Uganda Bureau of Statistics   **Bank of Uganda**

Report on Remittances Received in the Year 2006

July 2008

Foreword

This report presents findings of a household survey on migrant workers' remittances to Uganda during the Calendar year 2006. The survey was conducted in 2007 and is the first comprehensive attempt to measure remittances to Uganda. The survey covered a sample of 4,100 households in all regions of the country. In addition to establishing the Uganda Shilling volume, the data collected has facilitated meaningful analysis of the characteristics of remittances to Uganda.

During the decade 1996-2005, the level of migrant workers' remittances to Uganda increased substantially. The survey estimated that the remittances received in the year 2006 were US$406.5 million. The Balance of Payments (BOP) placed the remittances at US$665 million. The difference between the survey results and the BOP estimate is explained by the need for more sensitization especially in both the urban and rural areas.

Measurement of remittances is problematic mainly because remitters still use the informal method of transacting through relatives and friends. The preference for informal channels is explained by the high transaction costs associated with formal channels that involve financial institutions like money transfer agencies and commercial banks.

The survey was conducted during a period when Uganda was experiencing shocks from bulky foreign currency inflows from donor aid, foreign portfolio investment in domestic debt and equity securities markets, revenue from the expansion of the formal exports and significant levels of revenue from informal cross border trade linked to accessibility of the Sudan and the Democratic Republic of Congo markets. Bulky foreign currency inflows present a significant challenge in conducting monetary policy.

Measuring the volume of workers' remittances will improve the quality of information for Balance of Payments statistics. If the country is to maximize the benefits from migrant workers' remittances, it is necessary to overcome two major challenges. The first challenge is the need to lower the cost of handling remittances so that more Ugandans can be encouraged to use the formal channels. The use of formal channels facilitates the measurement of remittances and lowers the risks associated with informal transmission methods. All concerned stakeholders must work together to make the remittance industry more competitive. Data must be collected so that the service providers and users in the industry can make choices that maximise the benefit to them.

The second challenge is the need to facilitate access to financial services for the majority of the population who receive remittances but cannot meet the Know-Your-Customer (KYC) requirements of financial institutions. Service providers are encouraged to introduce more workable KYC protocols such as bio-identification to ease access and use of formal services. New financial products that can channel remittances more effectively towards economic development should be designed. This is a crucial step in the fight against poverty.

This survey was funded by GTZ-SIDA. In addition, Bank of Uganda is working with the World Bank on studies regarding the remittance corridors between Uganda and the United States, the United Kingdom and the Republic of South Africa. The Bank of Uganda is also involved in private sector initiatives like the Finscope surveys on demand and access to financial services in Uganda.

Compiling statistics on remittances through surveys is extremely costly. Special gratitude goes to GTZ-SIDA for providing funding for this survey through the Financial System Development Program. I wish to thank our partners, the Uganda Bureau of Statistics and the Economic Policy Research Center for their technical input in this survey.

Lastly, I wish to thank all those households who participated in the survey. The information generated from such surveys will be used to formulate policies that will benefit service providers and users in the remittance industry and enhance stability in the macro economic environment. I wish to encourage Ugandans both at home and in the Diaspora to participate in surveys on migrant workers' remittances. The information provided is treated as confidential and only disseminated in aggregate form.

Emmanuel Tumusiime-Mutebile
Governor, Bank Of Uganda

ACRONYMS

BOP	Balance of Payments
BOU	Bank of Uganda
EA	Enumeration Area
FEA	Foreign Exchange Act
GDDS	General Data Dissemination System
GDP	Gross Domestic Product
GEP	Global Economic Prospects
IFAD	International Fund for Agricultural Development
MFI	Micro Finance Institution
MTO	Money Transfer Operator
NGO	Non Governmental Organisation
PPS	Probability-Proportional-to-Size
PSU	Primary Sampling Unit
SACCO	Savings and Credit Co-operative
SSA	Sub-Saharan Africa
UBOS	Uganda Bureau of Statistics
UNHS	Uganda National Household Survey

DEFINITIONS

Balance of Payments	A statistical statement that systematically summarises, for a given time period, an economy's transactions (inflows and outflows) with the rest of the world.
Household	A group of people who normally live and eat together, usually a family living in the same house or compound and eating together.
Money Transfer Operator	A company authorized to engage in money transfer services.
Rural Area	As gazetted by the Ministry of Local Government
Remittance Intermediary	The channel through which, remittances are accessed by the recipients.
Remitter	The person who sends money (remittance) home, usually, a Ugandan living abroad.
Urban Area	As gazetted by the Ministry of Local Government
Workers' Remittances	Funds sent home by migrant workers mainly for the benefit of family members in Uganda.

EXECUTIVE SUMMARY

Workers' remittances the world over are receiving unprecedented attention due to the increase in movement of people as a result of globalisation and the evident contribution of converse flows as a resource for development especially in developing countries. Remittance flows directly impact on consumption, savings and investment. The literature shows Uganda among the top 10 African remittance recipient countries in terms of total flows, as a ratio of GDP and as a ratio of export earnings. Other top African recipients include Nigeria, Kenya, Senegal and South Africa.[1]

Balance of Payments estimates show that remittances to Uganda increased from an average of US$175.4m per annum in the first half of the decade 1996 to 2005 to US$ 340.5m in the last part of the same period. Remittances rose substantially to US$665m in 2006 compared to US$322.8m estimated in 2005. The country is however faced with various challenges in the compilation of workers' remittances data. These include among others, the increase in number and sophistication of transactions, use of the residual method of estimation, misclassification and double counting as a result of small value transactions spread in many households. The problem is further compounded with the fully liberalised foreign exchange regime and the existence of informal transfer methods operating outside the regulated system.

Against the above background, Bank of Uganda in conjunction with the Uganda Bureau of Statistics conducted a survey on remittances received in the calendar year 2006, the findings of which are contained in this report. The survey sought to establish the magnitude of remittances, the

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[1] Sanjev et al, 2007

sources and characteristics. Being the first survey of its kind conducted in Uganda, the survey team was faced with several challenges most of which are methodological such as information non-disclosure and negative perception. The findings provide insight into remittance flows to Uganda making available information hitherto unknown.

Recipient Households

A total of 4.8percent of the total households reported having received remittances in the year 2006. Wide disparities were recorded between urban and rural areas with nearly one out of every 5 households indicated having received remittances. Consistent with the country's economic background, most of the communities (83.8percent) highlighted agriculture as the major source of income. A negligible 0.2percent indicated remittances as a major source of income. Socio-demographics show that children, household heads and spouses form the bulk of receiving households accounting for 52.3percent, 18.7percent and 12.2percent of total, respectively.

