

BLACK MONDAY

Newsletter

Citizen Action Against theft of our money without SHAME!

EDITORIAL

Dear Ugandan Workers,

The month of May marks a global commemoration of all workers in both public and private sectors. This seventeenth edition takes stock of the status of the Ugandan worker and how the entire labour market structure reeks of corruption. It is important that workers take time to reflect on their dignity and plight as they labour to contribute to their own livelihoods and the economic growth of this country.

We also take time to discuss the history of the National Social Security Fund (NSSF); the idea behind its set up and the different socio-economic policies that have been used to turn it around. We believe that workers' retirement benefits are very fundamental in ensuring their social security and future survival and thus shouldn't be mishandled as has been the case.

The Black Monday Movement will continue to advocate for the rights of the Ugandan worker amidst the high levels of mal-administration and skyrocketing theft of the vulnerable workers' pension funds and the politics intertwined within the labour sector.

It is our duty as Ugandans to rise up and challenge these issues and demand for accountability from the duty bearers. We all have a role to play and so let us not be silent but stand up to challenge the status quo. Together we can kick theft out of our country.

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Workers' livelihoods suffocated by grand theft and selfishness



Trainee nurses at Mulago School of Nursing and Midwifery on a sit-down strike to protest poor sanitation and perennial power outages at their hostel. Workers have a right to dignity and respect as they execute duties.

During the month of May, Ugandan workers like their counterparts all over the world in both public and private sectors, will spend the day on parade in its commemoration. As we observe this yearly ritual, workers must reflect on their plight, renew their fight for economic security, better life, in defence of human dignity and peace in the nation.

Workers' Day, otherwise called May Day or Labour Day, is also an auspicious moment to reflect on the inhuman and dispiriting conditions in which many of the Ugandan workers subsist. In practical terms, the Ugandan worker is a living testimony of the disconnect between the ruling elite and the masses. For many years, Ugandan workers have been in the shackles of rudderless political machinery, which sacrifices the welfare of the people on the "altar" of other interests.

For the vulnerable senior citizens, who have toiled and are expectant of a rewarding life as pensioners or retirees, a weakly administered pension system has not only been a problem but a failure; a grand theft of the pensions by government officials charged with the safe-keeping and management of the funds. This has been one of the

most "spectacular" tragedies of the nation. The harrowing experiences of pensioners over the collection of their paltry gratuity, as well as alarming stories of fraud perpetrated on the pension accounts are testament to a nation fast losing its soul.

In the mid-1990s, the first reports of what would later become the norm were published. Former employees of the defunct East African Community at first complained and later took to the street protests over their unpaid gratuity. Former servicemen of the defunct 1970s Uganda Army also demanded, but did not receive their outstanding benefits. Then, recently retrenched civil servants revealed that their retirement packages had still not been paid. Since then, the media has regularly reported on unpaid policemen, unpaid teachers, unpaid civil servants or employees getting their June salary in October.

When civil servants who had remained in government saw how their former colleagues were being mistreated and their gratuity delayed, they took note of this and realized that the same fate awaited them. From that point on, the main concern on the minds of many civil servants has been to grab what they could, as fast as possible, and "secure"

their retirement with the assumption that they might not get a retrenchment package. It cannot be a coincidence that starting in the 1990s corruption in Uganda suddenly took on an extraordinary form. Around the time that government pool houses were being sold off, civil servants had to wait for months and years to get paid.

The second layer of corruption has come from the growing private sector of the economy. On the face of it, the privatization of the Ugandan economy was intended and expected to act as a replacement for the public service sector, which was regarded as bloated and inefficient. The belief was that the competitive, for-profit environment in which the private sector operates would see high recruitment standards, constant improvement of products and services and elimination of waste and unproductive employees.

For the first few years of the economy opening up, 1991 to 1995, there were indeed signs that the new airlines, television and FM radio stations, cell phone and Internet service providers, hotels and so forth were a breath of fresh air in Uganda's economy.

