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The Role of Social Protection in the Socioeconomic Development of Uganda *

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ABSTRACT

This article examines issues concerning social protection in the context of the socioeconomic development of Uganda. The author emphasises the critical importance of social protection in a situation where the previous support provided by the extended family and kinship systems has broken down. The erosion of traditional forms of social protection has been exacerbated by political turmoil, violence and HIV/AIDS which have created serious insecurity in the country. Although there is great need for modern social security schemes to protect the population, in reality only the formal sector is protected through the Provident Fund, which also has its own weaknesses. The author proposes the development of innovative development policies and programmes and a strengthening of traditional forms of social support systems, along with a more comprehensive social insurance scheme.

Introduction and Background

Prior to the colonisation and gradual modernisation of Uganda beginning in the late 19th century, Ugandans lived as ethnic nationalities in specified geographical areas on the basis of kith and kin. Traditional authority, exercised through a system of clan elders and heads of household, was very effective in maintaining social control and order in a situation where there was no distinction between home and place of work. Everybody knew each of his neighbours sufficiently and intimately. Clan organisation and authority were reinforced by the system of extended families in ensuring area-based development through the exercise of collective responsibility in such areas as housing, creating and maintaining access roads, farming, food harvesting and its storage, hunting down wild animals and destroying vermin that were a potential danger to both human security and food crops, caring for the elderly and the sick, consoling and assisting the clan/family members in bereavement to mention but only a few of the instances based on mutual-aid assistance and

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reciprocity (Chileshe, 1989; Brooks & Nyirenda, 1987). In the circumstances, these acts of reciprocity, altruism, social cohesion and personal intimacies were sufficient to guarantee social protection in both good and bad times to all members of any ethnic nationality by ensuring equity and social justice. There was thus no talk of famine or homelessness in precolonial times. Social protection was total, resulting in extensive local commitment to culture and tradition and indeed area-based development.

However, colonisation and its version of modernisation destroyed this serenity and indeed the mutual social support systems. The destruction took three forms:

(1) the dispossession of the local populations (ethnic nationalities) of the political power to manage their own affairs and determine their own destinies, and the transfer of this to the relatively inaccessible, alien and bureaucratic Protectorate Government with its headquarters in Entebbe;

(2) the introduction of money as the sole medium of exchange for goods and services: transactions which had previously been rendered on the basis of (a) bartering; and (b) mutual-aid benefit support schemes, in turn inspired by reciprocity, altruism and social cohesiveness; and

(3) the promotion of the distinction between home and place of work through the introduction of towns as administrative and commercial centres, besides the other centres of concentrated activity such as mines and plantation agriculture.

These various measures had far-reaching implications for the kind and level of social security (protection) that local populations had hitherto enjoyed. For instance, the removal of political power from the villages inevitably undermined the authority of the kinship system in matters of socialisation and social control – thus in turn undermining its ability to protect socially vulnerable groups such as the aged and the sick. It also undermined the innate social commitment of local populations to area-based development, and in matters of collective responsibility aimed at sustaining the common good especially when it became clear that the real political power resided elsewhere outside the jurisdiction of the ethnic boundaries. This position was exacerbated by the introduction of money as the medium of exchange and with it, new responsibilities and demands such as taxation and foreign merchandise that could only be paid for or acquired through the sole use of this currency. Reciprocity and social cohesion, the two pillars of traditional social protection, were no longer relevant in meeting the needs ushered in by the era of modernisation. The sale of labour rather than the rendering of a community service such as helping the aged or the sick, or simply clearing an access road for

the good of the community quickly became the rule and not the exception. There was a quick inversion of priorities in response to the new challenges.

The erosion of traditional social protection was almost made complete with the rapid movement of especially the more energetic sections of the population to the new urban areas in search of remunerated forms of employment and new lifestyles befitting the modernisation era. The use of money and the lifestyle in the new settlements (towns) introduced some economic rationalisation and led to fewer trips to the villages and discrimination of who should or should not live with an individual in the town on more or less permanent basis. This in turn led to the gradual trimming of the extended family, decreasing commitment to one's area of origin and declining commitment to the care of the aged and the sick as many of these (especially with regard to sickness) began to be considered as matters for the state to be taken care of by, for example, public hospitals. As the influence of the kinship system went down the drain with the traditional forms of social protection, the new urban workers in turn increasingly looked to their jobs and earnings for their social protection in the event of death, injury, old age, sickness or other contingency. In short, new forms of social protection had to evolve in response to this externally-inspired modernisation.

This paper examines the concept of social protection in a changing society and the roles that an *effective* system of social protection can play in the socioeconomic development of Uganda as well as the broad challenges posed by the latter.

