



Motorists drive along the Northern by-pass. President Museveni has advocated for a shift in National Social Security Fund investment strategy, urging the Fund to move away from government bonds toward high-impact infrastructure projects. PHOTO/MICHAEL KAKUMIRIZI

NSSF's bet on big projects: What's in it for savers?

National Social Security Fund (NSSF) is mandated to pursue high-yielding, risk-free returns for its members, rather than funding national development, or low-margin investments.



INFRASTRUCTURE INVESTMENTS ISMAIL MUSALADU

Calls for the National Social Security Fund (NSSF) to finance public projects are gaining momentum, with President Museveni leading the charge.

In recent weeks, President Museveni has urged the NSSF to invest in public projects, raising concerns among some contributors that the government could alter the Fund's investment strategy, which has delivered consistent returns.

Currently, guided by the law, NSSF invests workers' money primarily in low-risk, high-return assets to ensure capital safety and consistent returns, with assets in the range of Shs 26 trillion as of last year.

The President, however, is skeptical of keeping funds in passive investments, such as treasury bonds, at the expense of direct investment into infrastructure projects like toll roads.

He has criticised the strategy of lending money back to the government, preferring what he describes as a 'strengthening the bone marrow of the economy' approach, which focuses on building infrastructure, such as the planned Kampa-

la-Jinja Expressway, and other productive facilities. By issuing an infrastructure bond—a long-term debt or loan leveraging workers' savings to fund projects like roads and energy utilities, the NSSF directly participates in the country's development.

NSSF investments

Recent developments make it clear that President Museveni disapproves of the lack of NSSF investment in infrastructure development, a desire he has harboured for a long time.

During the Labour Day celebrations in Buikwe District on May 1, 2026, President Museveni advocated for a shift in NSSF investment strategy, urging the fund to move away from government bonds toward high-impact infrastructure projects to stimulate economic growth.

About a week before that, while speaking at a high-level summit hosted by the Africa Finance Corporation and the Government of Kenya, President Museveni emphasized the urgent need for coordinated infrastructure development across the continent. He explained that this feat can be financed either by the government—whose interest is not typically driven by profit—or with cheap, patient capital.

For all intent, in the case of Uganda, this cheap, long-term patient capital points to none other than the NSSF, which, as of September 2025, reported that its total assets under management have grown to Shs26 trillion. →

← Ultimately, the critical question is: What's in it for you, the saver?

While pension analysts note that NSSF is entitled to fixed or variable returns on projects with long payback periods, one must ask: Is that enough for a saver expecting a decent annual return?

Business is no charity

According to commentator Patrick Asimwe Ndahura, widely known by his virtual persona, Professor Makombo-Jago Minyang, government should separate business from patriotism, urging the Fund to prioritise business over other proposals.

He argues that NSSF must focus strictly on business rather than patriotism. According to him, patriotism is the responsibility of state administrators who manage budgets for public infrastructure like roads, schools, and hospitals.

Mr Ndahura further notes that if the government intended NSSF to handle patriotism or charity, it would not have established and funded the National Secretariat for Patriotism Corps (NSPC).

He states that the NSSF is legally mandated to pursue high-yielding, risk-free returns for its members, rather than funding charity, national development, or low-margin investments such as real estate and public hospitals.

He says any government intervention that lowers NSSF returns will trigger massive withdrawals from members qualifying for 20 percent mid-term access and those who have reached retirement age but remained in the fund solely for financial profit.

Consequently, he asserts: "Investment in public infrastructure offers no real value to a saver seeking a peaceful retirement, particularly when that citizen could migrate to nations like Rwanda, Kenya, or Tanzania, where administrators utilise loans for development rather than misappropriating them."

The aforementioned arguments seem in sync with the purpose of the Fund's investments, whose objective is to create value for members by generating competitive returns to provide members and beneficiaries with benefits as required by law – interest above inflation.

According to NSSF, the Fund collects members' contributions and invests them judiciously, and pays commensurate benefits to qualifying members.

The money collected is maintained on individual member accounts, invested and earns an annual interest depending on the Fund's return on investments.

On qualification, the member is paid the lump sum amount plus interest computed every year.

This is accomplished through a carefully planned and executed long-term investment programme that allocates and manages the assets of the Fund.

"This objective is accomplished through a carefully planned and executed long-term investment programme that efficiently and effectively allocates and manages the Fund's assets, per the Fund's Investments Policy," reads part of the information on NSSF website.

Investment portfolios

The Fund invests mainly in three asset classes: fixed income, equities (listed and unlisted), and real estate.