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The NSSF tale: Where is hope of workers' savings?

Uganda, like other East African countries had a pension scheme for its workers in the post-colonial era. The social security Act was established in 1967, enforced in 1968 and later amended to the Social Security (Amendment) Decree 33 of 1972. The initiators of NSSF had a dream to grow this fund to the extent that it would in future deal with worker focused strategic areas such as the housing sector of the workers where housing estates should have been set up in key regional centers for the workers to acquire cheaply through their savings. Other dream investment options included power generation such as construction of hydro-electricity dams to enable workers access power and contribute to national economic growth. The higher education loan schemes, that now has to wait for a few billions from government, was another dream future investment intended to cut the cost of accessing tertiary education for children of Ugandan workers. The NSSF scheme was also planned to be a major investor in the workers' national health insurance fund. This initial NSSF grew under the oversight of Ministry of Labour a ministry with internal expertise in employment, workers' rights and wellbeing. Unfortunately over the years successive governments did not invest in investment fund management capacity of the ministry of labour and this loophole returned to haunt the NSSF at the risk of workers money.

What we now have as the National Social Security Fund (NSSF) was created in December 1985 under the NSSF Act after repealing the Social Security Act 21 of 1967 and the Social Security (Amendment) Decree 33 of 1972. It was set up as a government agency to collect process and disburse monies of the Ugandan workforce when they eventually came up for retirement. The idea was to create a social safety net, a retirement package through their accumulated savings deducted monthly from their salaries and wages. Since its establishment a number of policy reforms have been undertaken that have seen workers make serious losses. A few months after the NSSF establishment, the National Resistance Army-NRA rebel group of the then youthful President Yoweri Kaguta Museveni overthrew the Tito Okello government, and a new regime, the National Resistance Movement-NRM, took over the reins of power. For the first ten years of the NRM government, little was heard by the public about the NSSF. It was a virtually unknown department under the Ministry of Labour, with a small head office located along Nakasero Road in Kampala.

However on 31st December 2004 the responsibility for the oversight of NSSF was suddenly moved from

the Ministry of Gender Labour and Social Development to the Ministry of Finance Planning and Economic Development (MFPED), apparently following a report to the executive that advised that the later had internal capacity for managing finances, which was deemed lacking in the former. To many Ugandans, this rather dramatic shift of oversight roles without any consultation with the labour movement was a cause for fear for the safety of workers' savings. Stories started circulating that high profile government-favored individuals and firms would soon access and abuse the fund. Indeed the fears of these Ugandans were yet to be confirmed with what followed concerning the management of the fund and the individuals involved.

In 1998, construction on a new head office called Workers' House was halted after disputes over the building contract to a Kenya-registered company called ALCON. Workers' House was planned as a 15-storey complex in the middle of Kampala's central business district. Later the contract was re-awarded to the Kampala-based firm Roko Construction. Ugandans began to take note of the NSSF when its modern-looking building, with blue tinted glass, was completed.

Construction of this new tower had been made possible by the savings of Uganda's work force. That was eye-opening to many and gave the impression that the NSSF must have a lot of money, much more than had ever been imagined. Like several other government-owned profit-making entities, NSSF now became a cash cow at the disposal of the government and soon became a sensitive political issue. Patronage, competing bids for tenders and influence peddling on who would be appointed in various positions at the NSSF became the norm.

The NSSF soon expanded its horizons from being simply a depository for employees' retirement benefits and into an ambitious hedge fund of sorts, actively seeking high interest investment opportunities. It bought shares in various Initial Public Offerings on the Nairobi Stock Exchange and other investment openings. In 2008, it proposed to buy land on which to invest in construction of 5,000 units of low-cost houses for rent or purchase.