Remitters' Profiles

The majority of remitters (73.8percent) were reported to be above 30 years of age. The survey also revealed that 80percent of the remitters were highly educated i.e. have a minimum of secondary education, while more than half of the remitters (53.7percent) have post-secondary education. More than half of the remitters had lived abroad for periods under 10 years. The greater percentage of remitters, (65.4percent) were reported to be males. Almost all remitters (93.4percent) were working. 66.2percent of remitters were reportedly married while 36.4percent of them had no dependant children in Uganda.

Remittance Receipts

A gross total of US$406.5m was estimated as received during the year 2006. About 96percent of the total was in cash while the remaining 4percent was received in kind. This value is below the estimated US$665m recorded as per BOP estimates for the same period, which may be explained by the methodology. Once again it is worth noting that this is the first household survey on remittances.

The annual average remittance received per household was estimated at US$993. Most households (37percent) indicated that Africa was their source of remittances, followed by Europe and North America with 35percent and 22percent, respectively.

Where communities indicated differences between households that receive and those that do not receive remittances it was mainly in terms of standard of living. At the individual household level, almost half of the recipients indicated that there are no difference between the amounts received in 2006 and previous receipts. Where a drop was experienced, it was mainly on account of strained financial situation on part of the remitter, exchange rate fluctuations and reduction in demands on part of the beneficiaries. Increased inflows were mostly associated with improved income on part of the remitter or more demands by the recipient such as engagement in new investment projects and purchase of properties.

The results show that most recipients received remittances either once (35percent) or twice (24percent) a year. The months of December and January recorded the biggest proportion of total receipts (US$406.5million) during 2006 of US$57.3million (14.1percent) and US$52.9million (13percent), respectively. The lowest volumes of US$18.7m and US$15.8m were recorded in March and October 2006.The

monthly distribution conforms to a quarterly pattern associated with the festive season and school term.

In addition to monetary remittances, Ugandans also receive remittances in kind. Overall, 36percent of the recipient households indicated having received remittances in kind in 2006. Remittances in kind were estimated at US$15.9million or 4percent of the total. The major items received include clothing and domestic appliances like television sets and radios, these accounted for over 90percent of the total remittances in-kind. Other remittances include construction materials, food, medicine and agricultural products. In 41percent of these cases, Europe was the major source of the remittances in kind followed by Africa with 35percent.

Use of Remittances

Remittances may be used for the direct benefit of either the remitter or the recipient. Where remittances were used for the direct benefit of the recipient, consumption expenditure was the major item as indicated by 37percent of the recipients. Other uses include business or real estate investments (20percent), education (19percent) and health (14percent). Consumption was defined to include items like food, clothing, rent and other expenses necessary for the day-to-day running of the household. In cases where remittances directly benefited the remitter, investment accounted for 39percent. It is interesting to note however that in 69percent of the cases, recipients would have preferred to use the money for investment if the recipients were the final decision-makers.

Remittance Channels

While the respondents indicated the most popular channels as friends and acquaintances (27.8percent), in totality, formal transmission mechanisms appear to be the most frequently used channels. Together,

the formal channels (commercial banks and money transfer operators such as Western union and Moneygram) accounted for 78percent of total remittances received in 2006. The survey did not however consider the three-tier distribution system thus making it rather difficult to isolate the role of intermediaries along the chain.

Conclusion

The survey, the first of its kind brings to light basic information on remittance flows to Uganda. Among the major recommendations is the need to revisit the methodology to further enhance data quality. This should be achieved through; change in scope and focus; conducting regular surveys, preferably on annual basis followed by a census at regular intervals of say three years; developing a system of measuring remittances in kind whose contribution to the total volume seems to have been understated. It is further important to determine the regional distribution of remittances and also assessment of the economic and social impact of such remittances. With improvement in methodology, it is anticipated that estimates of workers remittances for Balance of Payments will in future be more accurate. In addition, for completeness, it is necessary to measure outward remittances along similar lines.

Table of Contents

List of Tables and Figures

CHAPTER 1
INTRODUCTION

In this Chapter a brief overview of remittance flows from global and regional perspectives and to Uganda in particular is made. The discussion also highlights the workers remittances estimation methodology for balance of payments and the challenges in compilation and measurement of these flows. The Chapter further expounds on the objectives and benefits of the survey.

1.1   Background
Workers' remittances[2] the world over are receiving unprecedented attention due to the increase in movement of people as a result of globalisation and the evident contribution of converse flows as a source of resource for development especially in the developing countries. These flows directly impact on consumption, savings and investment, which, compels policy makers to devise mechanisms to monitor remittances and leverage the benefits thereof. On the down side are the associated brain drain, dependency, the long-term sustainability of remittance flows, concerns for the potential misuse of such flows as channels for money laundering.

It is estimated that about 3percent of the world's population has left their countries and live and work elsewhere (Page & Plaza , 2007). Migration pressures are set to increase due to young developing country population, demand for workers and personal services with aging of the population in industrial countries, networks, acceleration from countries

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[2] The IMF Balance of Payments manual (1993) defines Workers' remittances as current transfers by migrants who are employed in another country (economy) and are considered residents in these economies (have lived in these economies for at least one year). These mainly involve related persons.

that make progress from low levels of development (Global Economic Prospects, 2006)

1.2   Remittances: A global perspective
Worldwide remittances were estimated at US$297 billion 2006 (Dilip Ratha et al, 2007), up from the US$ 232 billion estimated for 2005 (Global Economic Prospects 2006). In 2004, global flows were estimated at US$225.8 billion. These figures are only a portion of total flows since some of the inflows through informal channels, are either not captured or are misclassified in the official statistics. Other sources (IFAD Report, 2007) indicate that US$ 300 billion was sent to developing countries during 2006; 57 countries received more than US$ 1 billion in remittances.

Official statistics show that the United States is by far the largest source of remittances while Latin America and the Caribbean is the largest recipient region. India, China, Mexico and Philippines are among the top recipient countries, accounting for more than a third of total remittances. Developing countries received an estimated US$167 billion in 2005.

In 2004, recorded remittances was the second largest source of external financing to developing countries, after foreign direct investment, and amounted to more than twice the size of official aid. Including unrecorded flows; remittances are the largest source of external financing in many developing countries. (Global Economic Prospects, 2006) The top recipient countries (of recorded remittances) are India ($21.7 billion), China ($21.3 billion), Mexico ($18.1 billion), France ($12.7 billion) and the Philippines ($11.6 billion). As a share of GDP, however, smaller countries such as Tonga (31percent), Moldova (27.1percent),

Lesotho (25.8percent) and Haiti (24.8percent) were the largest recipients. (Ibid)

1.3 Remittances to Africa

The African continent has over 30 million people in the Diaspora (IFAD, 2007) The same source estimates remittances to Africa in 2006 at roughly US$40 billion with North Africa (Morocco, Algeria and Egypt) as major recipients (US$17.6 billion in total); followed by Western Africa (US$10.4billion) and Eastern Africa (US$5.9 billion).

