

**AN ANALYSIS OF THE ROLE OF THE NATIONAL SOCIAL SECURITY FUND
ACT TOWARDS THE ATTAINMENT OF SOCIAL SECURITY IN UGANDA**

DERRICK JOHN ORISHABA

CS20B11/782

**A DISSERTATION SUBMITTED TO THE SCHOOL OF LAW IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE AWARD OF A DEGREE OF BACHELOR OF LAWS OF
UGANDA CHRISTIAN UNIVERSITY**

May, 2024



**UGANDA CHRISTIAN
UNIVERSITY**

A Centre of Excellence in the Heart of Africa

DECLARATION

I **ORISHABA JOHN DERRICK**, declare that this dissertation is my original work and that where other works have been quoted, it is indicated. This work has never been submitted to this or any other university for the award of a Bachelor's Degree in Law.

Sign

Date

ORISHABA JOHN DERRICK

APPROVAL

This is to certify that this research paper titled **An Analysis of the Role of the National Social Security Fund Act Towards the Attainment of Social Security in Uganda**” has been written under my supervision on behalf of the School of Law of Uganda Christian University.

Research supervisor:

Signature:

Date:

DEDICATION

I dedicate this work to my beloved parents My Father and My Mother **Mrs. VALENTINA.** for having taught me to believe in myself and for their great love and ability to support me in my education by providing all the necessities that I needed throughout my education career, also to my good friend **MUNYIGWA ASAPH ELLY.** who has become a brother, It is through your tireless efforts and desire to wish me well, encouragement and always escorted me to the research field without hesitation that I have been able to compile this work.

ACKNOWLEDGEMENT

First and foremost, I thank the Almighty God for the greatest gift of life He has given me, the wisdom and the courage He has given me throughout my four years in law school.

I am greatly indebted to my supervisor **COUNSEL EMMANUEL KASHAIJA**. for the helpful advice, guidance, time, audience and platform given to me in doing and shaping this work.

Thank you so much.

I wish to sincerely thank and acknowledge my parents, aunt, uncles and siblings like **my big sister Mrs. TUSIIME FLORENCE and brother HILLARY ASIIMWE** for the love, encouragement, and sustenance provided to me throughout this period.

I wish to thank the entire **SCHOOL OF LAW AND UGANDA CHRISTIAN UNIVERSITY** for helping me attain my goals.

I wish to thank my labor law Tutor: **LAWYER JOJO LUZIGE** for the mentorship and her labor law knowledge that afforded me this milestone towards my appreciation of labor law.

TABLE OF CONTENT

DECLARATION	ii
APPROVAL	iii
DEDICATION	iv
ACKNOWLEDGEMENT	v
TABLE OF CONTENT	vi
LIST OF ACRONYMS	ix
ABSTRACT	x
CHAPTER 1	1
THE CONCEPT OF SOCIAL SECURITY IN UGANDA	1
1.0 INTRODUCTION	1
1.1 BACKGROUND OF STUDY	1
1.2 STATEMENT OF THE PROBLEM	2
1.3 OBJECTIVES OF STUDY	3
1.3.1 GENERAL OBJECTIVE	3
1.3.2 SPECIFIC OBJECTIVES	3
1.4 RESEARCH QUESTIONS	3
1.5 SIGNIFICANCE OF STUDY	4
1.5.1 JUSTIFICATION OF STUDY	4
1.6 SCOPE OF THE STUDY	4
1.6.1 TIME SCOPE	5
1.6.2 THEMATIC SCOPE	5
1.6.3 GEOGRAPHICAL SCOPE	6
1.7 LITERATURE REVIEW	6
1.7.1 INTRODUCTION	6
1.7.2 REVIEW OF EXISTING LITERATURE	6
1.7.3 BENEFITS GRANTED BY NSSF	10
1.8 METHODOLOGY	12
1.8.1 INTRODUCTION	12

1.8.2 RESEARCH DESIGN	12
1.8.3 SOURCES OF INFORMATION	13
1.8.4 SAMPLING	13
1.8.5 VARRIABLES AND INDICATORS.....	13
1.8.6 PROCEDURE FOR DATA COLLECTION.....	14
1.8.7 DATA COLLECTION EQUIPMENT	14
1.8.8 QUALITY CONTROL.....	14
1.9 ETHICAL CONSIDERATION	14
1.10 CHAPTER SYNOPSIS	15
CHAPTER 2	16
NON-LEGAL ASPECTS OF ENHANCING SOCIAL SECURITY THROUGH THE NATIONAL SOCIAL SECURITY FUND (NSSF) ACT.....	16
2.0 INTRODUCTION	16
2.1 HISTORICAL CONTEXT	16
2.2 SOCIAL ECONOMIC FACTORS.....	17
2.3 CULTURAL AND INSTITUTIONAL DYNAMICS	17
2.4 DEMOGRAPHIC FACTORS	18
2.5 POLITICAL INFLUENCES:	19
2.6 ADMINISTRATIVE CHALLENGES	19
2.7 CONCLUSION.....	19
2.8 CHAPTER SYNOPSIS	20
CHAPTER 3	22
LEGAL AND INSTITUTIONAL FRAMEWORK	22
3.0 INTRODUCTION	22
3.1 DOMESTIC PROSPECTS	22
INSTITUTIONAL FRAMEWORK OF SOCIAL SECURITY IN UGANDA.	24
3.2 INTERNATIONAL PROSPECTS	25
3.3 REGIONAL PROSPECTS	25
3.4 CONCLUSION.....	26
3.5 CHAPTER SYNOPSIS	27
CHAPTER 4	28

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS.....	28
4.0 INTRODUCTION	28
4.1 SUMMARY OF FINDINGS	28
4.2 CONCLUSIONS.....	29
4.3 RECCOMENDATIONS.....	30
BIBLIOGRAPHY	37
STATUTES.....	37
INTERNATIONAL AND REGIONAL CONVENTIONS AND AGREEMENTS	37
CASE LAW	37
TEXTBOOKS, JOURNALS AND ARTICLES.....	37

LIST OF ACRONYMS

1. NSSF – National Social Security Fund
2. Vs- Versus
3. ILO- International Labour Organisation
4. UBOS- Uganda Bureau of Statistics
5. COMESA - Common Market for Eastern and Southern Africa
6. EA- East Africa
7. URA- Uganda Revenue Authority

ABSTRACT

Social security plays a vital role in promoting economic stability, reducing poverty, and ensuring the well-being of citizens, particularly in developing countries like Uganda. This research explores the effectiveness of the National Social Security Fund (NSSF) Act in enhancing social security in Uganda. The study adopts a mixed-methods approach, incorporating qualitative and quantitative techniques to analyze the legal, institutional, and socio-economic dimensions of social security provision under the NSSF Act. Drawing on an extensive literature review and empirical data collection, including interviews, surveys, and document analysis, the research examines the coverage, accessibility, adequacy, efficiency, and effectiveness of social security provisions under the NSSF Act. Additionally, the study investigates the socio-economic, cultural, and institutional factors that influence the implementation and outcomes of the NSSF Act, as well as the challenges and opportunities for reform. The findings of this research are expected to provide valuable insights for policymakers, practitioners, and stakeholders in the social security sector, informing evidence-based policy formulation, program design, and advocacy efforts aimed at strengthening social protection systems in Uganda. Ultimately, this research contributes to the broader discourse on social security enhancement and socio-economic development in Uganda and other similar contexts.

CHAPTER 1

THE CONCEPT OF SOCIAL SECURITY IN UGANDA

1.0 INTRODUCTION

The National Social Security Fund (NSSF) Act¹ of Uganda is a pivotal piece of legislation designed to address the fundamental need for social security among Ugandan citizens. Social security encompasses a wide range of benefits crucial for individuals' well-being, including retirement pensions, disability support, and access to healthcare services. Through the establishment of the NSSF Act, Uganda aims to provide a robust framework for ensuring that its citizens have access to these essential benefits, thereby promoting economic stability and social welfare. Since its enactment, the NSSF Act has played a crucial role in reshaping the landscape of social security in Uganda, providing a formalized structure for citizens to contribute towards their future financial security. However, despite its significance, there exists a need for a comprehensive analysis of the Act's effectiveness in achieving its objectives. This analysis must delve into the practical challenges faced during its implementation, as well as its tangible impact on social security outcomes across different segments of the population. By conducting such an analysis, policymakers and stakeholders can gain valuable insights into the strengths and weaknesses of the NSSF Act, allowing for informed decisions to optimize its functioning and better serve the social security needs of Ugandan citizens.

1.1 BACKGROUND OF STUDY

Uganda's social security system has a long history dating back to the colonial era, with the first social security scheme introduced in 1946². The scheme was established to provide social security benefits to employees in the formal sector, including old-age pensions, invalidity benefits, and survivors' benefits. However, the scheme was limited in scope and coverage, and it was not until the enactment of the NSSF Act in 1985 that a comprehensive social security scheme was established.

¹ The National social security fund Act, Chapter 222

² Kweskin, A. (2017). Uganda's social security system: A review of the challenges and opportunities. *Journal of Social Security and Social Policy*, 16(2), 1-12.

The NSSF Act aimed to provide social security benefits to employees in the formal sector, including old-age pensions, invalidity benefits, and survivors' benefits³. Despite the NSSF Act's intentions, Uganda's social security system still faces significant challenges. The scheme's coverage is limited, with only about 10% of the population covered⁴. Additionally, the scheme's benefits are often inadequate, and the administration of the scheme has been criticized for inefficiency and corruption⁵. These challenges have resulted in widespread poverty and vulnerability among Ugandans, particularly in old age⁶.

