Traders sell Christmas goods down-town in the city centre last week. Uganda Retirement Benefits Regulatory Authority is redesigning the pension model for informal workers around how informal workers earn and live. PHOTO/ MICHAEL KAKUMIRIZI

Life expectancy after age 60 stretches close to 19 additional years, meaning many Ugandans risk spending two decades in old age with no income if they do not start saving now.

Why informal workers need a safety net

SAVINGS

BETTY NDAGIRE

On a normal day in Kampala's sprawling markets, survival is calculated in hours, not years.

Income comes unpredictably, a taxi tout's morning rush, a vendor's lunchtime sales, a boda rider's chance trip. For most informal workers, retirement is not a plan; it is a fear.

This is the reality that Ritah Faith Nansasi, head of legal services and accounting officer at the Uganda Retirement Benefits Regulatory Authority (URBRA), says Uganda can no longer afford to ignore.

"Studies show that informal sector workers cannot fit into existing pension schemes, their income is intermittent, their needs are unique," Nansasi explains.

Uganda's financial architecture has, for years, overlooked the workers who make up roughly 82 percent of the country's workforce, according to Uganda Bureau of Statistics (UBOS) data.

Rather than ask informal workers to squeeze into rigid pension models, URBRA is redesigning the entire approach.

Nansasi says the new National Long-Term Savings Scheme is being built around how informal workers earn and live.

She emphasizes that the scheme is theirs, built around their rhythms, and powered by digital tools that let them send small contributions using their mobile phones whenever they earn.

The design is intentionally flexible. Individuals will contribute what they can, when they can, with safeguards. A portion of their money remains accessible for emergencies such as sickness or business challenges, while the bulk is preserved for retirement.

An insurance component is being added to cushion savers from shocks that often wipe out the little they manage to put aside. Throughout this process, Nansasi explains the importance of transparency. Workers must know how their money is held, invested, and managed.

To ensure the scheme works in practice, not just on paper, URBRA is rolling it out under a Regulatory Sandbox. Nansasi says this gives the Authority time to understand real challenges, refine regulations, and strengthen consumer protections before the full national rollout.

Some of the goods that were damaged in Kampala by the heavy rains this year. Uganda's pension sector has about 4.6 million member accounts, covering roughly 18 percent of the workforce, leaving the majority of working Ugandans unprotected. PHOTO/MICHAEL KAKUMIRIZ

It is a shift in mindset, testing with the people the scheme is meant for, rather than testing on them.

The urgency behind this initiative is supported by sobering numbers. Only 2 percent of adult Ugandans are currently saving for retirement, while over 70 percent lack any long-term financial plan.

Life expectancy after age 60 stretches close to 19 additional years, meaning many Ugandans risk spending two decades in old age with no income if they do not start saving now. Nansasi warns that this would impose a heavy burden on the government and weaken national resilience.

With a no-objection secured from the Ministry of Finance on October 22, 2024, URBRA is working with development partners, private sector players, civil society, digital innovators, and global institutions to build the scheme's foundation.

For Nansasi, the success of the scheme will rely on collective responsibility. She urges Ugandans to champion the initiative in their everyday spaces, at home with domestic workers, in taxi parks, in markets, and with the boda rider who delivers their goods. Retirement security must be part of every household's conversation.

Benjamin Mukiibi, director for research and strategy at URBRA, says the proposed National Long-Term Savings Scheme is built on a simple but urgent business case. Uganda must find a sustainable path to expand pension coverage beyond formal workers.

"For more than ten years, we have been asking how non-standard workers can save for their future," he explains.

"Inclusion is about actively contributing, investing wisely, and securing a dignified life after work."

Mukiibi says the scheme responds directly to the lived realities of informal workers. While many are seen as too poor to save, their daily transactions tell a different story.

"We say people cannot afford to save, but they are betting every weekend, buying data, paying utilities, so why are they fast on loans but slow on savings?"

He argues that purpose-driven saving must replace ad-hoc financial behaviour if the country is to build a resilient retirement system. Lessons from countries like Mexico, India, and Rwanda, which have successfully brought informal earners into structured saving arrangements, offer a roadmap.

Consumers buy Christmas goods in Kampala. Uganda must find a sustainable path to expand pension coverage beyond formal workers. PHOTO/MICHAEL KAKUMIRIZI

Uganda is ready," Mukiibi says. "We understand what prevents non-standard workers from saving. Our feasibility studies show that with support and consistency, even small monthly contributions can grow into meaningful retirement incomes."