The literature highlights the fact that remittances to Sub Saharan Africa (SSA) are grossly underestimated. This is mainly attributed to compilation challenges and the use of informal remittance channels. Africa as a region receives only US$8.1 billion or 3.5percent of total global remittances. Remittances to SSA have increased by over 55percent in US dollar terms since 2000. In 2005, remittances were almost 28percent of GDP in Lesotho, and more than 5percent in Cape Verde, Guinea-Bissau, and Senegal. (See details shown in figure 1). In absolute terms however, Nigeria, Kenya and Senegal are the largest recipients of remittances in the region (Sanjev etal, 2007)

Figure 1. Top Ten Recipients of Remittances in Sub-Saharan Africa

Fig.1a. Total Flows (millions of US dollars)

Fig. 1b. Ratio to GDP (percent)

Fig. 1c. Ratio to Export Earnings (percent)
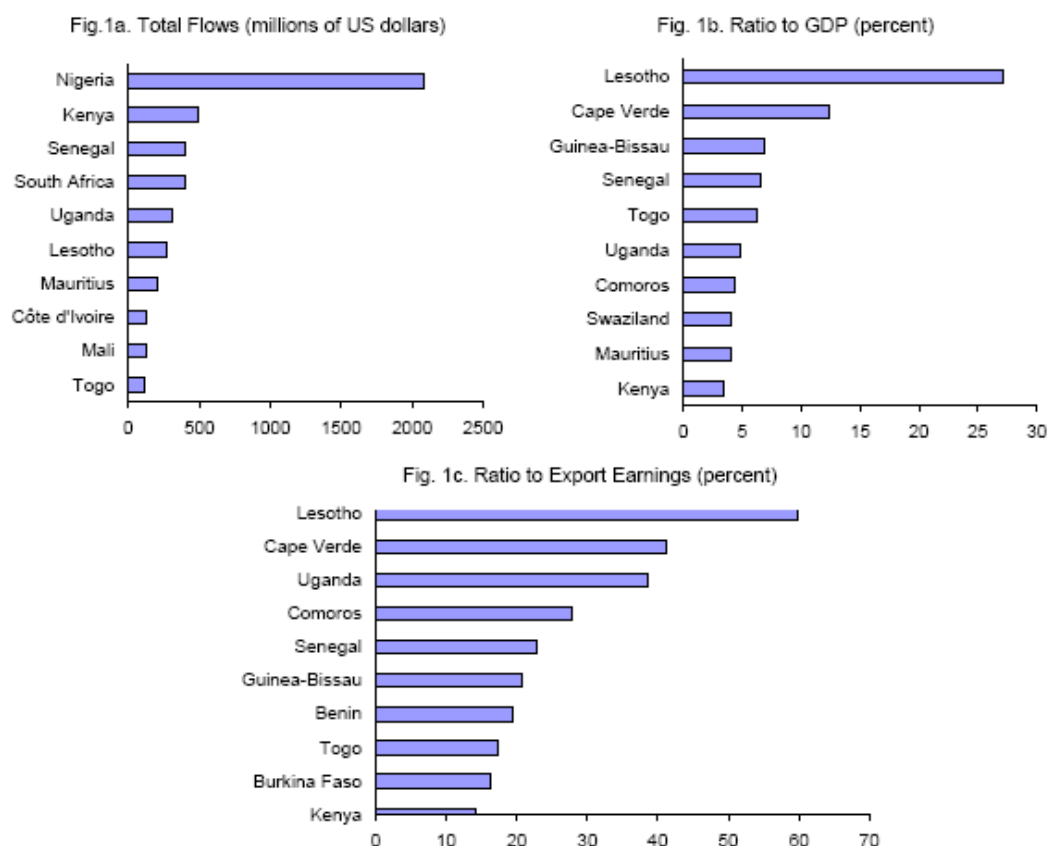
Source: IMF, *Balance of Payments Yearbook*, 2006; *World Economic Outlook*, 2006; World Bank staff estimates.
Note: Rankings are based on average remittance inflows for 2000–05.

1.4   *Remittances-Eastern Africa³ Perspective*

According to IFAD, annual average remittances per migrant are almost US$1,200 while remittances by country represent 5percent of GDP and 27percent of exports. In 2006 Eastern Africa as a region received roughly 15percent of total recorded remittances (US$38.6 billion) to Africa as a whole. Major recipients included Kenya (13.4percent), Somalia (13.3percent), Uganda (10.8percent), Ethiopia (10percent) and Mozambique (9.5percent). Altogether, the five countries accounted for US$3,384 million or 57percent of the total (US$5,929million).

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[3] Includes Burundi, Comoros, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Mozambique, Rwanda, Somalia, Uganda, United Republic of Tanzania, Zambia and Zimbabwe.

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1.5 *Remittances to Uganda*

As highlighted above, Uganda is one of the top ten recipients of remittances in Africa. (Sanjev Gupta et al, 2007). Workers' remittances are the second largest contributor to foreign exchange inflows after exports of goods and services. The Balance of payments reflects a marked increase in flows attributed to migrant workers. Remittances increased from an average of US$ 175.4 million per annum in the first half of the decade 1996 to 2005 to US$ 340.5 million in the last part of the same period. BOP data shows that workers remittances during 2006 rose substantially to US$ 665 million compared to the amount recorded in 2005 (US$ 322.8 million. (See Figure 2 below) The increase in 2006 may have been a rebound to the earlier trends observed in 2001 and 2002. Overall, with the exception of declines in 1997 and 2003, workers remittances have generally been on the rise over the period 1996 to 2006.