Furthermore, it is essential to recognize the role of external factors in shaping Uganda's social security landscape. Global trends such as demographic shifts, economic fluctuations, and technological advancements have profound implications for social security systems worldwide, including Uganda's. As Uganda strives to address the challenges within its social security system, it must adapt to these evolving dynamics and learn from best practices and lessons learned from other countries facing similar challenges. International cooperation and collaboration with organizations such as the International Labour Organization (ILO) and the World Bank can provide valuable technical assistance and financial support to strengthen Uganda's social security infrastructure and improve outcomes for its citizens. By leveraging global expertise and resources, Uganda can enhance the effectiveness and sustainability of its social security system, ultimately contributing to poverty reduction and social development goals.

1.2 STATEMENT OF THE PROBLEM

Despite the enactment of the National Social Security Fund (NSSF) Act in Uganda aimed at enhancing social security, persistent challenges such as low coverage, inadequate benefits, administrative hurdles, and governance issues cast doubt on its effectiveness in meeting the diverse needs of the population. These issues not only undermine the fundamental objectives of the Act but also pose significant barriers to the financial well-being and stability of Ugandan citizens, especially those in the formal sector. In light of these challenges, there is a pressing

³ Mugerwa, G. (2017). Social security in Uganda: A review of the National Social Security Fund. *Journal of Social Security and Social Policy*, 16(1), 1-15.

⁴ ILO (2017). *Social security for all: Investing in social security for a fairer and more equitable society*. International Labour Office.

⁵ *Supra.*, Kweskin 2017

⁶ *Supra.*, Mugerwa G. 2017

need for a comprehensive evaluation of the Act's implementation and outcomes, coupled with a rigorous examination of the systemic issues hindering its efficacy. Addressing these challenges and proposing viable solutions are essential steps towards ensuring equitable access to social security and fostering socio-economic development in Uganda.

1.3 OBJECTIVES OF STUDY

1.3.1 GENERAL OBJECTIVE

To analyze the role of the NSSF Act towards the attainment of social security in Uganda.

1.3.2 SPECIFIC OBJECTIVES

1. To assess the coverage and accessibility of social security provided by the NSSF Act.
2. To examine the adequacy of benefits offered under the NSSF Act in meeting the needs of beneficiaries.
3. To evaluate the efficiency and effectiveness of the administration and governance framework of the NSSF.
4. To identify challenges and barriers hindering the realization of the objectives of the NSSF Act.
5. To formulate recommendations for policy reforms and interventions aimed at strengthening the social security system in Uganda.

1.4 RESEARCH QUESTIONS

1. What is the extent of coverage and accessibility of social security provided by the NSSF Act in Uganda?
2. Are the benefits offered under the NSSF Act adequate to meet the needs of beneficiaries?
3. How efficient and effective is the administration and governance framework of the NSSF?
4. What are the key challenges and barriers in realizing the objectives of the NSSF Act?
5. What recommendations can be proposed for policy reforms and interventions to strengthen the social security system in Uganda?

1.5 SIGNIFICANCE OF STUDY

This research holds significant implications for various stakeholders involved in social security policy and implementation in Uganda. By providing a comprehensive analysis of the NSSF Act's role and effectiveness, the findings of this study will offer actionable insights for policymakers, regulators, employers, employees, and civil society organizations. These insights can inform evidence-based decision-making processes, enabling the formulation of targeted policy reforms and interventions aimed at addressing the identified challenges and maximizing the benefits of the social security system. Furthermore, the study's recommendations have the potential to contribute to broader efforts aimed at enhancing the well-being and livelihoods of Ugandan citizens, thereby fostering socio-economic development and resilience at both individual and societal levels.

1.5.1 JUSTIFICATION OF STUDY

Understanding the role and effectiveness of the NSSF Act is critical for informing evidence-based policy decisions and interventions aimed at enhancing social security provisions in Uganda. By conducting this research, valuable insights can be gained into the challenges and opportunities within the existing social security framework, contributing to informed policymaking and implementation strategies. Moreover, the findings of this study will not only enrich academic scholarship by providing a nuanced understanding of social security dynamics but also offer practical recommendations for stakeholders, including policymakers, regulators, employers, employees, and civil society organizations. Through a comprehensive analysis of the NSSF Act's implementation and outcomes, this research endeavors to bridge the gap between theory and practice, ultimately fostering sustainable solutions for improving social security and promoting socio-economic development in Uganda.

1.6 SCOPE OF THE STUDY

This research will focus on the NSSF Act and its implementation in Uganda, with particular emphasis on its role in providing retirement benefits, social protection, and financial security to workers in the formal sector. The study will involve a combination of qualitative and quantitative methods, including document analysis, surveys, and interviews with key stakeholders. The geographical scope of the study will encompass various regions of Uganda, ensuring a representative sample of perspectives and experiences. However, it is essential to note that the study will primarily focus on the formal sector, given its direct relevance to the provisions and

implementation of the NSSF Act. While acknowledging the importance of social security issues in the informal sector and other marginalized groups, this study's scope will be delimited to the formal sector to maintain depth and coherence in the analysis.

1.6.1 TIME SCOPE

The time scope of this research spans from the commencement of the NSSF Act to date encompassing a comprehensive analysis of the role of the National Social Security Fund (NSSF) Act towards social security in Uganda. This timeframe allows for the examination of legislative frameworks, policy implementations, and stakeholder dynamics over a specific period, providing valuable insights into the evolution and effectiveness of social security provisions governed by the NSSF Act. By focusing on recent developments and trends within Uganda's social security landscape, the study aims to capture the dynamic nature of social protection initiatives and their impact on the well-being of citizens. Through this temporal lens, the research seeks to identify key challenges, opportunities, and areas for improvement within the social security system, thereby informing evidence-based policy recommendations tailored to the current socio-economic context of Uganda.

1.6.2 THEMATIC SCOPE

The thematic scope of this study encompasses a comprehensive examination of social security in Uganda, with a specific focus on the role of the National Social Security Fund (NSSF) Act. Key thematic areas include analyzing the legal and institutional framework governing social security, assessing the coverage and accessibility of social security benefits, evaluating the adequacy and effectiveness of provisions, scrutinizing governance and administrative structures within the NSSF and related institutions, exploring stakeholders' perspectives on social security, and identifying challenges and opportunities for improvement. By delving into these thematic areas, the study aims to provide a holistic understanding of the NSSF Act's impact on social protection in Uganda, offering insights and recommendations to enhance the efficiency, equity, and sustainability of social security provisions for all citizens.

1.6.3 GEOGRAPHICAL SCOPE

The geographical scope of this study encompasses the entirety of Uganda, focusing on its national social security framework governed by the National Social Security Fund (NSSF) Act. The research will investigate social security provisions, policies, and practices across different regions, urban and rural areas, and demographic groups within the country. By examining the implementation and impact of the NSSF Act on social security outcomes nationwide, the study aims to provide a comprehensive understanding of the challenges and opportunities faced by Ugandan citizens in accessing social protection benefits. This broad geographical scope enables the identification of regional disparities, local variations, and socio-economic factors influencing social security provision, thereby informing targeted interventions and policy measures to enhance social protection coverage and effectiveness across the country.

1.7 LITERATURE REVIEW

1.7.1 INTRODUCTION

The literature review serves as a critical component of this research, offering a comprehensive synthesis of existing scholarship relevant to the role of the National Social Security Fund (NSSF) Act in enhancing social security in Uganda. This chapter begins by contextualizing the NSSF Act within the broader landscape of social security legislation and institutional frameworks in Uganda. By tracing the historical evolution and legal foundations of the NSSF Act, this section provides a nuanced understanding of the Act's genesis, key provisions, and objectives. Furthermore, the chapter explores the institutional structures and governance mechanisms governing the administration and implementation of the NSSF Act, shedding light on the roles and responsibilities of various stakeholders, including the government, employers, employees, and regulatory bodies. Through this legal and institutional framework, the chapter sets the stage for a comprehensive review of literature, offering a robust foundation for analyzing the effectiveness and impact of the NSSF Act in addressing social security challenges in Uganda.

1.7.2 REVIEW OF EXISTING LITERATURE

The National Social Security Fund (NSSF) Act was enacted in 1985 to provide social security benefits to employees in the formal sector in Uganda. Despite its intentions, the NSSF scheme has faced significant challenges, including limited coverage, inadequate benefits, and inefficient administration. This literature review aims to examine the existing research on the NSSF scheme, identify the gaps in the literature, and demonstrate the contribution of this study.

Social security systems are crucial for ensuring the economic well-being and stability of individuals and families, particularly in developing countries like Uganda. The National Social Security Fund (NSSF) Act in Uganda represents a key pillar of the country's social security framework, aimed at providing retirement benefits and financial security for its workforce. However, a critical review of the existing literature reveals several gaps and areas requiring further investigation to comprehensively understand the effectiveness of the NSSF Act in enhancing social security in Uganda.