Social Protection in Changing Uganda

Uganda has certainly undergone a series of transformations since her political independence in 1962 in all conceivable dimensions: social, economic, political and natural. On the political dimension, Uganda has gone through a period of relative political stability in the 1960s, through the turmoil of 1971-1985, to the present period of political reforms and rejuvenation. During the 1971-1979 period most families and social institutions, such as ethnic organisations aimed at promoting culture and self-help, endured anxiety and decimation arising from state-inspired violence or civil strife, often being caught between the crossfire of the adversaries. Many of these social support systems ceased to exist due to political persecution and repression, while many families lost their breadwinners in cold-blood. The effect of this political turmoil was to render local populations vulnerable and insecure as their sources of social protection were being obliterated. In consequence, the population became very insecure, impoverished and too intimidated to invest either in social infrastructure such as housing, or overall development of their areas due to too much uncertainty in the air. Life lost meaning leading

to general socioeconomic decay of the whole country, hence the notion of 'a lost decade' (Jamal, 1987). Though the present political era offers hope of reorganising social protection within the informal sector (the family and mutual-aid benefit groups mainly), the atmosphere is loaded with hazards that threaten to defy the contemporary technological capacities to keep under control. The chiefmost of these is HIV/AIDS which is robbing populations of their most energetic and most productive members capable of guaranteeing others' social protection. These include those sections of the population that may be placed in the catalogue of social poverty: women, children, the infirm, the chronically sick and the aged. These large sections of Uganda's population (more than 50% according to the 1991 census) are at great risk potentially without any form of social protection. Vulnerability and therefore social insecurity in the population (both urban and rural) threatens to reverse the otherwise positive trend of socioeconomic development. In the circumstances, it is not surprising that there are increasing problems of 'street children', orphans and school-dropouts. These are early manifestations of social insecurity.

Besides these political 'quasi' natural factors, there is the economic dimension. There is no doubt that Uganda has had its share of ups and downs in the path of economic transformation. The trend has been similar to that of political development alluded to above. Though Uganda still remains a rural-based country, virtually all formal-sector employment is urban-based, benefiting probably less than 10% of the population. About 90% of the population continues to derive its survival through the exploitation of nature: farming, dealing in forestry products, brick-making, charcoal burning, etc. What this means is that the vast majority of Ugandans continue to remain at the mercy of nature owing to our relative technological underdevelopment. For instance, we have no early warning systems against impending droughts or torrential rains. Meteorological weather forecasts, which usually hardly reach rural populations, are most often at great variance with the realities on the ground. Above all, rural areas lack such infrastructural services as electricity, *inter alia*, to facilitate storage facilities to preserve and stockpile and in turn influence the prices of agricultural produce. Equally important is the inability of rural populations (and in effect rural producers) to organise themselves into viable bargaining forces to promote their interests against those of the usually better organised and politically influential urban-based interests. The result is the enhancement of centre-periphery trade between rural and urban areas of the kind that concentrates economic benefits, enhanced incomes, employment and improved welfare in the latter. The vulnerability of nearly 90% of Uganda's population to both natural and economic forces has the effect of perpetuating the socioeconomic decay of the countryside and rendering non-formal social support systems increasingly more fragile – thus leaving the population without any meaningful form of social insurance.

However, the social protection of urban populations in general and those in paid employment in particular is not much better, especially in absolute terms. The economic decay of the 1970s, the mismatch between demand and supply leading to inflationary pressures, and the present structural adjustment programmes involving price decontrols, privatisation, withdrawal of public subsidies on social services and the slimming of public-sector employment (retrenchment) has rendered fixed income-earners particularly vulnerable (Banugire, 1987). They are not only threatened with unemployment through retrenchment but are also faced with a situation where their real purchasing power is continually eroded, meaning that they are unable to save either for the development of their families (such as the payment of school dues for their children) or for unforeseen contingencies such as sickness or death. It is in these circumstances that the present Provident Fund (the National Social Security Fund) has found itself unable to live up to its challenges.

Since its establishment by Act of Parliament (Act 21 of 1967) and its operationalisation in 1968, the Social Security (Provident) Fund of Uganda has, like those of many other countries in the region (ACARTSOD, 1986), remained urban-biased and in favour of wage earners. In addition to old age benefits, the Fund also at least in theory provides sickness, invalidity and survivors' benefits. However, the extent to which the Fund provides social protection to the small number of workers that subscribe to it is severely constrained by the fact that it is not founded on the principle of resource-pooling and risk-sharing. Rather it is contributory with the employer paying twice the beneficiary's monthly deductions (ie, employer-employee contributions to the Fund are by law in the ratio of 2:1). Because it is contributory, it excludes non-contributors and is, therefore, based on "*...the accumulation of individual contributions [together with those of his employer] and with no insurance element*" (Jacques, 1993). It is more or less like a thrifty savings club with members' deposits presently attracting interest at the rate of 14 percent per annum. At the end of the day a member gets out his accumulated savings with the accrued interest in the form of specified benefits. However, the process of getting out the various specified benefits is often complicated by:

- (a) distance of individual members to the Fund's offices;
- (b) ignorance of the subscribers' entitlements; and
- (c) excessive bureaucracy which is exacerbated by members' high levels of illiteracy and unfamiliarity with the red tape.