Figure 1. 2: Workers remittances to Uganda, 1996-2006
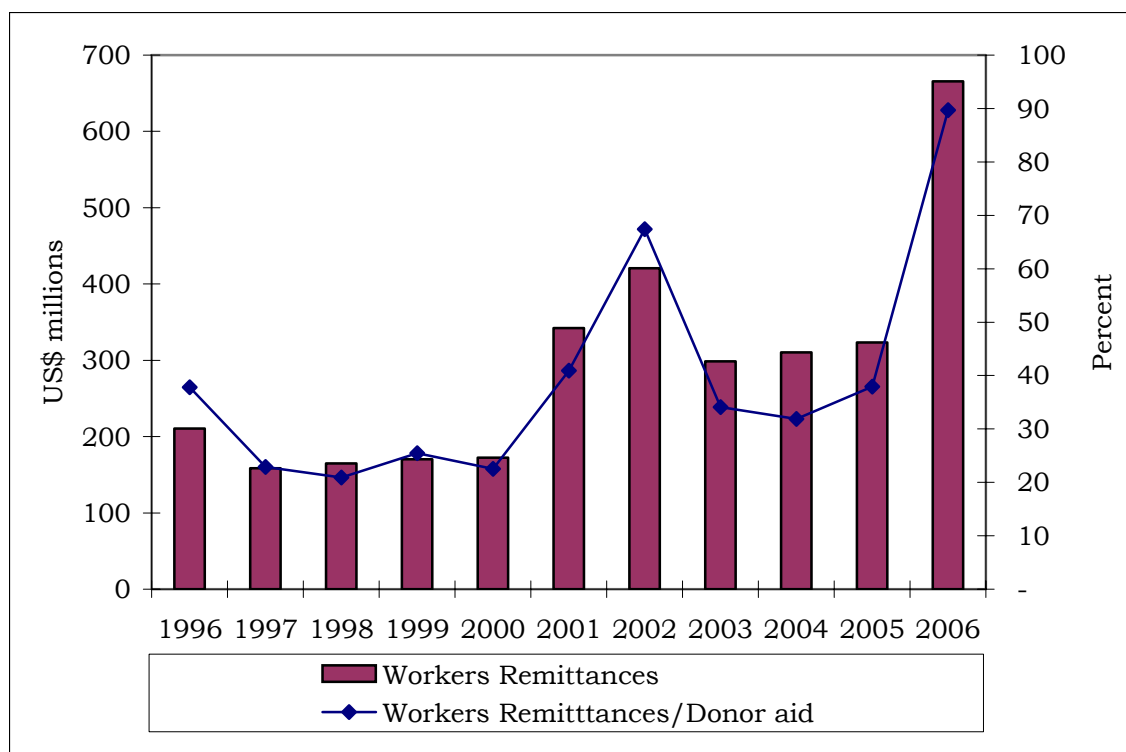
Source: Bank of Uganda

Although the proportion of remittances to GDP is still small at 5percent (2001-2006), there is improvement from the 2.7percent average recorded for the preceding five-year period.   The increase is mainly attributed to the growing number of Ugandans working abroad, freeing of the foreign exchange regulatory regime[4] and improved reporting. During the period between 1996 and 2000, workers remittances were equivalent to about 22.9percent of donor aid (both budget support and project aid)[5]. However, during the following five years workers remittances were observed to rise to the equivalent of 42.6percent of total donor aid. In 2006, remittances amounted to an equivalent of about 89.6percent of total donor aid, the highest observed level.

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[4] Uganda's capital account was liberalised in 1997, meaning that residents and non- residents are free to bring in and take out foreign exchange without restriction.
[5] Both budget support and project aid are comprised of loans and grants.

1.5.1 Challenges in Estimation of Workers' Remittances

While estimates of workers' remittances reflect a rise over the period, it is worth noting that tracking and measuring these flows have also become harder during the period. The challenges in estimating the amounts of workers' remittances arise from the increased foreign exchange transactions, sophistication of the transactions in respect of the formal financial system, and technological developments especially in the communication sector. In the majority of cases, the funds received through the formal sector are transmitted via commercial banks to smaller authorised financial institutions such as forex bureaus, micro-finance institutions and credit institutions with more widespread branch networks. These branches then form the access points for the respective recipients. However, it is difficult to reconcile the amounts reported by the two tiers of institutions over a particular period mainly due to problems of misclassification and double counting.

Greater challenges are faced in instances where the funds are sent via informal channels. These usually include individuals entering the country with funds for delivery to various recipients. Beneficiaries may be either individuals or even unlicensed shops. This kind of remittance is even harder to track where the final delivery is made in local currency, as they do not feature as conversions from foreign currency to local currency in the formal financial system. In other instances, goods for sale are sent to recipients. However, recent amendments to the Foreign Exchange Act have attempted to address some of these shortcomings by providing a legal basis for interested persons to formally engage in money transfer activities under license by the Central Bank as a means of improving coverage.

In spite of this, some remittance service providers have continued to operate informally. Circumvention of the regulated system may be linked

to high overhead costs associated with licensing, operational and, regular reporting requirements among others.

1.5.2 Workers' Remittance Estimation Procedure

Owing to the challenges highlighted in the previous section, remittances estimates are derived as a residual using volumes of foreign exchange transactions. The methodology involves:

- Estimating total foreign exchange inflows during a particular period derived as the sum of total foreign exchange purchases by banks and foreign exchange bureaus.
- The total is then adjusted by subtracting all inter-bank; inter-bureau, bank-bureau transactions and bank purchases from the Central Bank.
- All outstanding forward purchases at the end of the review period and swap purchases are excluded.
- Workers remittances are derived as the amount left after deducting (residual) foreign exchange proceeds from estimated export of goods and services, income receipts, NGO transfers, foreign direct investment, portfolio investment, and other investments of banks and non-bank private sector.

While this procedure provides an estimate of Workers Remittances during a specified period, it also leads to over estimations in periods where there are a lot of foreign exchange inflows on account of other BOP items that are not properly captured and may also result in underestimations when other BOP items are over-estimated. Accordingly, information on the characteristics of Workers' Remittances (source, use, key beneficiaries etc.) is scanty.

Nonetheless, local studies conducted so far provide insight into some of the characteristics of remittances to Uganda. For instance, the Uganda

National Household Survey, 2005/6, established that only 2percent of Ugandans receive remittances from abroad, the higher proportion (7percent) of recipients being in Kampala. The mean monthly values received varied between regions, with Kampala registering the highest value of Shs 130,500 (US$75). On usage, the survey revealed that 51.7percent of the recipients spent remittances on consumption, while 26.1percent used remittances for education.

A more recent study[6] on access to financial services in Uganda revealed that 12percent of the population received money from outside Uganda, of which 5percent indicated Europe as the origin. The study also highlighted the fact that almost 50percent of the recipients receive US$200 or less while only 13percent received over US$500. The use of remittances was mainly consumption (65percent), education (31percent), and health (29percent) as indicated by the recipients. It is worth noting that workers' remittances are put to multiple uses.

1.6   *Regulatory and policy environment*

Government has undertaken a number of measures aimed at improving the recording, management and integrity of Workers' Remittances, while at the same time trying to maximise the benefits in terms of contribution to economic development. Key among these is the review of the law on foreign exchange, the Foreign Exchange Act (FEA) 2004 and its implementing regulations were gazetted in 2006 and are operational. The Act repealed the Exchange Control Act of 1969 and legally provides for licensing of the money remittance businesses thus enhancing competition. Ugandans living abroad remit money through commercial banks, international money transfer operators, and this law strengthens the capacity of Bank of Uganda to monitor and regulate the transactions

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[6] FinScope Uganda conducted a survey on demand, use and access to financial services in Uganda in 2007. Details of this and other FinScope country reports may be accessed through www.finscopeafrica.com website.

in the context of a fully liberalised capital account in addition to allowing further development of financial markets and products.