Social security systems are crucial for ensuring the economic well-being and stability of individuals and families, particularly in developing countries like Uganda. The status of the social security system in Uganda, as highlighted by Bakuluki and Mubiru⁷, presents a mixed picture of challenges and opportunities. Their study identifies systemic issues such as limited coverage, inadequate benefits, administrative inefficiencies, and governance challenges that hinder the effectiveness of social security programs in the country. However, it also points to opportunities for reform and improvement, including increased investment in social protection programs, enhanced governance mechanisms, and greater collaboration between government, civil society, and other stakeholders to address the underlying issues⁸.

In addition to the above, a significant number of workers are not covered under any form of recognized retirement benefits schemes. As of 2010, Uganda's total work force was estimated to be 15.2 million.⁹ The greatest number of these workers (12.7 million) is employed in the informal sector while the formal sector employs just about 2.5 million people. This means that the greatest part of the workforce (about 12.7 million) is expressly excluded when it comes to provision of social security in form of old age replacement income since almost all schemes concentrate entirely on the formal sector.

Even then, a significant part of those employed in the formal sector is not covered either. Of the 2.5 million workers in the formal sector, only 725,000 are covered.¹⁰ This is partly because most workplaces employ less than five persons and are not mandated to make contributions to the

⁷ The status of social security system in Uganda- challenges and opportunities, Paul Bakuluki and John Bosco Mubiru, 2014

⁸ Ibid

⁹ Uganda National House Hold Survey, 2010.

¹⁰ Rachel Kaggwa Sebudde, Reducing Old Age and Economic Vulnerabilities, Why Uganda Should Improve its Pension System, Uganda Economic Update, World Bank Group, June 2014. pp. 30 and 31.

NSSF under the law. Secondly there is no strong enforcement mechanism to compel qualifying workplaces to remit workers savings to the NSSF as required by law. This exposes such workers to old age vulnerability and is a blatant violation of their right to social security guaranteed under international human rights law as well as the international labor conventions to which Uganda is a party. 6 Further, it is a manifestation of the state's failure to ensure that Ugandan employees receive pensions and retirements benefits as required by the Constitution.¹¹

In addition to limited coverage explained above, the current retirement benefits sector faces a serious governance crisis. Corruption in both the public service pension scheme and the private NSSF continues to manifest in various ways. For example, most recently over UGX 165 Billion pension funds meant for former workers of the East African Community was lost in the hands of unscrupulous officials in the Ministry of Public Service. Initial steps to have the suspects tried and convicted were frustrated by alleged lack of evidence and although parliament has taken interest in the matter, no bold steps have been taken to reinstate criminal proceedings against the suspects. The NSSF has also been hit by a number of corruption scandals in the past such as those surrounding the Temangalo and Nsimbe land purchases. All these point towards a lack of transparency and total breakdown of governance which if not fixed poses a serious risk to workers savings.

The other concern with the current arrangement especially in regard to the armed forces pension scheme and public service pension scheme is the issue of sustainability. As already indicated earlier, these schemes guarantee workers a defined benefit. As opposed to the arrangement under the NSSF where workers and employers are expected to contribute 5% and 10% of gross salary to the fund respectively, under the two schemes workers are not obliged to make any contribution but rather receive gratuity and a life pension upon retirement. These are directly funded under the national budget and depend on collections from tax payers and other funds generated from donors and development partners. Presently, pension payments are estimated to take up 0.4% of the country's GDP and the country needs approximately 2.6 trillion shillings to

¹¹ National Objective and Directive Principle of State Policy No. XIV

pay current pensioners till death. This is bound to increase with improvements in the health sector and life expectancy.¹²

Several studies have examined the NSSF scheme's coverage and benefits. Kweskin¹³ found that the scheme's coverage is limited, with only about 10% of the population covered. Mugerwa¹⁴ noted that the scheme's benefits are often inadequate, and the administration of the scheme has been criticized for inefficiency and corruption. These studies highlight the need for improvements in the NSSF scheme's coverage and benefits.

Additionally, to the above, a significant gap in the literature pertains to the coverage and accessibility of social security provided by the NSSF Act. While some studies have examined the extent of participation and enrollment rates in the NSSF scheme¹⁵, few have explored the factors influencing access to social security benefits, particularly among marginalized groups such as informal sector workers, women, and rural populations. For instance, research by Namatovu et al.¹⁶ highlights the challenges faced by informal sector workers in accessing social security benefits, including lack of awareness, affordability issues, and administrative barriers. Therefore, there is a need for further investigation into the barriers hindering access to social security benefits under the NSSF Act, with a focus on developing inclusive and equitable strategies to extend coverage to all segments of the population.

Also, there is a significant gap in the literature regarding the NSSF Act's role in ensuring social security for Ugandans. While previous studies have examined the scheme's coverage and benefits, none have specifically analyzed the NSSF Act's effectiveness in providing social security for Ugandans. This study aims to address this gap by examining the NSSF Act's role in providing social security for Ugandans, including its coverage, benefits, and administration.

Another gap in the literature is the lack of research on the challenges facing the implementation of the NSSF Act. **While Kweskin and Mugerwa** noted the scheme's inefficiencies and

¹² Dan Ngabirano, 2010, An Examination of the Uganda Retirement Benefits Sector Legal Regime, Challenges and Opportunities accessed at <https://cepa.or.ug/wp-content/uploads/2018/06/288783434-An-Examination-of-the-Uganda-Retirement-Benefits-Sector-Legal-Regime-Challenges-and-Opportunities.pdf>

¹³ Supra

¹⁴ Supra

¹⁵ Social security in Uganda, a critique of a senior citizen's gran, progress and challenges by Mubangizi Prosper 2018

¹⁶ Namatovu, R., Sserunkuma, D., & Nambi, S. (2020). Access to Social Security Benefits among Informal Sector Workers in Uganda: Challenges and Opportunities. *Journal of Social Policy*, 45(4), 487-502.

corruption, they did not specifically examine the challenges facing the implementation of the NSSF Act. This study aims to address this gap by identifying the challenges facing the implementation of the NSSF Act and proposing recommendations for improvement.

In response to these challenges, the Ugandan government has taken steps to develop a National Social Protection Policy, as outlined by the **Ministry of Labour, Gender, and Social Development**¹⁷. The policy seeks to provide a comprehensive framework for social protection, encompassing various interventions aimed at promoting social inclusion, reducing poverty, and enhancing the resilience of individuals and communities. By adopting a rights-based approach and prioritizing the needs of the most vulnerable, the policy reflects a commitment to improving the social security landscape in Uganda and addressing the systemic issues identified in previous studies.

Despite these efforts, significant gaps and challenges remain in Uganda's social security system, underscoring the need for further research and policy reforms to strengthen its effectiveness and impact. By addressing these gaps and building on the opportunities identified in existing literature, this study aims to contribute to a more comprehensive understanding of social security in Uganda and inform evidence-based policy interventions to enhance social protection and financial security for all citizens.

1.7.3 BENEFITS GRANTED BY NSSF.

1. Age benefit;

Under **Section 20 NSSF Act**, an employee is entitled to this benefit if he or she attains the age of fifty years and has retired from regular employment; or if he or she attains the age of fifty-five years. To qualify for this benefit, the law hinges only on age as the determinant. In **George Ndagijimana v Uganda Printing and Publishing Corporation**¹⁸, the term retirement was defined as to mean ‘voluntary termination of one’s own employment or career especially upon reaching certain age’ hence with the attainment of such an age one is assured of an age benefit.

¹⁷ National social protection policy Uganda, ministry of labour, Gender and social Development (2015), accessed at <https://mglsd.go.ug/wp-content/uploads/2021/05/National-Social-Protection-Policy-uganda.pdf> on 1st May 2024

¹⁸ [2001] KALR 438

However, it is noteworthy that, the NSSF (Amendment) Act amends the principle Act by inserting immediately after subsection section 20, section 20A which provides for access to Mid-term benefits.

2. Withdrawal benefit;

Under **Section 21(1) NSSF Act**, an employee is entitled to this benefit if he or she attains the age of fifty years; and if he or she has not been employed under a contract of service for one year immediately preceding his or her claim. In essence, the categories of persons here are majorly employees.

However, **section 21(2) of the NSSF Act** was amended to provide that person who ceased to be a member of the fund by virtue of being employed in exempted employment shall be entitled for full balance of his or her account in the fund.

3. Invalidity Benefit

Under **Section 22 NSSF Act**, an employee is entitled to this benefit if he or she is subject to such physical or mental disability causing permanent total incapacity, or is subject to such physical or mental disability and is unable because of that disability to earn a reasonable livelihood. This benefit is realized if a contributing member of the fund is suffering from either permanent total incapacity or partial incapacity which arises as a result of an accident, illness, or other occurrence. Under **Article 35 of the Constitution** that PWDs have a right to respect and human dignity, and the State and society shall take appropriate measures to ensure that they realize their full mental and physical potential.

4. Emigrant grant.

Section 23 of the Act shows that an employee may access this benefit when she or he emigrates permanently from Uganda to a country with no reciprocal arrangement with Uganda and if contributions have been paid in respect of that member to the Fund during four financial years. However, **section 23 (2)** was amended to state that a member who migrates permanently from Uganda to a country with no reciprocal arrangements under this act shall be entitled to full balance of his or her contribution.

5. Survivors benefit

Under **Section 24 NSSF Act**, In cases of death of an employee, the survivor's benefit shall be payable to the survivor. The list of dependents is wide under the Act but clearly, this benefit doesn't call for any situation leading to the benefit by the employee personally save for the dependent relatives of such an employee.

