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Tweeter Chat Report 8th May 2020

To allow or not to allow mid-term access to NSSF savings as emergency relief during Covid19 pandemic

Background

The continued locked down in Uganda has birthed several different social and economic aspects; directly and indirectly affecting the well-being of the people. The global outbreak of Covid-19 and the response by the government of Uganda has had a great impact on employees' personal savings. This has resulted in public outcry for mid-term access to the saving with the National Social Security Fund (NSSF) meant to be accessed upon retirement age and other peculiar situations.

This has since sparked debate on policy and law of NSSF in various arenas including the corridors of Parliament. The Rt. Hon Speaker Rebecca Alitwala Kadaga lamented in an interview that: "there's the argument that people should not access their savings before 50 years. What's the point of me saving money and I die; and other people use it." As such, the NSSF through a publicity campaign against stakeholders demanding to use their saving amidst Covid-19 stated that the fund has no legal basis upon which to make ad hoc payments. As a result of the outcries of the stakeholders, NSSF argued that the social security scheme was only created to cater for members at retired, old age, permanent incapacitation and in the event of death of a member. It is therefore on this basis that CEPIL as a civil society convened an online discussion to expound more on this contention for the interest of the public.

The Highlights

- Currently the NSSF policy and law cater for; Age Benefit, Invalidity Benefit and Survivors Benefit. However, the proposed amendment of the NSSF law in Parliament suggests mid-term access due to situations such as; Medical, Unemployment, Education and Housing and these would come from voluntary contributions rather than mandatory ones.
- Mid-term access to the NSSF savings after 10 years is a great proposition in the amendment as it supports members in their prime to access mortgages and loans instead of waiting for only retirement benefits.
- NSSF is certainly not an emergency fund. It is designed to cover long-term life cycle risks; age and retirement, disability and death all of which threaten the workers' income security. Emergency or contingency funds address short-term covariate risks like floods, epidemics.
- The current NSSF law does not support partial withdrawal. If the law was changed, we would comply but we have advised government that such a move would be disruptive to the financial system and the economy generally. We would have to sell assets in a depressed market.
- NSSF is actively involved in the NSSF bill that is before Parliament. A lot of the input into the reform amendment was from the research we have conducted at NSSF since 2010 when I joined as managing director.
- The NSSF bill provides opportunity to redesign NSSF to provide better income security with ability to offer short-term benefits earlier in life such as maternity, medical, unemployment and other innovations. This is a practical way to attract more members even voluntarily.
- Most of the member views have been captured to inform the new bill, this is because 70% of our membership is less than 30yrs and their requirements are different to those in the old law of 1985.

SUMMARY

To better understand the dynamics posed by this legal phenomenon, CEPIL called for an online dialogue to unravel technicalities surrounding mid-term access to social security savings. For a more fruitful conversation, CEPIL sought out for legal experts endowed with knowledge on constitutional interpretation to lead the deliberations. The Identified legal minds included:



Mr. Richard Patrick Byarugaba, Managing Director - National Social Security Fund (NSSF)

Mr. Arnold Kwesiga, Policy Analyst and Coordinator – Uganda Consortium on Corporate Accountability (UCCA)



Ms. Lydia Bwiite, Manager Rights, Social Protection Accountability – Platform for Labour Action (PLA)

Mr. Lambert David Tumwesigye, Policy and Advocacy Advisor - Expanding Social Protection Programme (EPPS)



The Highlights Cont'd

- The proposal within the new law is to allow members to continue to save 15% for old age but make a voluntary contribution of up to another 15% to cater for midterm access. Also tax incentives are being proposed to help members save more.
- The impact of selling back the bonds would be a big loss to the fund as it would have to be done at a discount. In addition, it would stifle liquidity in the financial systems and could also result in there being fewer funds for companies to borrow from the banking system

Recommendations

- In order for the amendments to cover everything, we need all stakeholders to be involved in amendment processes more so the most venerable workers and not forgetting the unemployed struggling to get business startups.
- #COVID19UG should catalyse the reform process but we should not be distracted to believe that there's a practical immediate solution at NSSF. The law will address the future risks and Government should find cheaper relief alternatives.
- It is important to remember the 2 cardinal roles of the social security which are; to enable people continue living dignified lives either at retirement or and when faced with a calamity that adversely affect their income.
- It is critical that social protection should not always be looked at as a legal basis but also make considerations on moral and ethical and humanity grounds. This flexibility should factor in case by case basis to assist members when they are at their most need.

Quotes of the day

"Let's not make the law defeat the purpose of social protection. The primacy of human rights and dignity of the individual should be a core of the framework."

**– Arnold Kwesiga, Policy Analyst
Coordinator UCCA**

"I think given the constraints within the law, the current break given to employers is the next best available option."

**Richard Patrick Byarugaba,
Managing Director, NSSF**

"The NSSF amendment bill is an important opportunity to reform the scheme and provide benefits that address most life-cycle risks."

**David Lambert Tumwesigye,
Policy and Advocacy Advisor,
ESPP**

"NSSF should just embrace emergency benefits but only for extreme setting. We also do not want again to make NSSF look like a SACCO."

**– Lydia Bwiite, Manager Rights,
Social Protection Accountability, PLA**



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