

How informal sector can be drafted into saving schemes

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The employment structure in Uganda dictates that you either belong to the informal or formal sector.

The former employs more than 70 per cent of the labour force, typical of a developing country according to Uganda Bureau of Statistics 2014 figures.

Unfortunately, Ugandans employed in the informal sector have no formal channels through which they can save for the future.

It is only out of a voluntary feeling that one can put money aside or in an investment to get back after retirement.

And as such, when people in this fold fall or are incapacitated from working it is very easy to slide into poverty or may fail to look after themselves.

A case in point is Emmanuel Kibirige, a miner in Mubende District.

"For a miner, there are no specific salaries a month. Sometimes you hit a jackpot and other days you starve," he says.

Mubende District had more than 20,000 miners, at the beginning of last year. However, many of them, according to Kibirige are no longer mining because of a government ban that was issued recently.

"For us we save by get-

ting money and buy an asset such as land, cows or establish a farm. Otherwise, majority of miners did not go to school to get formal employment where you are mandated to save," he adds.

Although the sector is informal, many earn more than what those saving through recognised pension schemes.

"I may not give you a specific figure but just know a miner who has a mine can never be employed for Shs1.5m," Kibirige adds.

However, National Social Security Fund managing director Richard Byarugaba, last year said they had started a voluntary scheme for people employed in the informal sector to enhance savings and NSSF's growth.

"The NSSF Voluntary Membership Plan will enable employers and members not covered by the mandatory provisions to save," he said.

Giving assurances on the viability of the Plan, given the low savings culture in Uganda, Byarugaba said NSSF had already tested the market and received positive feedback.

"We have been piloting this plan and it has been well received. As at end of May 2017, we had recruited 3,017 voluntary employers, and have collected over Shs2.6b," he added.