As at end 2006[7], the financial infrastructure in Uganda comprised of 17 commercial banks with over 150 branches, 6 credit institutions with over 30 branches, 4 micro finance deposit taking institutions with over 70 branches, more than 200 international money transfer organizations outlets[8], 81 foreign exchange bureaus and over 1000 micro finance institutions. Financial institutions in Uganda are categorized into four tiers. Tier 1 are commercial banks, tier 2 are credit institutions, tier 3 are micro finance deposit-taking institutions while tier 4 is comprised of all non-deposit taking financial institutions such as micro finance institutions, credit-only NGOs limited by guarantee, money lenders, SACCOs, community-based organizations, and other member-based organizations.

The legal framework allows money remittance through commercial banks and licensed money transfer operators.

It is strongly envisaged that availability of credible information on remittance flows to Uganda will benefit the country by way of guiding policy aimed at attracting more of such inflows, maximizing their impact on development, and lowering transaction costs to the advantage of both remitters and recipients.

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[7] Bank of Uganda has since licensed more financial institutions. Up to date information available at www.bou.or.ug

[8] The outlets are operated by authorised foreign exchange dealers

1.7 *Why monitor workers' remittances to Uganda?*

Remittances supplement the income of the recipient households. They also indirectly affect poverty and welfare through their macroeconomic effects. Remittances increase the well -being of recipients and can help smooth household consumption, especially in response to adverse events, such as crop failure or health crisis and civil war. Remittances do play an important role in reducing the incidence and severity of poverty.

Evidence from household surveys also shows that remittances may have reduced the share of poor people in the population by 11 percentage points in Uganda, 6 percentage points in Bangladesh and 5 percentage points in Ghana, (Global Prospects, 2006). The same source shows that remittances are associated with increased household investments in education, entrepreneurship, and health and that several studies show that remittances provide capital to small, credit-constrained entrepreneurs.

1.8 *Objectives of the Survey*

In recognition of the contribution by Ugandans in the Diaspora by way of increased remittance flows and the perceived role that remittances may play in poverty alleviation the Government of Uganda embarked on remittances monitoring initiatives for the following reasons:

i. Improvement of statistics. In particular, there is need to improve the compilation and accuracy of the Balance of Payment Statistics, thereby strengthening the formulation of monetary and exchange rate policies. Issues of data quality and timeliness as prescribed by the International Codes and Standards are key concerns in relation to statistics.

ii. To some extent, an unknown proportion of remittances is believed to be channeled through the informal sector. In the absence of

information on the magnitudes and reasons for the preference of informal transfer systems, it is difficult to promote the use of formal systems; enhance the efficiency of the payments systems that support distribution and use; and facilitate and support the development of appropriate products by the private sector. Knowledge and analysis of remittances characteristics is a first step towards addressing these issues.

iii. The converse flow of nationals and money across borders requires supportive seamless environment in terms of harmonised policies, regulatory framework and bilateral arrangements if the country is to reap the benefits accruing from migrant workers' inflows. The challenge is how to harness regionalism and bi-lateral cooperation.

The survey specifically, seeks to establish:
  i. Size of remittances to address the shortcomings of the current estimations
  ii. Source countries for remittances.
  iii. The Characteristics of remittances such as amounts, frequency, purpose, seasonality, and use.
  iv. Remittance channels
  v. Recipient sectors

1.9 *Organisation of the Report*

This chapter provided an insight into remittances from different perspectives, highlighting the importance of and challenges in measuring and estimation of such flows to Uganda. The rest of the report is organized as follows: Chapter 2 discusses the methodology applied in the survey. The findings are presented and analysed in Chapter 3 while Chapter 4 summarises the key findings, conclusions drawn from the

survey, lessons learnt and discusses policy implications there from. Included also and of specific interest, are measures suggested to further enhance the methodology for future iterations.

CHAPTER 2
METHODOLOGY

This chapter reviews the methodology applied in this survey. The chapter addresses sampling issues, administration of the survey and data processing. We close the chapter with a discussion on the challenges and limitations of the methodology.

2.1 The Sampling design

The sampling procedure followed is similar to that used for the National Household Surveys. [9] A two stage sampling design was used in which the first stage Enumeration Areas (EAs) were drawn using systematic sampling with Probability-Proportional-to-Size (PPS)[10]. Here the number of households, based on the 2002 population and housing census, was used as the measure of size.

2.2 Sample size determination

The appropriate sample size was computed using estimates from the Uganda National Household Survey (UNHS) 2005/06. The key statistic used for estimation was the proportion of households that received remittances from abroad in the year 2005/06, which is about 2 per cent according to the findings of the UNHS 2005/06.

2.3 Sample allocation and selection procedure

With the sample size of 4100 households and a computed optimal sample take of 30 households per Primary Sampling Unit (PSU) (see details for computation of optimal sample take in appendix 1), an estimated total of 137 Enumeration Areas was derived for the survey as shown in Table 2.1 below.

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[9] The sampling procedure is detailed in appendix 1
[10] This is a sampling technique where the probability of selecting a unit is proportional to the size of its population.

Table 2.1: Sample allocation by Urban-rural domains

Stratum	No. of Households (UNHS 2005/06)	%	Sample size	No. of EAs
Urban	907,150	17.4%	800	67
Rural	4,301,048	82.6%	3300	70
Total	**5,208,198**	**100.0%**	**4100**	**137**

Since the regional distribution of households within the urban-rural domains is fairly uniform, the national sample was further distributed proportionately within each domain amongst the four statistical regions with probability proportional to the number of occupied housing units as shown in Table 2.2 below.

Table 2.2: Regional Distribution of Enumeration Areas

Region	Urban	Rural	Total
Central	35	16	51
Eastern	11	20	31
Northern	10	15	25
Western	11	19	30
Total	**67**	**70**	**137**

Based on the allocation of EAs, the number of households allocated for each area was determined by individual households selected using simple random sampling from the systematically selected EAs.

2.4   Administration of the Survey

Bank of Uganda and the Uganda Bureau of Statistics under the Foreign Exchange Act of 2004 and the Uganda Bureau of Statistics Act of 1998 respectively, jointly conducted the survey. The two institutions carried

out pre-survey, survey and post survey activities under a memorandum of understanding. The survey was funded by GTZ /Sida through the Financial Systems Development Program, with additional financial resource from Bank of Uganda.

2.5 *Questionnaires & Manual*

A set of questionnaires was designed for the survey comprising of a listing, remittances and community questionnaires.

i. The listing questionnaire was designed for purposes of obtaining a comprehensive up to date list of all households in the selected enumeration areas. It is from this list of households that a sample of households to be interviewed was selected.

ii. The remittances questionnaire, the major instrument of data collection, was designed to obtain the required remittance data. The questionnaire was divided into six major sections seeking information on the main research questions namely; the amount of remittances; the source of remittances, the key characteristics of remittances- amounts, frequency of receipt, use of remittances and remittance channels used. In addition, the questionnaire requested for socio-economic characteristics of recipients and remitters. (See details in appendix 2)

iii. To supplement information generated by the main questionnaire, a community questionnaire was designed to collect qualitative information from local community leaders. The questionnaire requested for information on economic activities in the locality, income, migration, the impact of remittances, and use of remittances among other issues. Responses to this questionnaire were obtained from community leaders, who were mainly local council members.

iv.	In addition to the questionnaires, an enumerators' manual was designed to guide field staff during the survey exercise. The manual included general background information on the survey, the survey objectives, instructions for completion of the questionnaires.