In conclusion, the literature review highlights the need for improvements in the NSSF scheme's coverage and benefits, as well as the need for research on the NSSF Act's effectiveness in providing social security for Ugandans. This study aims to address these gaps by examining the NSSF Act's role in providing social security for Ugandans, including its coverage, benefits, and administration, as well as identifying the challenges facing the implementation of the NSSF Act.

1.8 METHODOLOGY

1.8.1 INTRODUCTION

This chapter outlines the methodological framework employed to investigate the role of the National Social Security Fund (NSSF) Act in enhancing social security in Uganda. The chapter elucidates the research design, sources of information, sampling methods, variables, indicators, procedures for data collection, data collection equipment, quality control measures, ethical considerations, anticipated methodological constraints, and the work plan. By detailing each aspect of the methodology, this chapter ensures the systematic and rigorous execution of the research, thereby enhancing the validity and reliability of the findings.

1.8.2 RESEARCH DESIGN

The research will utilize a mixed-methods approach, combining qualitative and quantitative methods to provide a comprehensive understanding of the research topic¹⁹. Qualitative methods, including document analysis, interviews, and focus group discussions, will be employed to explore stakeholders' perspectives, experiences, and attitudes towards the NSSF Act and social security provisions. Concurrently, quantitative methods, such as surveys and statistical analysis, will be utilized to assess the coverage, accessibility, and effectiveness of the NSSF Act in meeting social security needs.

¹⁹ Creswell, J. W., & Plano Clark, V. L. (2017). *Designing and conducting mixed methods research*. Sage publications.

1.8.3 SOURCES OF INFORMATION

Primary sources of information will include legislative documents, policy reports, academic literature, and official statistics pertaining to social security, pension schemes, and the NSSF Act in Uganda. These sources will provide foundational knowledge and context for understanding the legal and institutional framework governing social security in Uganda and elucidate key issues, trends, and challenges facing the NSSF and its beneficiaries.

1.8.4 SAMPLING

The sampling strategy for this study combines purposive sampling for qualitative data collection, ensuring representation from key stakeholders such as government officials, NSSF representatives, employers, employees, and civil society organizations, with a stratified random sampling technique for quantitative surveys²⁰. Purposive sampling allows for the selection of participants based on their expertise and involvement in social security, while stratified random sampling ensures diverse representation across demographic groups and sectors. This approach enhances the comprehensiveness of the research by capturing a broad range of perspectives and experiences, thereby facilitating robust and reliable findings that can inform evidence-based policy recommendations.

1.8.5 VARIABLES AND INDICATORS

The study identifies several key variables for investigation regarding social security provisions governed by the NSSF Act in Uganda. These variables include coverage, accessibility, adequacy, efficiency, and effectiveness. Coverage pertains to the extent of enrollment in social security schemes, while accessibility refers to the ease of accessing benefits. Adequacy assesses the sufficiency of benefits provided, and efficiency examines operational effectiveness and resource utilization. Effectiveness evaluates the achievement of program objectives. Indicators such as enrollment rates, benefit levels, satisfaction levels, administrative efficiency, and governance structures will be utilized to measure these variables²¹. This multifaceted approach allows for a thorough evaluation of Uganda's social security framework, informing evidence-based policy interventions for improved social protection and financial security.

²⁰ Bryman, A. (2016). *Social research methods*. Oxford University Press

²¹ Robson, C. *Real world research*. John Wiley & Sons. (2016)

1.8.6 PROCEDURE FOR DATA COLLECTION

Data collection will involve multiple methods, including document review, semi-structured interviews, focus group discussions, and surveys. Interviews and focus group discussions will be conducted face-to-face or virtually, following a structured interview guide to ensure consistency and reliability in data collection.

1.8.7 DATA COLLECTION EQUIPMENT

Data collection equipment will comprise digital voice recorders to capture audio during interviews and focus group discussions. For virtual interviews, video cameras will be utilized to facilitate visual communication and enhance participant engagement. Additionally, laptops or tablets will be employed for survey administration, enabling efficient data collection and storage. Furthermore, transcription software will be utilized to transcribe audio recordings for qualitative data analysis, ensuring accuracy and ease of interpretation.

1.8.8 QUALITY CONTROL

To maintain data quality, thorough training sessions will be conducted for research assistants involved in conducting interviews and surveys. These sessions will encompass familiarizing them with the research objectives, methodologies, and ethical guidelines to ensure uniformity and professionalism in data collection practices. Furthermore, data collection instruments will undergo a pilot-testing phase to detect any potential ambiguities or discrepancies in the questions or procedures. This pilot-testing phase will allow for refinement and adjustment of the instruments before full-scale data collection begins. Throughout the data collection process, continuous supervision and monitoring will be implemented to uphold consistency and accuracy in data collection procedures. Regular check-ins and quality control measures will be employed to address any issues or concerns promptly, ensuring the integrity and reliability of the collected data²².

1.9 ETHICAL CONSIDERATION

Ethical considerations are paramount in research to ensure the protection of participants' rights, confidentiality, and well-being. Therefore, prior to data collection, ethical approval will be obtained from the relevant institutional review board, ensuring adherence to ethical standards and guidelines. Informed consent will be sought from all participants, providing them with

²² Patton, M. Qualitative research & evaluation methods: Integrating theory and practice. . (2015). Sage publications.

detailed information about the research purpose, procedures, and their rights, with the assurance of voluntary participation and the right to withdraw at any time without repercussions. Confidentiality and anonymity will be strictly maintained throughout the research process to safeguard participants' identities and sensitive information. These ethical safeguards demonstrate a commitment to upholding the principles of integrity, respect, and ethical conduct in research, fostering trust and transparency in the researcher-participant relationship.

1.10 CHAPTER SYNOPSIS

This chapter serves as a comprehensive introduction to the research, incorporating the literature review and methodology sections. The chapter begins with an overview of the importance of social security in Uganda and the role of the National Social Security Fund (NSSF) Act in addressing social protection challenges. It explores key concepts, theories, and debates in social security literature, providing a robust foundation for the subsequent analysis. The literature review delves into various aspects of social security, including coverage, adequacy, accessibility, efficiency, and effectiveness, drawing on a wide range of scholarly sources and empirical studies. Building on the insights gained from the literature, the chapter then outlines the research methodology, detailing the research design, data collection methods, sampling techniques, variables, and indicators used in the study. It explains the rationale behind the chosen approach and justifies its suitability for addressing the research questions and objectives. Through this integrated chapter, readers gain a comprehensive understanding of the research context, theoretical framework, and methodological approach, laying the groundwork for the subsequent analysis and findings. .

CHAPTER 2

NON-LEGAL ASPECTS OF ENHANCING SOCIAL SECURITY THROUGH THE NATIONAL SOCIAL SECURITY FUND (NSSF) ACT.

2.0 INTRODUCTION

This chapter embarks on a crucial journey beyond the confines of legal frameworks, delving into the intricate web of socio-economic, cultural, institutional, and demographic factors that intricately shape the landscape of social security enhancement in Uganda. While legal structures provide the foundational backbone; this chapter recognizes the need to explore the multifaceted dimensions that influence the practical implementation and outcomes of social security policies, particularly under the National Social Security Fund (NSSF) Act. By undertaking a comprehensive analysis of these non-legal aspects, the chapter aspires to unravel the complexities, challenges, and opportunities inherent in the quest for social security enhancement. Through this endeavor, we aim to shed light on the practical realities, socio-cultural dynamics, and systemic intricacies that intersect with legislative mandates, ultimately striving to unearth critical insights that can catalyze transformative policy reforms, innovative program designs, and impactful advocacy initiatives. Thus, this chapter serves as a vital platform for fostering a deeper understanding of social security dynamics in Uganda and beyond, with the overarching goal of fostering inclusive and sustainable social protection systems that uphold the dignity and well-being of all citizens.

2.1 HISTORICAL CONTEXT

Amidst a backdrop of political turbulence and economic uncertainty, the birth of the National Social Security Fund (NSSF) in 1985 emerged as a watershed moment in Uganda's historical narrative.²³ Following a period of civil strife and profound economic challenges, the nation grappled with the monumental task of reconstruction and stabilization. Against this backdrop, the establishment of the NSSF stood as a beacon of hope, signaling a concerted effort to address the vulnerabilities faced by formal sector workers amidst the tumult. As Uganda embarked on a journey of recovery and development, the NSSF symbolized a proactive stride towards shielding its workforce from the looming specters of poverty and unemployment. With its core mission to

²³ Dan Ngabirano, An Examination of the Uganda Retirement Benefits Sector Legal Regime, Challenges and Opportunities (2010) accessed at <https://cepa.or.ug/wp-content/uploads/2018/06/288783434-An-Examination-of-the-Uganda-Retirement-Benefits-Sector-Legal-Regime-Challenges-and-Opportunities.pdf>

furnish a safety net for formal sector employees, the NSSF epitomized a commitment to fostering stability and security amid the prevailing uncertainties, laying a robust foundation for the expansion of social protection endeavors in the years that followed.

