1. Introduction of the Group on Uganda

1. Winson Jah - Liberia
2. Michael Cyril Itoka - Liberia
3. Paul Maganga - Tanzania
4. Kalaemang Sebego – S.A.
5. D.G Sigonda - TANZANIA
6. Afrah Alahmadi – Yemen
7. Judith Ndissi – Tanzania
8. Fidelis M Kashumba – TZ
9. Maurice Odiembo-Uganda
10. Waiswa Henry- Uganda
11. Dison Okumu - Uganda
1.2. Geography
2. Demographic and Economic Characteristics

2.1. Demographic Characteristics

2.1.1 Population:
- 32.4 million (2009);
- 0 -14 (50%), 15-64 (47.9%), 65+ (2.1%)
- Population growth rate = 3.6% p.a; Total fertility rate = 6.73 per woman
- Population below poverty line - 35% (2009)

2.1.2. Life expectancy at birth:
- At birth: Men (51.7 yrs), Women (53.8 yrs) At retirement: 13.4/14

2.1.3. Labor force (mainly in the informal sector – Subsistence Agriculture):
- 15.01 million (46.3%),
- unemployment. @ 3.2%,
- Retirement ages: 60 yrs (compulsory); 45 yrs (Volun.)

2.1.4. Dependency rate:
- 23%. will increase to 35-40% next 70 yrs
2. Demographic and Economic Characteristics

2.1. Demographic Characteristics

UGANDAN AGE PYRAMID

Source: U.S. Census Bureau, International Data Base.
2. Demographic and Economic Characteristics

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UGANDAN AGE PYRAMID

Source: U.S. Census Bureau, International Data Base.
2. Country Demographic and Economic Characteristics

2.2. Economic Characteristics

2.2.1 GDP growth:
- 5.8% (2009/2010),
- 7.2% in 2008,
- 8.7% in 2007.

2.2.2 Inflation
- 9.4% (2010),
- 12.6% 2009,
- 12.1 (2008);

2.2.3 Public pensions expenditure
- 0.6% of GDP (1997) will increase to 2.2% of GDP in 70 yrs.
- large pension liability = 27% of GDP in mid-2007
3. Description of Existing Pension System(s)

3.1 Immature Pension System: No national Pension System (Pea-in-the-Pod) but there are a number of schemes serving a small portion of the population, namely:

3.1.1 NSSF – where all private sector employees make mandatory contribution;

3.1.2 PSPF – for public employees (public servants)

3.1.3 Local Government Scheme (same as PSPF with decentralized administration)

3.1.4 Armed Forces Scheme

3.1.5 Occupational Pension schemes (Parastatals, Banks, Telecom Cos, etc)
### Uganda Existing Pension Schemes

<table>
<thead>
<tr>
<th>No.</th>
<th>SCHEME NAME</th>
<th>TYPE</th>
<th>POPN SERVED</th>
<th>No. OF MEMBERS</th>
<th>FINANCING MECH.</th>
<th>LEGAL FRAMEWORK</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>NATIONAL SOCIAL SECURITY FUND</td>
<td>DC</td>
<td>PRIVATE</td>
<td>300 000</td>
<td>MANDATORY</td>
<td>NSSF ACT</td>
</tr>
<tr>
<td>2</td>
<td>OCCUPATIONAL PENSIONS SCHEME</td>
<td>DC</td>
<td>PRIVATE</td>
<td>N/A - 50 - 60 SCHEMES</td>
<td>VOLUNTARY</td>
<td>UG. INSURANCE ACT</td>
</tr>
<tr>
<td>3</td>
<td>PUBLIC SERVICE PENSIONS SCHEME</td>
<td>DB</td>
<td>PUBLIC</td>
<td>250 000</td>
<td>NON-CONTRIBUTORY</td>
<td>PENSIONS ACT</td>
</tr>
<tr>
<td>4</td>
<td>ARMED FORCES PENSION SCHEME</td>
<td>DB</td>
<td>PUBLIC</td>
<td>N/A</td>
<td>NON-CONTRIBUTORY</td>
<td>A.F. PENSIONS ACT</td>
</tr>
</tbody>
</table>
4. Reform Needs

1. Increase coverage (currently only @ 1%)
2. Review Provident Fund Vs Pensions Mix/Structures
3. Need for separate Social Security schemes**
   Recommendation
4. Review retirement age, vesting period
5. Strengthen Governance
6. Legal/regulatory reforms
7. Financing structural reforms
8. Administrative and capacity reforms.
9. Need to liberalize the Retirement benefits sector
5. Challenges

5.1 Lack of overall regulatory framework
5.2 Compliance and enforcement of law (Registration, Collection, etc)
5.3 Fiscal sustainability in the long run
5.4 Resistance for change from Lump sum payments to annuities
5.5 Political will
5.6 Implement Good governance
6. Enabling Conditions

6.1 Political will to undertake reforms
- Govt. is committed to settle pension liabilities
- Retirement Benefits Authority Bill tabled in Parliament
- Another bill to liberalize the sector in offing

6.2 Financial Market is growing

6.3 Favourable demographic environment
(Population is young and employment opportunities exist)
7. Technical Feasibility of the reform

1. Need for improved coverage through Pillar Zero for those above 65.
2. Reform current Provident Fund for those in private sector into Pensions Schemes
3. Introduce Individual Retirement Pension Schemes for those in self-employment and on contract through MDC schemes
4. Increase vesting period and retirement age
5. Introduce penalty for early retirement
6. Liberalize the Retirement Benefits sector
7. Legal framework to be reviewed
8. Reform Proposal and Justification

- Liberalize the Retirement benefits sector to encourage competition and expand coverage
- PSPS be restructured from DB to DC and indexed to ensure adequacy and financial sustainability.
- Expand coverage to reduce old age poverty
- Introduce regulator to ensure fair play and efficiency in the sector
9. Consensus Building Strategy

All stakeholders should actively participate in the reform process through:
9. Consensus Building Strategy

- Ensuring the credibility of the regulator (appointment process, independence, etc)
- The Regulator ensuring Service providers, Employers and employees (Rep.) meet regularly to review sector performance
- Regulator launching sensitization campaigns on importance of pensions through outreach and public education
- Training of trustees and Pension managers to share the reform vision
10. Communication Strategy
10. Communication Strategy

Objectives:

1. To separate the Reform agenda
2. Influence peoples’ behaviour to save for the future and avoid myopia moral hazards

- Media campaign through print and electronic media (participatory Radio and TV talk shows)
- Road shows
- Music and Drama
- Mobile phone sms
- Townhall meetings
- “Barazas”
11. Summary

- Uganda currently has no national pensions scheme
- Need to set up a regulatory framework
- Liberalize the retirement benefits sector
- Improve coverage to include all population in the labour force (public, private, individual, etc)
- Ensure financial sustainability by reviewing contribution rate, retirement age, vesting period, replacement rate,
- Improve economic efficiency by reviewing benefit payment systems
- Enhance administrative efficiency by exercising Good Governance, better record keeping, lower admin. Costs
- Ensure security, confidence and trust in Pension systems by assessing and mitigating risks.
12. The End

Thank You