According to him, trust and accessibility will determine whether the scheme succeeds. "People want to know who is governing their money and whether they can access it when they need it. That is why the design includes liquidity options and insurance. We are not only addressing old-age poverty but also the emergencies that push people into costly borrowing."

Mukiibi notes that Uganda's pension sector has about 4.6 million member accounts, covering roughly 18 percent of the workforce, leaving the majority of working Ugandans unprotected.

"If we do nothing, future retirees will depend on government support such as Social Assistance Grants for Empowerment (SAGE)," he warns.

"But if we start early, say at 20, with nominal contributions, we can support workers for 60 years of their saving and retirement journey."

He adds that the long-term savings scheme is central to Uganda's development agenda.

"The retirement benefits sector contributes more than half of domestic savings," Mukiibi notes. "If we expand coverage, we mobilise patient capital, deepen financial markets, and reduce the fiscal burden of old-age poverty."

Mukiibi also highlights that Uganda's digital shift provides a strong foundation.

"People are already transacting on mobile money and trusting digital platforms, this is the moment to leverage that infrastructure to deliver a nationwide scheme that people can use easily and confidently," Mukiibi says.

Julius Mukunda, executive director of Civil Society Budget Advocacy Group (CSBAG), welcomed the launch of the Uganda Long-Term National Savings Scheme, describing it as timely for the country's informal sector.

Save

'Only 2 percent of Ugandans save for long term, and most of those are in formal employment, but more than half of our economy operates informally.'

"Only 2 percent of Ugandans save for the long term, and most of those are in formal employment, but more than half of our economy operates informally. This scheme is needed, and it targets exactly the people who have been left out of traditional savings structures," he says.

Mukunda highlights that trust and governance will be key to the scheme's success.

"The biggest questions are around governance, people want to know that their money will be safe, they need assurance that payments are recorded properly, and that when money is deducted from their account, they receive immediate confirmation; without that confidence, participation will be limited."

He also stresses the importance of flexibility for informal workers. "Being informal means income is not always consistent; there are shocks, family emergencies, health crises, fraud. How can the scheme allow people to access some of their savings when these shocks hit so they can bounce back in business? If people cannot recover quickly, they risk falling out of the scheme entirely," Mukunda says.

Mukunda sees wider economic benefits in the design of the programme. "Informal businesses are not isolated, they are part of value chains, a chicken seller, for instance, buys feed and sells to customers, supporting multiple actors in the economy. This scheme does not just support individual savers, it strengthens the wider economic ecosystem, it is a welcome move, and we look forward to government support in encouraging citizens to invest and save over the long term."

Joshua Mawewere, a trader and member of the Kampala City Traders Association (KACITA), welcomes the scheme as a game-changer for Uganda's informal sector.

"This scheme is very important for traders and other informal workers," he says.

"We have small groups where we save weekly or monthly, discussing long-term plans for life after work, sometimes we save for assets, sometimes for emergencies, or to support our children's education," Mawewere explains.

Mawewere points out the limitations of informal savings groups. "The trust we have in our small associations is strong. But there are risks, we choose our own chairperson to govern the funds, and sometimes money is lost or cannot be fully accounted for, a structured national scheme could help channel these savings safely, while still allowing us the same benefits."

He emphasized the value of long-term security for informal workers. "As a trader, if I don't work, I don't earn, if there is a scheme where I can commit to saving for the next 25 years, and then start earning from it when I can no longer work due to health or age, that is purposeful. It is about ensuring income and stability when we need it most."

Mawewere sees the scheme as a step towards both safety and growth. "If we channel our savings into a structured system, our money will be safe, and its value will grow over time. As traders and informal workers, we are building not just for today, but for the future."

Moses Bekabye, a technical advisor at the Finance Ministry, emphasizes the critical role of the scheme in boosting national savings for Uganda's informal sector.

"We need to save with this scheme," he says. "It is designed to mobilise retirement savings for those who are self-employed and whose incomes are irregular, helping them secure their future."

Bekabye highlights that the scheme has been under development for the past five years, with lessons drawn from successful programs in countries such as India, Rwanda, and Mexico.

"We have done both domestic consultations and international benchmarking, the pilot program we are working on will inform a broader rollout, the government, through the Ministry of Finance, is supporting the start-up costs, particularly for establishing the necessary systems," he explained.

He stresses the scheme's alignment with Uganda's broader development goals.