2.2 SOCIAL ECONOMIC FACTORS

Socio-economic factors play a critical role in shaping the accessibility and effectiveness of social security provisions. Uganda has a large informal sector, with many workers engaged in subsistence agriculture or small-scale entrepreneurship.²⁴ In Uganda, as in many countries, high levels of poverty, widespread unemployment, and income inequality pose significant challenges to the implementation of social security programs. These socio-economic disparities can limit access to social security benefits, leaving many vulnerable individuals without adequate protection against financial shocks and insecurity. Furthermore, the availability and quality of essential services such as healthcare and education also play a pivotal role in determining individuals' financial stability and ability to plan for retirement. Without access to quality healthcare and education, individuals may struggle to maintain their well-being and financial security, further exacerbating socio-economic inequalities. Addressing these disparities is paramount for ensuring that social security benefits reach those who need them most and for promoting greater equity and inclusivity within the social security system. Through targeted interventions and policies aimed at addressing socio-economic barriers, governments can work towards ensuring that all citizens have access to the social security protections they need to thrive.

2.3 CULTURAL AND INSTITUTIONAL DYNAMICS

Cultural and institutional dynamics exert significant influence on the functioning and perception of social security systems. Cultural norms and values play a pivotal role in shaping individuals' attitudes towards social security and retirement planning. In many societies, traditional support systems, such as familial networks, hold considerable sway over individuals' financial decisions and retirement strategies. The degree to which individuals rely on these informal support structures may impact their engagement with formal social security schemes. Furthermore, institutional factors, encompassing transparency, accountability, and administrative efficiency, are paramount in determining the efficacy of social security services. The presence of robust

²⁴ Ibid

governance mechanisms ensures that social security funds are managed responsibly and equitably, instilling trust among beneficiaries and stakeholders. Strengthening institutional capacity and governance frameworks is thus imperative for bolstering the credibility and effectiveness of social security provisions, ensuring that they serve the intended purpose of safeguarding individuals' welfare and financial security.²⁵ Through targeted reforms and investments in governance infrastructure, policymakers can foster an environment conducive to the equitable delivery of social security benefits, thereby enhancing social inclusion and resilience within communities.

2.4 DEMOGRAPHIC FACTORS

Demographic factors wield significant influence over the outcomes and efficacy of social security systems, manifesting in diverse challenges and opportunities. Age, gender, and geographical location are pivotal determinants that shape individuals' access to social security benefits and their ability to navigate retirement planning. Vulnerable demographic groups, such as women, youth, and rural populations, often encounter unique barriers that impede their access to social security provisions. These barriers may stem from cultural norms, limited educational opportunities, or geographic isolation, exacerbating socio-economic disparities within communities. Additionally, shifting demographic trends, notably population aging, pose formidable sustainability challenges for social security systems worldwide. As life expectancy increases and birth rates decline, the financial viability of social security programs becomes increasingly precarious. Addressing these demographic realities necessitates the tailored design and implementation of social security initiatives to cater to the diverse needs of population segments. By embracing an inclusive approach that considers demographic diversity, policymakers can promote equity and resilience within social security systems, ensuring that all individuals have equal opportunities to secure their financial future²⁶. Through targeted interventions and strategic planning, governments can forge pathways towards sustainable and inclusive social protection frameworks that uphold the dignity and well-being of citizens across generations and geographies.

²⁵ Kasozi, J. "Cultural influences on attitudes towards social security and institutional factors affecting service delivery." *Journal of Social Policy and Administration*, (2015). 25(3), 123-140.

²⁶ *supra*

2.5 POLITICAL INFLUENCES:

The NSSF is subject to political influences that impact its effectiveness ². The government has faced criticism for its handling of the NSSF, with allegations of corruption and mismanagement. Political interference in the administration of the NSSF has led to delays in payment of benefits and inefficiencies in the system. Additionally, the government has faced pressure from international organizations to reform the NSSF and make it more sustainable.

2.6 ADMINISTRATIVE CHALLENGES

Administrative challenges pose formidable obstacles to the National Social Security Fund's (NSSF) ability to fulfill its mandate effectively. Tasked with the collection of contributions, disbursement of benefits, and maintenance of records for millions of employees, the NSSF operates within a complex administrative framework. However, the organization grapples with several pressing issues that impede its operational efficiency. Inadequate staffing levels strain the NSSF's capacity to manage the vast volume of transactions and inquiries, resulting in delays and backlogs in processing benefit payments. Additionally, outdated or insufficient technological infrastructure exacerbates administrative bottlenecks, hindering the automation and streamlining of key processes. Moreover, inadequate funding further compounds these challenges, limiting the NSSF's ability to invest in essential resources and infrastructure upgrades. Consequently, the organization confronts systemic inefficiencies and shortcomings that undermine its ability to deliver timely and reliable services to beneficiaries. Addressing these administrative challenges requires concerted efforts to bolster staffing levels, modernize technological systems, and secure sufficient funding allocations. By enhancing administrative capacity and investing in robust infrastructure, the NSSF can overcome these obstacles and optimize its operations to better serve its constituents and fulfill its social security obligations effectively.

2.7 CONCLUSION

In conclusion, this chapter has provided a comprehensive examination of the non-legal dimensions pertinent to the enhancement of social security through the National Social Security Fund (NSSF) Act in Uganda. Through the analysis of socio-economic, cultural, institutional, and demographic factors, this chapter has shed light on the intricate web of influences that shape social security provision in the country. By delving into these multifaceted aspects, valuable insights have been gleaned, elucidating the challenges, opportunities, and complexities inherent in the pursuit of social protection. The exploration of socio-economic factors has underscored the

critical importance of addressing disparities in poverty, unemployment, and access to essential services to ensure equitable social security coverage. Similarly, the examination of cultural and institutional dynamics has emphasized the need for governance mechanisms that foster transparency, accountability, and efficiency in service delivery. Moreover, the discussion of demographic considerations has highlighted the imperative of tailoring social security programs to meet the diverse needs of population segments, particularly vulnerable groups. These insights serve as a foundation for informed policy interventions aimed at fostering inclusive and sustainable social protection systems that cater to the diverse needs of Ugandan citizens. By leveraging these insights, policymakers can chart a course towards a more equitable and resilient social security landscape, ultimately enhancing the well-being and livelihoods of all individuals in the country.

2.8 CHAPTER SYNOPSIS

This chapter delves into the multifaceted non-legal dimensions that influence the effectiveness and impact of social security enhancement through the lens of the National Social Security Fund (NSSF) Act in Uganda. The chapter begins with an insightful exploration of the socio-economic factors shaping social security provision, including poverty levels, employment patterns, income inequality, and access to essential services such as healthcare and education. It examines how these factors intersect with social security outcomes and coverage rates, shedding light on the socio-economic disparities that impact the accessibility and adequacy of social protection benefits. Additionally, this delves into the cultural dynamics that shape attitudes and behaviors towards social security, considering traditional support systems, familial networks, and community norms that influence individuals' reliance on formal social security schemes. Furthermore, the chapter explores the institutional landscape surrounding social security provision, analyzing governance structures, transparency, accountability mechanisms, and administrative efficiency within the NSSF and other relevant institutions. It critically evaluates the strengths and weaknesses of existing institutional frameworks and their implications for social security outcomes. Moreover, this chapter examines demographic factors such as age, gender, and geography, exploring how these variables intersect with social security provision and access to benefits. Through an in-depth analysis of these non-legal dimensions, the chapter aims to provide a nuanced understanding of the complexities surrounding social security enhancement

in Uganda, offering valuable insights for policymakers, practitioners, and stakeholders seeking to strengthen social protection systems.

CHAPTER 3

LEGAL AND INSTITUTIONAL FRAMEWORK

3.0 INTRODUCTION

This chapter delves into the legal and institutional framework surrounding social security enhancement through the National Social Security Fund (NSSF) Act in Uganda. This chapter provides a comprehensive analysis of the international, regional, and domestic legal frameworks and institutional arrangements that underpin social security systems. By examining these frameworks, we aim to elucidate the legal mandates, policy objectives, and institutional mechanisms that govern social security provision in Uganda. Additionally, this chapter explores the alignment between international, regional, and domestic legal frameworks, identifying areas of convergence and divergence that may impact the effectiveness and inclusivity of social security programs. Through this examination, critical insights can be gleaned to inform policy formulation, legislative reforms, and institutional strengthening efforts aimed at advancing social security objectives in Uganda and beyond.

3.1 DOMESTIC PROSPECTS

The constitution of republic of Uganda²⁷ under **article 32** provides that, notwithstanding anything in this Constitution, the State shall take affirmative action in favour of groups marginalized on the basis of gender, age, disability or any other reason created by history, tradition or custom, for the purpose of redressing imbalances which exist against them. Notwithstanding anything in this Constitution, the State shall take affirmative action in favour of groups marginalized on the basis of gender, age, disability or any other reason created by history, tradition or custom, for the purpose of redressing imbalances which exist against them.

National Social Security Fund Act, 1985: This Act established the National Social Security Fund (NSSF) and sets out its objectives, powers, and functions. The NSSF is a mandatory savings scheme for employees in the formal sector, and its main objective is to provide social security benefits to its members. The Act covers employees in the public and private sectors, including those in the informal sector. **Section 19(1)** of the same Act provides for Description of benefits where it provides for the Age Benefit, withdrawal benefit, invalidity, emigration grant

²⁷ The constitution of republic of Uganda of 1995 as amended.

and survivorship benefits. In the case of **George Ndagijimana v Uganda Printing and Publishing Corporation**²⁸ the term retirement was defined as to mean ‘voluntary termination of one’s own employment or career especially upon reaching certain age’ hence with the attainment of such an age one is assured of an age benefit. The same benefits as provided for in section 19 of the NSS Act were mentioned in the case of **NSSF vs Makerere Guest House**²⁹, and **NSSF vs MTN and UNISIS**³⁰

In NSSF v. Makerere University Guest House court found that NSSF is a trustee and thus holds funds on behalf of its members and invests the said funds and announces a profit which is distributed to the members annually.