It was at this point in February 2008 that the NSSF was hit by the unwelcome publicity now infamously referred to as the "Temangalo scandal". Temangalo soon became a political hot-potato that raged for three months over the decision by the NSSF to buy over 400 acres of land from two cabinet ministers: Amama Mbabazi, Ezra Suruma and a businessman, Amos Nzeyi and all high profile in the ruling National Resistance Movement Organisation-

NRMO. Soon the media was awash with all sorts of stories claiming that under political pressure, NSSF executives were forced to buy this land at a price several times higher than its true value.

Reports have since 2005 suggested that the NSSF has been turned into a source of election financing and other forms of favours. In a two-part interview with the US-based Sahara TV station recorded on 18th February and 25th February, 2014, the former Minister of Labour, now living in exile, Zoe Bakoko Bakoru, alleged that over \$5 million (about 12.5 billion shillings) was being looted from the NSSF every month. When she took action to stop this pillaging, she ran into trouble with the country's powerful political leadership. In these interviews, available on the video-archiving website YouTube, Bakoko Bakoru claims that the prime culprits in the embezzlement of money from the NSSF are President Museveni and his brother Gen. Salim Saleh. Only time will tell the final truth of this rather obscure story only available to minorities who have the necessary social media skills and facilities to access YouTube.

The Temangalo scandal was among other major fraud scandals that have seen a number of the Managing Directors like David Jamwa Chandi and Onegi Obel appear before the courts of law and later sent to prison. These scandals that have been orchestrated by political leaders sums up the story of how a fund originally created in 1967 with big dreams as the depository of the savings of Uganda's employees, which initially succeeded in accumulating valuable capital and assets is now having to face "the innovativeness" of modern thieving elites in Kampala. The workers who were originally meant to benefit from the fund have instead been treated to breaking news of theft scandal after scandal.

This is a typical Ugandan story from the collapsed cooperative bank and demise of the farmers growers unions, and the privatisation of government parastatals such as Dairy Corporation, the coffee, lint, and produce marketing boards that once provided markets and eventually employment and household income for the majority farmers all-round the country. In all these cases the ordinary Ugandan lost wealth and employment to the ruling political elite of Uganda. Unfortunately the workers Unions now fractured into meaningless petty in fights cannot provide any serious leadership beyond appealing to the president to protect their investments at NSSF at the Labour Day celebrations year in year out like was the case and the Ntungamo Labour Day celebrations this year, 2014.

As if the above scandals are not enough to break the NSSF, parlia-

THE NSSF PARADOX

- HOUSING INVESTMENT PLAN**
Was supposed to construct workers' housing regional centres with housing estates for workers to occupy after 20 years of saving
- DAMS INVESTMENT PLAN**
Invest in power generation and build dams
- EDUCATION INVESTMENT PLAN**
Invest in higher/tertiary education and student loans
- HEALTH INVESTMENT PLAN**
Invest in workers' national health insurance fund



TIMELINE ON NSSF

- 1967**
● Established under the Social Security Act
- 1972**
● Amended to Social Security (Amendment) Decree 33 of 1972
- 1985**
● NSSF created under the Social Security Act
- 2004**
● NSSF moved from Ministry of Gender, Labour and Social Development to Ministry of Finance Planning and Economic Development to manage the large sums of money collected

PROPOSALS AND LAWS

- Liberalization of the pension sector
- Privatize NSSF
- Creation of the Retirements Benefits Regulatory Authority
- Government proposes to borrow from the fund to cover budget deficits.

What happened to the Dream NSSF?