## 2.6	Data collection and management

The survey was structured into two rounds of fieldwork running from 24th March to 5th April 2007, and 1st June to 30th June 2007, respectively. A total of 45 field staff divided into 9 teams, each with 1 Team leader and 4 Interviewers were engaged for the survey. The major consideration in team composition was knowledge of the local language in the selected community. This was mainly because the questionnaire was in English thus requiring translation into the local language at the time of administration for some respondents. In addition, one coordinator, two assistant coordinators and seven supervisors were in the field to oversee field activities to provide technical assistance and to ensure quality.

### 2.6.1	Training of field staff

A 4-day workshop was organised for field staff from 10th to 13th March 2007 at the Namirembe Guest House, Kampala. The workshop attended by both team leaders and interviewers was aimed at appreciating the objectives of the survey, understanding the survey tools and equipping staff with knowledge and skill for smooth field activities. Facilitators were drawn from the stakeholder institutions, BOU and UBOS. Areas covered included; background on remittances monitoring, definitions and survey manual of instructions, questionnaires review, and practical fieldwork techniques- listing procedures and interviewing. Participants benefited from mock field activities conducted during the training.

In addition, a refresher training session was held at the Ankrah Foundation in Mukono from 27th to 29th May 2007 to review and share experiences. During the retreat, participants shared fieldwork experiences, issues were clarified and strategies refined for the second round of fieldwork.

2.6.2 Publicity

A media campaign was conducted prior to and during the survey period. The nationwide campaign involved airing of information specifically explaining the survey and its justification and usefulness on purposefully selected local radios with considerable outreach and broadcasts in local language. The major consideration in the choice of media was coverage and outreach. Media houses with outreach that cuts across districts were preferred. In addition press releases on the survey were published in the major local print media.

2.6.3 Dissemination workshop

A dissemination workshop was held on 24th April 2008 during which preliminary findings were shared with stakeholders. Participants included representatives from both the private and public stakeholder institutions. A number of issues of concern and recommendations were made most of which were taken into consideration in finalising this report.

2.7 *Challenges and Limitations on the methodology*
A number of challenges were encountered during the survey, major ones of which are discussed here below.

2.7.1 Language

During the initial stages of the survey it was realized that urban-based field teams required multi-lingual composition. To overcome this problem, the affected teams were re-constituted mid-way through the field activities.

2.7.2 Information disclosure

In general, people are skeptical about releasing information on income as they are not sure of what use, mainly negative, the same would be put to. While in some cases it was very easy to record a positive response with regard to whether a household received remittances, it required convincing the recipients to disclose the amounts involved. Also information on the remitter was rather difficult to obtain as the households felt that releasing this key information may threaten the remitter's continued stay abroad. However with more clarification, respondents were more cooperative in providing the required details.

2.7.3 Perception

The survey was conducted at a time when the 'prosperity for all' (*Bonnabagagawale)* poverty eradication strategy was being drummed up while a Ministry of health anti-malaria drive had just concluded. The drive involved distribution of free mosquito nets. Indeed, many rural based respondents initially misconceived the project as a government strategy to identify needy homes that would benefit from the schemes. A lot of explanation was necessary to de-link the survey from the 'prosperity for all' initiatives.

2.7.4 Return Visits

Absence of selected household heads meant that field staff had to make several visits to the same household, usually over long distances as

households were far apart with some located in areas with rough terrain. This was a constraint on the limited human resource and time, more so in the rural areas where it was difficult to substitute households in the sample. There were also cases of absentee household occupants, which also necessitated multiple visits.

2.7.5   Insecurity

There was insecurity in some parts of North Eastern Uganda, in particular, Teso and Karamoja Districts during the survey period. In such instances, guards were hired to protect field staff from attacks. In other parts of the country like Kibaale district, respondents were hostile to the field staff and they were not able to administer the questionnaires.

2.8   Chapter Conclusion

This chapter has discussed the methodology applied in the survey, highlighting the shortcomings encountered. It should be emphasised that the household methodology adopted gives credence to the survey results. In the next chapter we present and analyse the survey findings, while recommendations on the way forward and strategies for mitigating the highlighted challenges are discussed in chapter 4.

CHAPTER 3

FINDINGS & ANALYSIS

In this Chapter we present and analyse the findings of the survey on remittances. As stated in previous Chapters, the survey set out to collect data on remittances received in the calendar year 2006. Details sought included socio-demographic and economic characteristics of remitters and recipients, the size and source of remittances, use of remittances and remittance channels.

The findings are analysed and presented under the respective aspects of the survey. The analysis is based on the results generated from the data obtained from the basic survey questionnaire and supported by information derived through the community questionnaire.

3.1   Remittance Beneficiary Households

Overall, the proportion of household that reported remittances in the survey was 4.8percent (0.263million) of the total households in the country, estimated at about 5.491million.[11]

The results show a wide disparity of this proportion between rural and urban areas. In the urban areas, nearly one out of every 5 (18.6percent) households surveyed reported to have received remittances in the year 2006, as opposed to only 2.5percent of rural households.

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[11] The Uganda National Household survey of 2005/06 estimated Uganda's population at 27.2 million people. The same estimates showed that the number of households increased from 4.2million in 1999/00 to 5.2million in 2005/06. The estimates also showed a higher percentage of females (51percent) as compared to males (49percent). The average household size was 5.2. The remittances survey estimated the population at 29.4million people equivalent to 5.4million households.

Most (63percent) of the recipient households are male headed as only 37percent of these households reported female household heads. The average household size was estimated at 5.4.

3.2 *Socio Demographic Characteristics Of The Recipients*

The survey sought to establish the socio-demographic and economic characteristics of recipients with reference to age, sex, marital status, education, occupation, dependants and relationship to the household head. The findings and analysis are presented in this section.

3.2.1 Residence Status within Households

Respondents were requested to indicate the residence status of household members. The majority of the household members (95%) were reported to be 'usual' members[12], with the urban/rural break down of 90.4percent and 95.7percent respectively. 'Regular"[13] members in the households accounted for 4percent of the overall picture with 8.5percent and 3.4percent reported in urban and rural areas respectively.

The usual members who had left the household more than 6 months before the survey were 0.1percent of the total while those who left the household permanently were 0.4percent.

3.2.2 Gender Of Household Members

Respondents were required to indicate the gender of household members in the household. Analysis of the gender distribution of household members shows that there are more females than males in the population, although the difference is not so pronounced.

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[12] Members who had lived in the household for six months or more during the twelve months covered by the survey.