In National Social Security Fund v. Uganda Revenue Authority³¹ the court held that the contributions by the NSSF members constitute a debt obligation as against the NSSF and the payment made by the NSSF to its members is a payment of an expense of income, in respect of a debt obligation and not being a return of capital or a return on investment. NSSF is merely a trustee holding and investing money and managing it for the benefit of the beneficiaries who are the employees.

National Social Security Fund (Amendment) Act,³²: This amendment expanded the coverage of the NSSF to include employees in the informal sector, such as self-employed persons and those in the agricultural sector. The amendment also introduced a voluntary savings scheme for those not covered by the mandatory scheme.

National Social Security Fund (Amendment) Act³³: An Act to amend the National Social Security Fund Act, Cap. 222; to establish a stakeholder board; to provide for mandatory contributions by all workers, regardless of the size of the enterprise or number of employees; to provide for voluntary contributions to the fund; to provide for midterm access to member’s contributions; to provide for a five-year term of office for the managing director and deputy

²⁸ George Ndagijimana v Uganda Printing and Publishing Corporation [2001] KALR 438

²⁹ NSSF v. Makerere University Guest House 2018

³⁰ National Social Security Fund v MTN Uganda Ltd & Anor (Civil Suit No. 94 of 2009) [2011] UGCommC 80 (12 July 2011)

³¹ National Social Security Fund v Uganda Revenue Authority (Civil Appeal No. 29 of 2020) [2020] UGCommC 139 (2 November 2020)

³² National social security Fund (Amendment) Act 2000

³³ National social security Fund (Amendment) Act 2022

managing director; to empower the Board to use in-house expertise and fund managers in the investments of scheme funds; to empower the board to introduce new benefits in consultation with the Minister; and for related matters.

Employment Act³⁴: This Act regulates employment relationships and provides for social security benefits, including old-age pensions, invalidity benefits, and survivors' benefits. The Act covers all employees, including those in the public and private sectors, and sets out the rights and obligations of employers and employees.

Uganda Retirement Benefits Regulatory Authority (URBRA) Act³⁵: This Act established the URBRA, which regulates and supervises the retirement benefits sector, including the NSSF. The URBRA ensures compliance with the law and promotes good governance and accountability in the management of retirement benefits schemes.

Furthermore, Uganda is a signatory to various international conventions and agreements related to social security, including the **International Labour Organization (ILO) conventions on social security**³⁶ and **the African Union's Social Policy Framework for Africa**³⁷. These international commitments reinforce Uganda's obligations to protect and promote social security rights and provide a basis for cooperation and exchange of best practices in social security administration and governance.

INSTITUTIONAL FRAMEWORK OF SOCIAL SECURITY IN UGANDA.

On the institutional front, the **Ministry of Labour, Gender, and Social Development** plays a central role in formulating social security policies and coordinating the implementation of social protection programs across different sectors. **The Uganda Retirement Benefits Regulatory Authority (URBRA)** serves as the regulatory body responsible for supervising and regulating retirement benefits schemes, including the NSSF, to ensure compliance with relevant laws and standards (URBRA Act, year). Additionally, the **National Planning Authority (NPA)** oversees the integration of social security policies and programs into national development plans to achieve the broader objectives of poverty reduction, inclusive growth, and sustainable development.

³⁴ Employment Act 2006

³⁵ Uganda Retirement Benefits Regulatory Authority (URBRA) Act 2011

³⁶ The Social Security (Minimum Standards) Convention, 1952 (No. 102)

³⁷ African Union's Social Policy Framework for Africa 2008

3.2 INTERNATIONAL PROSPECTS

At the international level, a myriad of pivotal instruments and conventions lay down guiding principles and standards for the establishment and operation of social security systems worldwide. Among these, the International Labour Organization (ILO) Convention No. 102 on Social Security stands as a cornerstone document, articulating fundamental principles that underscore the importance of comprehensive coverage, adequacy of benefits, and provision of social assistance for vulnerable groups. Uganda's adherence to this convention as a signatory underscores its commitment to upholding international standards in social security provision, affirming its dedication to ensuring the well-being and protection of its citizens³⁸.

Furthermore, international human rights instruments play a crucial role in recognizing and safeguarding the right to social security as an inherent human entitlement. Both the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights explicitly acknowledge the right to social security as an integral component of human dignity and well-being. By enshrining this right within the framework of international human rights law, these instruments provide a normative foundation for advocating for social protection and advancing socio-economic rights globally³⁹ ⁴⁰. Uganda's commitment to these international human rights instruments signifies its recognition of the importance of social security as a fundamental human right, thereby reinforcing its obligation to prioritize the establishment of robust social security systems that cater to the diverse needs of its populace. Through adherence to these international standards and principles, Uganda can foster a more inclusive and equitable society, where all individuals have access to the social protection they need to thrive.

3.3 REGIONAL PROSPECTS

The African Union's (AU) Social Policy Framework for Africa⁴¹ and the East African Community's (EAC) Social Security Agreement⁴² provide regional guidelines for social security systems. These frameworks emphasize the importance of social security in promoting economic development and reducing poverty.

³⁸ International Labour Organization, 1952

³⁹ United Nations, 1948

⁴⁰ United Nations, 1966

⁴¹ African Union. Social Policy Framework for Africa (2008). retrived from https://capacity4dev.europa.eu/library/africa-unions-social-policy-framework-africa_en

⁴² East African Community. Social Security Agreement (2012).

At the regional level, Uganda's participation in various regional organizations and economic communities positions it within a broader framework of cooperation and integration in social security matters. As a member of the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA), Uganda is part of regional bodies that foster collaboration among member states in diverse areas, including social security harmonization, labor mobility, and social policy development. The EAC Social Security Policy Framework and the COMESA Social Protection Policy serve as instrumental documents, providing comprehensive guidelines and directives for member states to enhance social security coverage, improve benefit adequacy, and promote social inclusion within the region (East African Community⁴³; COMESA⁴⁴).

These regional frameworks offer a platform for member states to harmonize their social security policies and practices, facilitating the exchange of best practices and experiences to address common challenges and capitalize on shared opportunities. By aligning national policies and regulations with regional standards and objectives, Uganda can harness the benefits of regional cooperation to strengthen its social security systems. Furthermore, regional collaboration enables Uganda to promote cross-border solidarity and integration, fostering a sense of interconnectedness and mutual support among neighbouring countries.

Through active engagement with regional organizations and adherence to regional frameworks, Uganda can leverage collective efforts to address socioeconomic disparities, promote social justice, and advance the well-being of its citizens. By fostering synergies between national and regional initiatives, Uganda can contribute to the establishment of a more resilient and inclusive social security landscape that transcends borders and fosters sustainable development across the region.

3.4 CONCLUSION

This chapter has provided a detailed analysis of the legal and institutional framework surrounding social security enhancement through the NSSF Act in Uganda. By examining international, regional, and domestic prospects, this chapter has elucidated the legal mandates, policy objectives, and institutional arrangements that govern social security provision in the

⁴³ East African Community. EAC Social Security Policy Framework (2011).

⁴⁴ Common Market for Eastern and Southern Africa (COMESA). (2015)

country. By aligning national policies with international and regional frameworks, Uganda can leverage international cooperation and regional integration efforts to strengthen its social security systems and promote inclusive and sustainable development. Through targeted policy interventions, legislative reforms, and institutional strengthening initiatives, Uganda can advance its social security objectives, ensuring that all citizens have access to adequate and equitable social protection.

3.5 CHAPTER SYNOPSIS

This chapter provides an in-depth analysis of the legal framework governing social security enhancement, encompassing domestic, international, and regional laws and agreements. It begins by examining the National Social Security Fund (NSSF) Act and other relevant statutes in Uganda, detailing their provisions related to coverage, benefits, contributions, and administration. The chapter then explores key international legal instruments such as the International Labour Organization (ILO) conventions and human rights treaties, elucidating their significance for social security provision. Additionally, it delves into regional agreements within the East African Community (EAC) and other blocs, assessing their impact on harmonizing social security policies and practices. Through this comprehensive examination, this chapter offers valuable insights into the legal foundations, principles, and challenges shaping social security enhancement in Uganda and the broader East African region.

CHAPTER 4

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

4.0 INTRODUCTION

Chapter 4 serves as the culmination of extensive research endeavours focused on assessing the impact and efficacy of the National Social Security Fund (NSSF) Act in bolstering social security provisions within Uganda. Within this chapter, a comprehensive synthesis of findings is presented, drawing from a myriad of data sources, analyses, and stakeholder perspectives. Through a meticulous examination of the research outcomes, this section endeavours to distill critical insights that encapsulate the multifaceted dynamics surrounding social security enhancement in Uganda. Moreover, by extrapolating from these insights, this chapter aims to provide a roadmap for actionable recommendations tailored to stakeholders within the social security sector. It is within this context that policymakers, practitioners, and relevant stakeholders are provided with invaluable guidance aimed at informing strategic interventions and policy reforms geared towards fortifying social protection mechanisms and fostering socio-economic resilience across Uganda.

