uganda Ltd</td></tr>
<tr><td>4</td><td>Allied Bank Staff Provident Fund</td><td>Plot 45, Jinja Road</td></tr>
</table>

5	Balaji Insurance Ltd Pension Scheme	
6	Bank of Uganda DC	Plot 33-45, Kampala Road
7	Bank Of Uganda Staff Retirement Benefit Scheme	Plot 33-45, Kampala Road
8	Barclays Bank Retirement Benefits Scheme	Plot 2/4, Hannington Road
9	British American Tobacco Uganda Staff Pension Scheme	Plot 69/71, Jinja Road, Kampala
10	Centenary Bank Staff Defined Contribution Scheme	Mapeera House
		Plot 44-46, Kampala Road
11	Crown Beverages Uganda limited	Plot M214, Jinja Road
12	Delta Petroleum (U) Ltd Staff Retirement Benefits Scheme	Ruth Tower, Hannington Road
13	DFCU Retirement Benefit Scheme	Plot 2, Jinja Road
14	Eagle Africa Retirement Benefits Scheme	Plot 19, Bukoto Street, Bukoto
15	Eco Bank Staff Provident Fund	Plot 4, Parliamentary Avenue
16	Equity Bank (U) Staff Provident Fund Scheme	Plot 390, Mutesa 1 Road
17	Eskom Uganda Limited Staff Provident Fund	Plot 1, Kampala Road, Jinja, Nalubaale Power Station
18	Finca Uganda Limited Staff Retirement Benefits Scheme	Plot 22, Ben Kiwanuka Street, Kampala

19	Heifer International Uganda Staff Provident Fund Scheme	Plot 1, Yusuf Lule Road, Nakasero
20	Housing Finance Bank Retirement Benefits Scheme	Plot 4, Wampewo Avenue, Kololo
21	ICEA Retirement Scheme	2nd Floor, Rwenzori Courts
22	Kinyara Sugar Works Limited Staff Provident Fund	Bujenje, Masindi
23	Liaison Personal Retirement Plan	Plot 44, Lumumba Avenue, Kampala
24	Makerere University Business School Retirement Benefits Scheme	Plot M118, Port Bell Road
25	Makerere University Retirement Benefits Scheme	B4, Lincoln Flats, Makerere University
		Main Campus
26	Monitor Publications Ltd Staff Retirement Benefits Scheme	Plot 29-35, 8th Street, Industrial Area
27	MTN Uganda Contributory Provident Fund	Plot 22, Hannington Road
28	NARO Retirement Benefits Scheme	Plot 11-13, Lugard Avenue, Entebbe
29	National Social Security Fund	Plot 1, Pilkington Road, 14th Floor, Workers House
30	Nile Breweries Staff Provident Fund	Plot 6-10, Port Bell Road, Luzira
31	NSSF Staff Provident Fund	Plot 1, Pilkington Road, 14th Floor, Workers House
32	Orient Bank Staff Defined Contribution Scheme	Plot 6/6a, Kampala Road
33	PACE Staff Retirement Benefits Scheme	Plot 2, Ibis Vale, Kololo
34	PCP Staff Provident Fund	Plot M697, 2nd Floor, UMA Show Grounds

35	Pentecostal Assemblies of God Staff Provident Fund Scheme	Plot 9, Bandali Rise, Bugolobi
36	Pride Microfinance Retirement Benefits Scheme	Plot 8-10, Entebbe Road
37	Royal Danish Embassy Local Staff Retirement Benefits Scheme	Plot 3, Lumumba Avenue, Kampala
38	Sadolin Paints Uganda Limited	Plot 8/10, 2nd Street, Industrial Area
39	Stanbic Bank Uganda	Plot 17, Hannington Road
40	Standard Chartered Bank Uganda Pension Trust Fund	Plot 5, Speke Road
41	Stanlib Uganda Umbrella Scheme	Plot 17, Hannington Road, 4th Floor, Crested Towers
42	State-wide Insurance Company Limited Staff Retirement Benefits Scheme	Plot 1, Bombo Road, Sure House
44	Tullow Uganda Limited Staff Retirement Benefits Scheme	Plot 15, Yusuf Lule Road, Nakasero
45	Uganda Breweries Limited Retirement Benefits Scheme	Port Bell, Kampala
46	Uganda Clays Retirement Benefits Scheme	Entebbe Road, Kajjansi
47	Uganda Communication Commission Staff Provident Fund	Plot 42-4, Spring Road, Bugolobi
48	Uganda Communications Employees' Contributory Pension Scheme	Plot 1, Delhi Gardens, Old Kampala
49	Uganda Revenue Authority Staff Retirement Scheme	Plot 40, Rotary Avenue, URA Training School
50	UNEB Staff Retirement Benefits Scheme	Plot 35, Martyrs Way Ntinda
51	Vivo Energy Uganda Limited Staff Provident Fund	Plot 9/11, 7th Street, Industrial Area
52	Watoto Church Ministries Provident Fund	Plot 87, Kampala Road

The table below indicates the number of beneficiaries per community-based health insurance scheme in Uganda for the last 3 years (2010-2013)[54]

Type of scheme						**Location**	
NO.	Name of Scheme	Community-based	Facility-based	Other	Year of Establishment	District	Region
1)	Kisiizi Health Plan		Yes		1996		West
2)	Mother Child Rescue Health Plan	Yes			1999	Bushenyi	West
3)	Ishaka Hospital Health Plan		Yes		1999	Bushenyi	West
4)	BMC - School Health Made Easy Scheme		Yes		1998	Bushenyi	West
5)	Kitovu Hospital Health Plan		Yes		1999	Masaka	Central

54 Uganda Community Based Health Financing Association (UCBHFA), 2012 Secretariat Report.

6)	Nyakibale Hospital Health Plan		Yes		1999	Rukungiri	West
7)	Comboni Hospital Health Plan		Yes		2002	Bushenyi	West
8)	Mutolere Hospital Health Plan		Yes		1998	Kisoro	West
9)	Nyamwegabira --		Yes		2004	Kanungu	West
10)	Kitanga Health Plan	Yes			2004	Kabale	West
11)	Save for Health Uganda-LUWERO			Saving and Credit	1999	Luwero	Central
12)	Nyakatsiro Health Plan		Yes		2006	Bushenyi	West

13)	Mitooma Nursing Home Health Plan		Yes		2006	Bushenyi	West
14)	Ishaka Health Plan	Yes				Bushenyi	West
15)	MCRP & UHC	Yes				Bushenyi	West
16)	Kitanga Health Plan		Yes			Kabale	West
17)	SHU-Bushenyi	Yes				Bushenyi	West
18)	Nyamwegabira	Yes				Kanungu	West
19)	Kinanira Plan & Mutolele Hospital		Yes			Kisoro	West

20)	Kibirizi Plan & Nyakibare Hospital	Yes				Rukungiri	West
21)	ICOBI						
22)	Katimba CHIS	Yes			2007	Sembabule	Central
23)	Nkoni CHIS	Yes			2009	Masaka	Central
25)	Save for Health – Bushenyi Schemes				2007	Bushenyi	West

Source: Uganda Retirement Benefits Regulatory Authority - http://urbra.go.ug/registered-schemes.html

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