[13] Persons who were usual members of the household but were away for more than six months during the twelve months for reasons such as economic, education, or other.

Overall, females account for 50.5% of the total population, which is only a percentage point higher than the corresponding proportion for males. The rural-urban split reveals that the difference is higher (3.1percent) in urban areas where females are reported to account for 51.5percent of population. In the rural areas, the difference was reported as 0.8percent with females accounting for 50.4percent of the population.

3.2.3 Family Relationship

Generally, most members of the household are closely related to the household head in one way or another.

Overall, biological children of the household head constituted the largest share (52.3percent) of household members, with a slightly higher proportion in the rural areas. This is consistent with results of the UNHS 2005/2006. The children were followed by spouses with 12.3percent. Other relatives including parents, brothers and sisters, cousins, nephews and nieces, as well as grand children constitute about 15percent of total household membership. See details in Figure 3.1 below.

Figure 3.1: Distribution of Relationship to household head by Residence
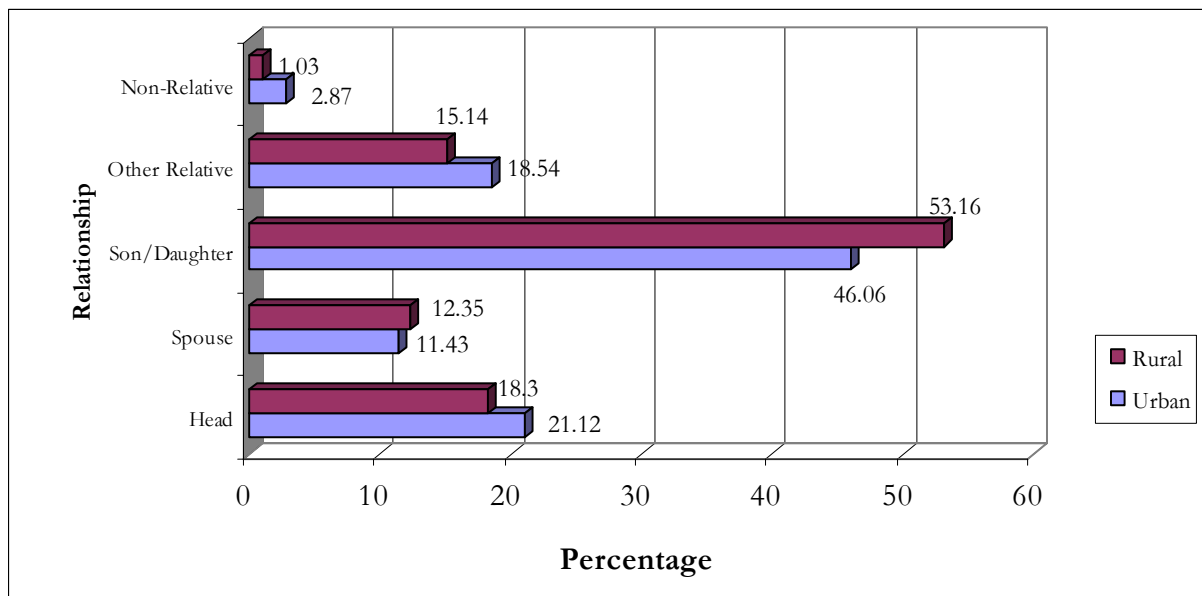
3.2.4 Period of stay in the household

Respondents were required to indicate the period each household member had lived in the household in 2006, the year the survey was conducted.

The results show that 90percent of household members had resided in the household for a period of twelve months or more, while the remaining 10percent reported having stayed in the household for periods under 11 months. There are no marked differences in these proportions between urban and rural areas.

3.2.5 Marital Status

Information on the marital status of members of the household was collected during the survey. The results show that most of the household members (66.4percent) had never been married[14], while 27.5percent were reported married. Household members reported married were in either monogamous (22.6percent) or polygamous marriage (4.72percent). Details are provided in Figure 3.2 below.

Figure3.2: Marital Status of Recipients

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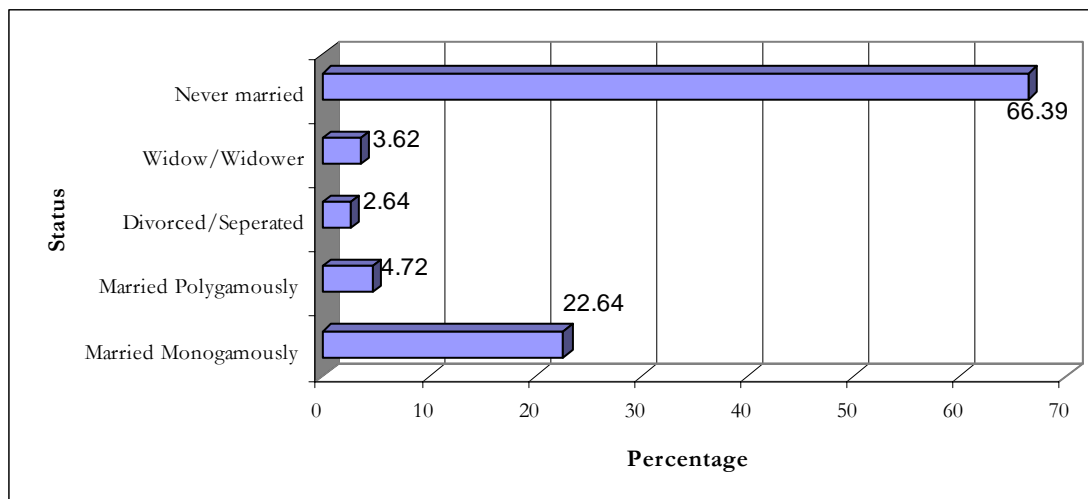
[14] This percentage includes children.

3.2.6 Education of Household Members

Households were required to indicate the education status of the members aged five years and above. The results show that 46.6percent of members in this category were attending school while 37.9percent had attended school in the past. (See Figure 3.3 below) A proportion of 15.4percent had never attended school with the majority (95.2percent) residing in rural areas.

In percentage terms, there was an almost even distribution of people currently attending school between urban and rural areas basing on the respective urban and rural populations. These percentages were 48.4percent and 46.4percent respectively.