4.1 SUMMARY OF FINDINGS

The research findings shed light on various facets of the National Social Security Fund (NSSF) and its role in enhancing social security provisions in Uganda. Governed by the NSSF Act⁴⁵ and the Workers' Compensation Act⁴⁶, the NSSF operates within a legal framework aimed at safeguarding the welfare of employees in the formal sector. Despite its wide coverage, encompassing formal sector workers, the NSSF excludes those in the informal sector, posing challenges to inclusivity. Notably, the NSSF offers a range of benefits, including old-age pensions, invalidity benefits, and survivors' benefits, thereby contributing to social protection. However, the NSSF grapples with obstacles such as inadequate funding, inefficient administration, and limited coverage, which hinder its effectiveness. Despite these challenges, the NSSF has played a pivotal role in poverty reduction and economic development in Uganda. For instance, it has disbursed over UGX 1.3 trillion in benefits to over 200,000 beneficiaries, illustrating its tangible impact. Nevertheless, with a coverage rate of only 15% of the total

⁴⁵ Ibid

⁴⁶ Ibid

workforce and a funding gap of UGX 300 billion, the NSSF faces pressing issues that necessitate attention to ensure its continued efficacy in addressing social security needs in Uganda.

Additionally, the research findings underscore the importance of addressing the systemic challenges facing the NSSF to maximize its potential impact on social security enhancement. Inadequate funding poses a significant barrier to the NSSF's ability to fulfill its mandate effectively, leading to delays in benefit payments and compromised service delivery. Furthermore, inefficiencies in administration, including bureaucratic bottlenecks and cumbersome processes, contribute to operational challenges that undermine the NSSF's capacity to serve its beneficiaries promptly and efficiently. These structural deficiencies highlight the urgent need for targeted reforms and strategic interventions to streamline the NSSF's operations, enhance its financial sustainability, and expand its coverage to encompass a broader segment of the population.

Moreover, the research findings emphasize the critical role of the NSSF in contributing to broader socio-economic development goals in Uganda. By providing social security benefits to retirees, disabled individuals, and survivors of deceased members, the NSSF not only alleviates immediate financial burdens but also fosters long-term resilience and stability within communities. The infusion of pension funds into the economy stimulates consumption and investment, driving economic growth and creating employment opportunities. Furthermore, by reducing poverty and vulnerability, the NSSF promotes social cohesion and equity, laying the groundwork for sustainable development and inclusive prosperity. Recognizing the multifaceted impacts of the NSSF, policymakers must prioritize efforts to address its operational challenges and strengthen its institutional capacity, thereby ensuring that it remains a cornerstone of Uganda's social protection framework.

4.2 CONCLUSIONS

The National Social Security Fund (NSSF) emerges as a cornerstone of social security provision for employees in Uganda's formal sector, playing a pivotal role in safeguarding their financial well-being during retirement and times of need. By offering various benefits such as old-age pensions, invalidity benefits, and survivors' benefits, the NSSF serves as a crucial safety net for individuals and their families, providing a sense of security and stability in an ever-changing economic landscape. Its presence not only ensures that employees can retire with dignity but also

instills confidence in the workforce, fostering productivity and long-term career planning. However, while the NSSF's mandate is clear, its operational challenges threaten to undermine its effectiveness and erode public trust. Addressing these challenges is paramount to sustaining the NSSF's vital role in promoting social security and economic stability in Uganda.

Nevertheless, the NSSF faces formidable challenges that hinder its ability to fulfill its mandate effectively. Inadequate funding stands out as a primary obstacle, constraining the fund's capacity to meet its obligations and expand its services to a wider demographic. The repercussions of underfunding are felt throughout the system, leading to delays in benefit payments, compromised service quality, and diminished trust among stakeholders. Furthermore, inefficiencies in administration exacerbate these challenges, resulting in bureaucratic hurdles, cumbersome processes, and operational inefficiencies that impede the NSSF's responsiveness and effectiveness. Moreover, limited coverage, particularly the exclusion of workers in the informal sector, underscores the need for comprehensive reforms to ensure that social security provisions are inclusive and equitable, reaching all segments of the population.

Despite these challenges, the NSSF's impact on poverty reduction and economic development in Uganda cannot be overstated. By providing social security benefits to retirees, disabled individuals, and survivors, the NSSF contributes to the alleviation of financial hardship and vulnerability, thereby fostering social cohesion and resilience within communities. Moreover, the infusion of pension funds into the economy stimulates consumption and investment, driving economic growth and creating employment opportunities. Additionally, by promoting long-term savings and financial planning, the NSSF cultivates a culture of economic empowerment and self-reliance among its beneficiaries, laying the foundation for sustainable development and inclusive prosperity in Uganda. As such, efforts to address the NSSF's challenges must be prioritized to ensure its continued contribution to the socio-economic advancement of the nation.

4.3 RECCOMENDATIONS

The government should prioritize increasing funding to the National Social Security Fund (NSSF) to address the funding gap and ensure the timely payment of benefits to its beneficiaries. Adequate funding is essential to sustain the operations of the NSSF and meet its obligations effectively. By allocating sufficient financial resources, the government can enhance the stability and reliability of the NSSF, instilling confidence among stakeholders and promoting

long-term sustainability. Additionally, increased funding will enable the NSSF to expand its services and improve the quality of its offerings, further enhancing social protection for formal sector employees in Uganda.

In addition to traditional funding sources, the NSSF should explore innovative financing options, such as public-private partnerships (PPPs), to diversify its funding base and bolster its financial resilience. Collaborating with private sector entities can provide the NSSF with access to additional resources, expertise, and technology, facilitating its growth and development. By leveraging PPPs, the NSSF can tap into new sources of funding while sharing risks and responsibilities with private partners, thereby enhancing its capacity to fulfill its mandate and deliver value to its beneficiaries.

To promote inclusivity and equity in social security provision, the NSSF should prioritize expanding its coverage to include employees in the informal sector. Given the significant proportion of Uganda's workforce engaged in informal activities, extending social security benefits to this segment of the population is crucial for ensuring comprehensive coverage and addressing socio-economic disparities. By developing targeted outreach programs, simplifying enrollment processes, and tailoring benefits to the needs of informal sector workers, the NSSF can extend its reach and impact, contributing to broader social protection objectives in Uganda.

Improving administrative efficiency within the NSSF is paramount to reducing delays in the payment of benefits and enhancing overall service delivery. Streamlining administrative processes, investing in technology and infrastructure, and enhancing staff capacity are essential steps to improve efficiency and responsiveness within the organization. By adopting best practices in governance, risk management, and internal controls, the NSSF can enhance its operational effectiveness, optimize resource utilization, and enhance the overall experience for its beneficiaries.

The government should prioritize the establishment of a comprehensive social security system that incorporates both contributory and non-contributory schemes to ensure universal coverage and address the diverse needs of the population. By adopting a holistic approach to social protection, the government can create a safety net that provides coverage across the entire socio-economic spectrum, from formal sector employees to vulnerable groups

such as the elderly, disabled, and unemployed. Such a system should be designed to be accessible, affordable, and sustainable, providing a robust foundation for social development and economic growth in Uganda.

The National Social Security Fund (NSSF) should retain its monopoly over the collection of mandatory contributions. Private schemes should only be able to compete for employees' voluntary contributions.⁴⁷ This recommendation aims to maintain the National Social Security Fund's (NSSF) monopoly over the collection of mandatory contributions while allowing private schemes to compete for voluntary contributions is grounded in the need to ensure stability, reliability, and inclusivity in the social security system. By retaining exclusive control over mandatory contributions, the NSSF can uphold consistency, uniformity, and accountability in the administration of social security benefits, thereby fostering trust and confidence among employees. This centralized approach enables effective monitoring of contributions, prevents mismanagement of funds, and ensures equitable distribution of benefits. Concurrently, permitting private schemes to vie for voluntary contributions offers employees additional flexibility and choice in managing their retirement savings, driving innovation and efficiency in the provision of social security services. However, stringent regulation and oversight are necessary to mitigate risks associated with private schemes, safeguarding the interests of contributors and maintaining the integrity of the social security system as a whole.

The proposed **Retirement Benefits Sector Liberalisation Bill**⁴⁸ should altogether be restricted to voluntary contribution schemes and the NSSF Act reviewed to incorporate modern governance standards.⁴⁹ The Bill should primarily focus on facilitating the establishment and regulation of voluntary contribution schemes, rather than introducing widespread liberalization across the entire retirement benefits sector. Restricting the scope of the bill to voluntary contribution schemes ensures that the core functions and stability of the National Social Security Fund (NSSF) are preserved, safeguarding the interests of its contributors and beneficiaries. By allowing competition and innovation in the voluntary contribution space, the bill can promote

⁴⁷ Dan Ngabirano, 2010, An Examination of the Uganda Retirement Benefits Sector Legal Regime, Challenges and Opportunities accessed at <https://cepa.or.ug/wp-content/uploads/2018/06/288783434-An-Examination-of-the-Uganda-Retirement-Benefits-Sector-Legal-Regime-Challenges-and-Opportunities.pdf>

⁴⁸ Retirement Benefits Sector Liberalization Bill 2011

⁴⁹ *ibid*

diversity and choice within the retirement benefits sector, empowering employees to tailor their retirement savings strategies to their individual needs and preferences. However, it is essential to maintain robust regulatory oversight to ensure that these schemes adhere to modern governance standards, including transparency, accountability, and risk management practices. Concurrently, the review of the NSSF Act should focus on modernizing governance standards to align with contemporary best practices, thereby enhancing the efficiency, effectiveness, and transparency of the NSSF's operations. Updating the NSSF Act will ensure that the fund remains resilient and adaptable in the face of evolving socio-economic dynamics, while also reinforcing its role as a cornerstone of social security provision in Uganda.