NSSF's investment portfolio is diversified, with 79 percent in fixed income (bonds), 14 percent in equities, and 7 percent in real estate.



NSSF managing director Mr Patrick Ayota speaks to Finance Minister Matia Kasajja. Currently, NSSF invests workers' money in low-risk, high-return assets to ensure capital safety and consistent returns. PHOTOS/MICHAEL KAKUMIRIZI



NSSF managing director Mr Patrick Ayota makes remarks during the 11th Members Annual Meeting at Kampala Serena Hotel.

Fixed income takes the largest portion with investment in government treasury bonds and corporate bonds within the country and the wider East African region. This, according to NS-

SE, provides a stable, predictable income stream.

This is followed by Equities, which takes about 14 percent of the Fund's investments in listed companies on the

Uganda Securities Exchange (USE) and other East African exchanges, such as Airtel Uganda and MTN Uganda, earning dividends in billions of shillings.

And then the Real Estate, which takes about 7 percent of the Fund's investments in commercial property developments like Mbarara City House and Temangalo projects.

This portfolio mix, going by NSSF's information, is informed by three key factors – the long-term funding needs, the need for diversification and the reduction of market risk. The Fund has committed to delicately balance the risk/return trade-off.

Note that Investment decision-making and execution are informed by the NSSF Act, the Uganda Retirement Benefits Regulatory Authority (URBRA) Investment Guidelines, and the internal Investment Policy.

The NSSF Act mandates the Board to determine the Fund's investments, while the Investments Policy provides a guiding framework for investments of the assets within acceptable risk levels.

'We are not being forced'

When contacted for this article early last week, the top leadership of the Fund, stressed that the President's point shouldn't be misconstrued as his being very careful not to interfere with the lawful operations of the Fund.

"The President is not forcing NSSF to take up these ventures; he hasn't told us where to invest," the managing di-

rector of the National Social Security Fund, Mr Patrick Michael Ayota told *BD Life* when contacted on last week.

According to Mr Ayota, the President is advocating for "profitable infrastructure" projects which he said can include investments in energy and technological projects, such as laying the national fiber cable.

"As long as it is profitable, members will benefit for a long time, especially if the tolling corridors are busy; it is quite profitable," he explained.

He further clarified that there is no short- or medium-term risk to members, should the NSSF undertake these ventures.

"For example," Mr Ayota said, "we have committed to funding the Kampala-Jinja Expressway, but we will not release the funds until the project is ready."

Under normal circumstances, as is the case currently, the Fund's board should be in charge of its investment decisions and shouldn't be influenced to act outside its priorities as required by the law.

So, the call by government quarters, including the President, for infrastructure financing by NSSF, raises concerns about the independence and objectivity of the decision-making of the investment committee in NSSF.

In her analysis, Ms Susan Khainza, a financial modelling and valuation analyst, noted that NSSF's duty is owed to the beneficiaries (the savers) of the Fund and not to the person who appointed the investment manager or the political entity overseeing the Fund.

"Their decision should be based on a rigorous research process and a risk-adjusted return, not due to pressure from the government.

"A good outcome will not retroactively justify a compromised process. There needs to be a firewall between the political appointee and the investment team," Ms Khainza, who is also a Chartered Financial Analyst (CFA) observed in her analysis when contacted last week by *BD Life*.

She continues: "NSSF seeks to maximise returns, given a level of risk. It has a long-term horizon (shortened somewhat by the early 20 percent withdrawal provision), so it can allocate more to growth assets such as equities and real estate) to beat inflation and seek higher returns.

"However, it needs a ceiling on risky assets and floors on less risky government securities to meet its obligations. Infrastructure sits in between bonds and growth assets like equities."

For the contributors to get the kind of return they deserve, Ms Khainza argues that NSSF can demand higher returns for infrastructure financing than other bonds or shares because of the long lock-up period and the lack of liquidity.

She said: "Infrastructure financing may provide diversification and inflation-linked returns, may not be affected so much by the ups and downs of the economy, and may have a lower default rate.

The risks and rewards?

Infrastructure projects act as economic backbones but create monopolies due to high upfront capital costs, notes Ms Khainza.

Despite initial negative cash flow, these projects offer steady income, with stable demand for services like electricity and water during downturns. They also typically offer inflation-hedging by adjusting rates.

No value

'Investment in public infrastructure offers no real value to a saver seeking a peaceful retirement, particularly when that citizen could migrate to nations like Rwanda, Kenya, or Tanzania, where administrators utilise loans for development.'