Further, this system of social protection tends to pay benefits in lump sum. These do not offer meaningful protection as these are often inadequate to protect the beneficiaries (especially survivors' benefits) for the rest of their lives. A final and significant weakness of a Provident Fund as a system of social protection is that contributors' savings are not protected against inflation and, sometimes, even by

currency reforms designed to reduce the volume of money in circulation as was the case in this country in 1986. The effect of inflation and reforms of the kind cited above is to demean the whole scheme and consequently diminish the security of those who are purportedly protected. In the circumstances, contributors begin to view deductions from their wages to the Fund more with hostility and despair than with appreciation and hope. The Fund is seen as 'theirs' and not 'ours'; in the same way there is less commitment to one's wage employment which is perceived as useless in ensuring social protection. The tendency is to fall back to the already fragile traditional social support systems for social protection.

The Role of Social Protection in Uganda's Development

Like most other developing countries in sub-Saharan Africa, Uganda will, for quite some time to come, remain poor and largely rural in character. This has implications for approaches to the design and evolution of a social protection system sufficiently *effective* to support the process of the social and economic development of Uganda. One of the greatest challenges in this process will continue to be the subtle relationship between social protection and socioeconomic development; they have either a mutually reinforcing or mutually deleterious impact on each other.

An effective system of social protection must be capable of pooling resources and fostering risk-sharing in the event of such contingencies as sickness, unemployment, invalidity, survivors' benefits in the case of death, homelessness, etc. A system such as this must be comprehensive in the coverage of the national population and operated by some central authority on the basis of well established criteria. Such criteria must embrace considerations of equity and social justice to avoid the system being operated as a club of those who happen to be in the formal wage sector. The developed countries of the west have been able to operate what is commonly known as the welfare state and demonstrated that effective social protection can play a major role in the socioeconomic development of a country. Functions of social protection in this regard include:

(a) the improvement of the general situation through the provision of basic social and health care (ACARTSOD, 1986) such as unemployment services and benefits, rent rebates, health insurance, child/dependents' benefits, etc;

(b) the redistribution of command of resources from the wealthy to the more needy social groups and individuals in distress (Titmuss, 1974) through an appropriate system of taxation. However, both (a) and (b) which involve sharing risks and

pooling resources respectively are possible only in a situation where the tax base is wide and where the majority of the adult population earn taxable incomes; and

(c) the nurturing of harmony and warm relationships among people of different social and economic groups, as citizens of the same country begin to see themselves as having one common destiny. This in itself has the advantage of fostering citizenship and commitment to the socioeconomic development of one's country.

The central redistribution of national resources also has the advantage of reducing the dependency burden on individuals whose resources can then be released for investment in more productive ventures. There is no doubt that Uganda can immensely benefit from a system of social protection so well organised. But what is also clear is that a functional system of social protection can only be supported by a sound socioeconomic framework.

However, as already observed elsewhere, less than 15% of Uganda's population is in renumerated employment while the majority still remain in the rural and non-formal sector. The tax base, therefore, is small which in turn constrains the national capacity to evolve an effective system of social protection based on direct delivery of benefits to the potential beneficiaries. This also means that the potential role of modern social protection of the kind discussed above in national development cannot be fully realised. Nevertheless, since a modest start was made way back in the mid-1960s through the creation of a Provident Fund to benefit a small number of workers in the wage sector with their families, it can be improved to provide the nucleus for a more comprehensive social insurance scheme as the economy gains the capacity to sustain it.

Although the numbers to participate in, and benefit from, a contributory social insurance scheme are small, an effective scheme can easily increase commitment to jobs in the wage sector, boost production and forestall the possibility of this small group of employees falling back on the fragile non-contributory traditional social support systems (Kaseke, 1993).

In the long-run, however, arrangements for modern social protection will have to be broadened and extended to the more populous countryside in general and the non-formal sector in particular. This is the only way social protection can be facilitated to play a significant role in the development of Uganda. In the meantime, however, socioeconomic development must precede the emergence of a comprehensive social insurance scheme through innovative rural development programmes designed to broaden the rural economic base, stabilise rural populations so that they can concentrate on productive ventures, and strengthen the capacities of the extended family, the clan and the tribe which for many years to come will continue to provide the most effective social insurance to the majority of the population.

Conclusion

Social protection and the socioeconomic development of Uganda are inextricably linked, mutually reinforcing each other. If properly organised, schemes for social protection can promote the redistribution of resources, improve the provision of basic social and health care, increase national pride and commitment and narrow the gap in states of welfare between different social groups. The critical importance of social protection in national development requires that it be extended to cover the more heavily populated rural areas. The overall effect is to augment the process of social and economic development at both local and national levels. However, an effective system of social protection can only thrive within a framework of a sound social and economic environment, hence the need for more innovative development policies and programmes, especially for rural areas where about 90% of the population reside. Finally, owing to the present poverty of the state and the narrow tax base, it will be necessary to encourage the revival and augmentation of traditional social support systems alongside any modern infant social insurance scheme that may be conceived.

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