THEFT SCANDALS

- Temangalo
- Nsimbe Estates
- Block 4, Plot 434, Namirembe

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ment recently passed a law to end the NSSF monopoly and bring in other private business players in the pension management sector hence creating the Retirement Benefits Regulatory Authority alongside other government entities that will regulate, oversee and protect all workers pension schemes. The government will still draw funds from the workers' savings to run these entities that will reduce one's saving percentage. The debate among the citizens currently is whether opening up the sector to entirely business minded play-

ers will be a better option than having a monopoly institution managing the workers' funds. The fund which originally was set up to improve the workers' key service delivery sectors stands at the crossroads yet this is the only semblance of the welfare state Ugandans can talk of and government must pay attention to. One wonders up to today: why didn't we adhere to the very first objectives of setting up the fund and where is the Ministry of Gender, Labour and Social Development in all this? What guarantees has

government exactly put in place to secure the only worker saving talk of in this country? All Ugandans must wake up, meaning "Zuukuka" and ask the right questions of government about the fate of their NSSF savings in particular and the pension schemes agenda in general in this country or forever stay silent at their own peril. This story is a paradox indeed!

ZUUKUKA! ZUUKUKA!
 ZUUKUKA!
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Workers' livelihoods suffocated by grand theft and selfishness

FROM PAGE 1

Soon, though, reality set in. The political and legal environment allowing private sector activity had been put in place but the private sector itself did not have the full range of tools by which to achieve desired capacity to operate efficiently. There were still few chartered accountants, lawyers, labour and human resources specialists, sales and advertising executives, middle and top managers and qualified staff in Uganda at the time.

Many companies operating in Uganda found it necessary to hire personnel from neighboring Kenya to fill in the gap. Management of these newly-founded private corporations often did not offer contracts and clearly defined terms of reference, many paid wages not significantly different from the government civil service and the Ugandan workers found themselves laboring for companies that sounded glamorous to the public but which for their staff members were a source of frustration.

At the same time as the economy was opening up to private investment, the public sector was entering a period of decline; government hospitals, schools and other services that were once affordable, free and relatively efficient started to fall into disrepair in the late 1990s. The re-introduction from 1964 of Universal Primary Education (UPE) in 1998 greatly increased the number of enrolled pupils, but did not retain them and failed to maintain standard of education in public schools.

By the mid 2000s, right from Mulago Hospital to the government schools, everything of a government-owned nature had become synonymous with the sub-standard and rot. Ugandans who could afford to were forced to turn to private clinics, hospitals and schools for a quality of service that government institutions could no longer offer. And yet, as many would later discover to their dismay, the private hospitals, telephone companies, hotels and schools could be just as incompetent as their government counterparts. Frequent dropped calls by the telecoms companies, poor food quality in hotels, poor customer service by the main electricity distributor and unreliable ATMs at commercial banks and poor editing at private newspapers meant that the experience of Ugandans had remained the same under privatization as under the era of a state-run economy.

So many issues regarding the labour status of many Ugandans remain unresolved today. There is no official minimum wage in Uganda, no clearly defined number of hours of work per employee, no enforcement of workers' rights and contracts and few places for workers to report abuses at their places of employment. This corporate and workplace corruption does not make much news because of the intertwining interests of the corporate establishment and the news media. The news media makes its real profits from advertising and corporate sponsorship, making it difficult for the media to expose the same corporate interests on which they depend for their financial sustenance.

All this history over the last 23 years points to the critical part played by lack of labour rights as part of Uganda's corruption story in and of itself. But it is also the story of how much the rising costs of housing, medical care and education in a country without a minimum wage, or a living wage or job security have all contributed to desperate Ugandans turning to bribery and white-collar crime to try and make ends meet. Ugandans need to rise up, look into these issues and demand for accountability from the government. There should be serious commitment on setting a minimum wage to secure the dignity of Ugandan workers. The high levels of corruption both in private and public sector must be dealt with to ensure that the economy is transformed to finally benefit the Ugandan worker.

— By Timothy Kalyegira
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SUMMARY OF CORRUPTION SCANDALS TO LOOK BACK AT



What must we do to get our money back?

Wear only black clothes every Monday to show you are tired of theft.

Demand political action from the President

Isolate every thief implicated in a theft scandal. Don't invite them to your burials, weddings.

Do not buy goods or services from businesses owned by thieves. Support Ugandans working honestly to make a living.

Until all the thieves have returned our money.