The National Social Security Fund (NSSF) should be overhauled to improve on governance and reduce opportunities for corruption instead of being decimated. A more strong and competent board should be put in place to improve on decision making and oversight.⁵⁰ Overhauling the National Social Security Fund (NSSF) to enhance governance and mitigate opportunities for corruption represents a proactive approach to addressing systemic challenges within the organization. Rather than dismantling the NSSF, strengthening its governance structures and enhancing oversight mechanisms can bolster its resilience and effectiveness in fulfilling its mandate. Implementing robust governance reforms, such as establishing a stronger and more competent board, can significantly improve decision-making processes, enhance accountability, and mitigate the risk of malfeasance or mismanagement. A competent board can provide strategic guidance, exercise prudent oversight, and ensure that the NSSF operates in alignment with best practices and ethical standards. By prioritizing governance reforms, the NSSF can rebuild trust among stakeholders, enhance its credibility, and reinforce its role as a reliable steward of social security funds. This approach not only safeguards the interests of contributors and beneficiaries but also strengthens the NSSF's capacity to contribute meaningfully to social and economic development in Uganda.

Mandatory contributions should be solicited from all employers in the formal and informal sectors and the current threshold of five employees done away with.⁵¹ Expanding mandatory contributions to encompass all employers in both the formal and informal sectors represents a

⁵⁰ *ibid*

⁵¹ *ibid*

crucial step towards achieving universal social security coverage and addressing disparities in access to benefits. By soliciting contributions from all employers, regardless of their size or sector, the social security system can capture a broader base of contributors, ensuring that no segment of the workforce is left behind. Removing the threshold requirement of five employees eliminates arbitrary barriers to participation and ensures that even small businesses and informal enterprises contribute to the social security fund. This approach promotes equity and inclusivity in social security provision, recognizing that workers in all sectors deserve protection and support in times of need. Moreover, broadening the contributor base enhances the financial sustainability of the social security system, spreading the risk across a larger pool of contributors and reducing reliance on a limited number of employers. Ultimately, soliciting mandatory contributions from all employers fosters a more equitable and robust social security framework, safeguarding the welfare and dignity of all workers in Uganda.

Mid-term access to benefits should be restricted to voluntary contributions and not mandatory contributions as this poses the risk of depleting workers savings and hence defeating the whole purpose of saving for retirement.⁵² Restricting mid-term access to benefits solely to voluntary contributions rather than mandatory ones is a strategic measure aimed at safeguarding the long-term financial security of workers. Allowing access to mandatory contributions mid-term poses significant risks, including the depletion of retirement savings and the potential erosion of the intended purpose of social security. Mandatory contributions are designed to provide a safety net for employees during retirement or in times of need, and premature access to these funds could undermine their effectiveness in providing long-term financial stability. By limiting mid-term access to voluntary contributions, workers are encouraged to prioritize saving for retirement and emergencies, thereby reinforcing the primary objective of social security schemes. This approach promotes responsible financial planning and ensures that workers can rely on social security benefits as intended when they reach retirement age or encounter unforeseen circumstances. By preserving the integrity of mandatory contributions and encouraging prudent savings behaviour, the social security system can fulfil its mandate of promoting economic security and well-being for all workers in Uganda.

⁵² *ibid*

A comprehensive policy on social security should be developed to guide the proposed legal reforms. The policy should specifically speak to retirement benefits as part of the broader intervention in the social security sector.⁵³ Developing a comprehensive policy on social security is paramount to providing a strategic framework for the proposed legal reforms and ensuring alignment with broader objectives in the social security sector. Such a policy should encompass various facets of social protection, with a specific focus on retirement benefits to address the needs of ageing populations and promote financial security in old age. By delineating clear objectives, principles, and strategies for social security provision, the policy can guide the formulation of legislation and regulatory frameworks, ensuring coherence, consistency, and effectiveness in implementation. Moreover, integrating retirement benefits within the broader context of social security underscores their significance as a fundamental component of social protection, emphasizing the importance of a holistic approach to addressing socio-economic risks and vulnerabilities across the life course. Through a comprehensive policy framework, Uganda can enhance the resilience, inclusivity, and sustainability of its social security system, ultimately advancing the well-being and dignity of its citizens.

4.4 CHAPTER SYNOPSIS

This chapter encapsulates the culmination of the research journey, offering a synthesis of key insights, recommendations, and conclusions derived from the study. The chapter begins with a comprehensive summary of findings, presenting a detailed overview of the research outcomes, including insights into the coverage, accessibility, adequacy, efficiency, and effectiveness of social security provisions under the National Social Security Fund (NSSF) Act in Uganda. It provides concrete examples and empirical evidence to support the findings, offering a nuanced understanding of the complexities surrounding social security enhancement. Following the summary of findings, this chapter transitions into the conclusions drawn from the research, highlighting the implications of the findings for social security policy, practice, and advocacy in Uganda. It reflects on the significance of the research outcomes in addressing socio-economic challenges, promoting inclusive development, and advancing social protection initiatives. Moreover, the chapter presents actionable recommendations for policymakers, practitioners, and stakeholders in the social security sector, offering strategic insights into policy interventions,

⁵³ *ibid*

programmatic initiatives, and institutional reforms aimed at strengthening social security provisions in Uganda. These recommendations are grounded in the research findings and seek to address identified gaps, challenges, and opportunities within the existing social security framework. Through a robust synthesis of findings, conclusions, and recommendations, the chapter serves as a vital resource for informing evidence-based decision-making, fostering dialogue, and driving positive change in the realm of social security enhancement in Uganda.

BIBLIOGRAPHY

STATUTES

1. Employment Act 2006
2. National Objective and Directive Principle of State Policy No. XIV
3. National Social Security Fund (Amendment) Act 2000
4. National Social Security Fund (Amendment) Act 2022
5. Retirement Benefits Sector Liberalization Bill 2011
6. The constitution of the Republic of Uganda of 1995 as amended.
7. The National Social Security Fund Act, Chapter 222
8. The Social Security (Minimum Standards) Convention, 1952 (No. 102)
9. Uganda Retirement Benefits Regulatory Authority (URBRA) Act 2011

INTERNATIONAL AND REGIONAL CONVENTIONS AND AGREEMENTS

1. African Union's Social Policy Framework for Africa 2008
2. Common Market for Eastern and Southern Africa (COMESA). (2015)
3. East African Community. EAC Social Security Policy Framework (2011).
4. East African Community. Social Security Agreement (2012).
5. The Social Security (Minimum Standards) Convention, 1952 (No. 102)

CASE LAW

1. George Ndagijimana v Uganda Printing and Publishing Corporation [2001] KALR 438
2. National Social Security Fund v MTN Uganda Ltd & Anor (Civil Suit No. 94 of 2009) [2011] UGCommC 80 (12 July 2011)
3. NSSF v. Makerere University Guest House 2018

TEXTBOOKS, JOURNALS AND ARTICLES

1. Bryman, A. Social research methods. Oxford University Press (2016).
2. Creswell, J. W., & Plano Clark, V. L. (2017). Designing and conducting mixed methods research. Sage publications.
3. Dan Ngabirano, An Examination of the Uganda Retirement Benefits Sector Legal Regime, Challenges and Opportunities (2010) accessed at <https://cepa.or.ug/wp->

[content/uploads/2018/06/288783434-An-Examination-of-the-Uganda-Retirement-Benefits-Sector-Legal-Regime-Challenges-and-Opportunities.pdf](https://mglsd.go.ug/wp-content/uploads/2018/06/288783434-An-Examination-of-the-Uganda-Retirement-Benefits-Sector-Legal-Regime-Challenges-and-Opportunities.pdf)

4. ILO (2017). Social security for all: Investing in social security for a fairer and more equitable society. International Labour Office.
5. Kweskin, A. Uganda's social security system: A review of the challenges and opportunities. *Journal of Social Security and Social Policy*, (2017). 16(2), 1-12.
6. Mugerwa, G. Social security in Uganda: A review of the National Social Security Fund. *Journal of Social Security and Social Policy*, (2017). 16(1), 1-15.
7. Namatovu, R., Sserunkuma, D., & Nambi, S. (2020). Access to Social Security Benefits among Informal Sector Workers in Uganda: Challenges and Opportunities. *Journal of Social Policy*, 45(4), 487-502.
8. National social protection policy uganda, ministry of labour, Gender and social Development (2015), accessed at <https://mglsd.go.ug/wp-content/uploads/2021/05/National-Social-Protection-Policy-uganda.pdf> on 1st May 2024
9. Patton, M. Q. *Qualitative research & evaluation methods: Integrating theory and practice*. (2015) Sage publications.
10. Robson, C. *Real-world research*. John Wiley & Sons. (2016).
11. social security in Uganda, a critique of a senior citizen's gran, progress and challenges by Mubangizi Prosper 2018
12. The status of social security system in Uganda- challenges and opportunities, Paul Bakuluki and John Bosco Mubiru, 2014
13. Uganda National House Hold Survey, 2010