Figure 3.3 Education Status of Household Members
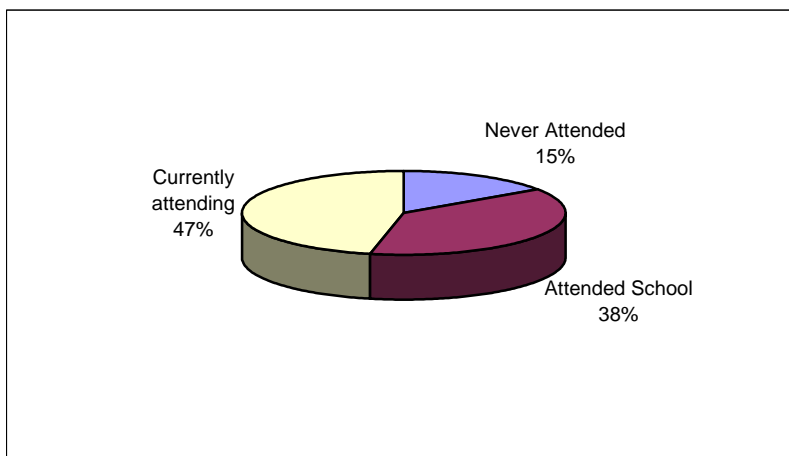
3.2.7 Highest Grade attained

As a follow up to the previous question, members were required to indicate the highest level of education attained. The results show that 57.7percent had received primary education, not necessarily attaining the primary leaving education (PLE) certificate.[15] Those with primary education as the highest level of education were 8.7percent. Rural

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[15] This category includes children attending primary school at the time of the survey.

dwellers formed the bulk of the above two categories. The corresponding proportions for Ordinary level education, A-level and tertiary institutions were 13.1percent, 2.1percent and 2.5percent respectively. See details in Figure 3.4 below.

Figure3.4 Highest Grade attained
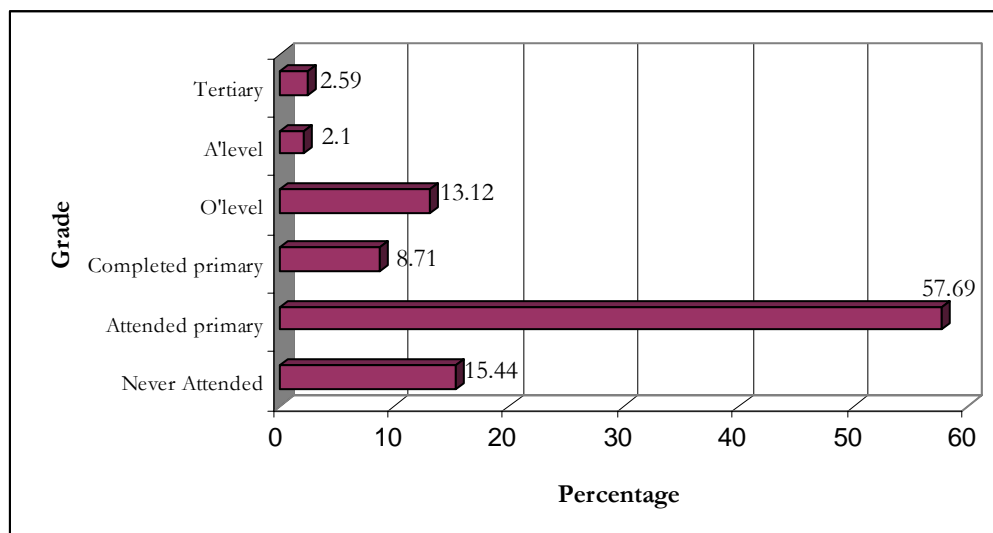
3.2.8 Occupation of Household Members

Respondents were requested to indicate the occupation of household members aged five years and above. The analysis on occupation was based on the household members in that age group. The results reveal that the biggest percentage of household members (49.1percent), were attending school, followed by agriculture with 28.7percent, elementary occupations with 12.5percent and service workers with 5percent. The combined share of the more skilled occupations such as managers, professionals, legislators and technicians stood at 2.5percent. Details are provided in Figure 3.5 below.

Figure 3.5: Occupation of Household Members

Figure: Distribution of Household Workforce by Occupation (horizontal bar chart). Percentages by occupation: Elderly 1.57; Student 49.12; Elementary 12.48; Plant & Mac 0.42; Craft 0.84; Agriculture 28.69; Service 4.39; Clerks 0.12; Technical 0.85; professional 1.26; Legislation 0.26. X-axis: Percentage (0 to 50). Y-axis: Occupation.
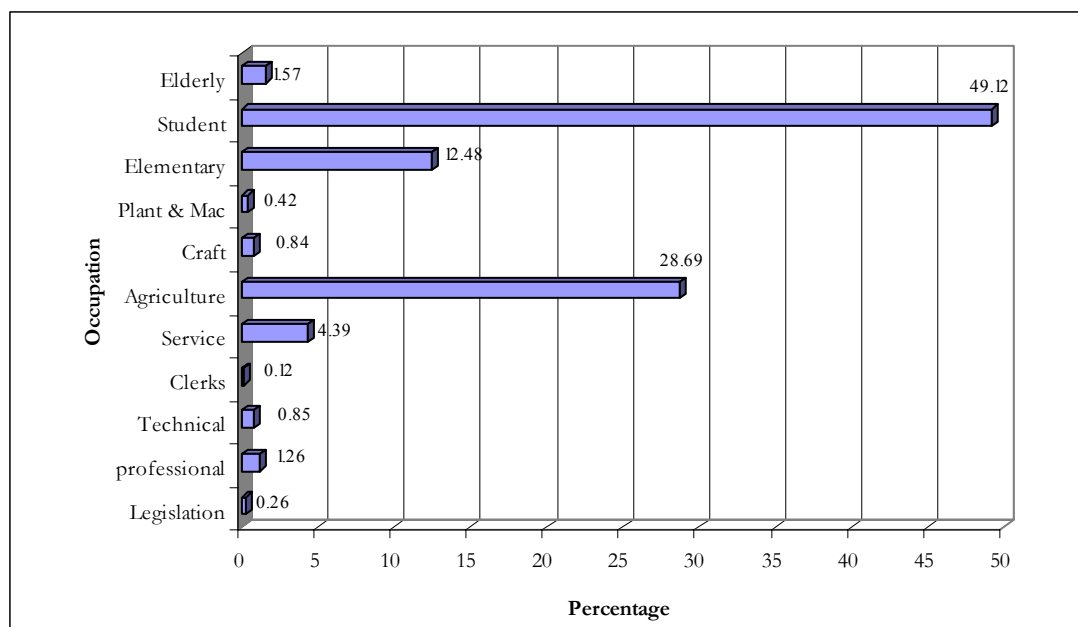
3.2.9 Distribution of Household Workforce

An attempt was made to look at the distribution of the workforce by occupation. This was achieved by dropping the students and the elderly from the population aged five and above.

The results reveal that agriculture was by far the major employing sector with 58.2percent of the population earning a living from the sector. Agriculture was followed by elementary occupations with 25.3percent and the service workers employing 8.9percent of the population. Under this reorganization, the share of the more skilled occupations doubles but remains low at only 5.1percent. The proportion of the workforce engaged in agriculture from this survey is lower comparison to the 70percent reported by the UNHS 2005/06. This may be explained by students' involvement in the sector. Other details can be seen in Figure 3.6 below.

Figure 3.6: Distribution of Household Workforce
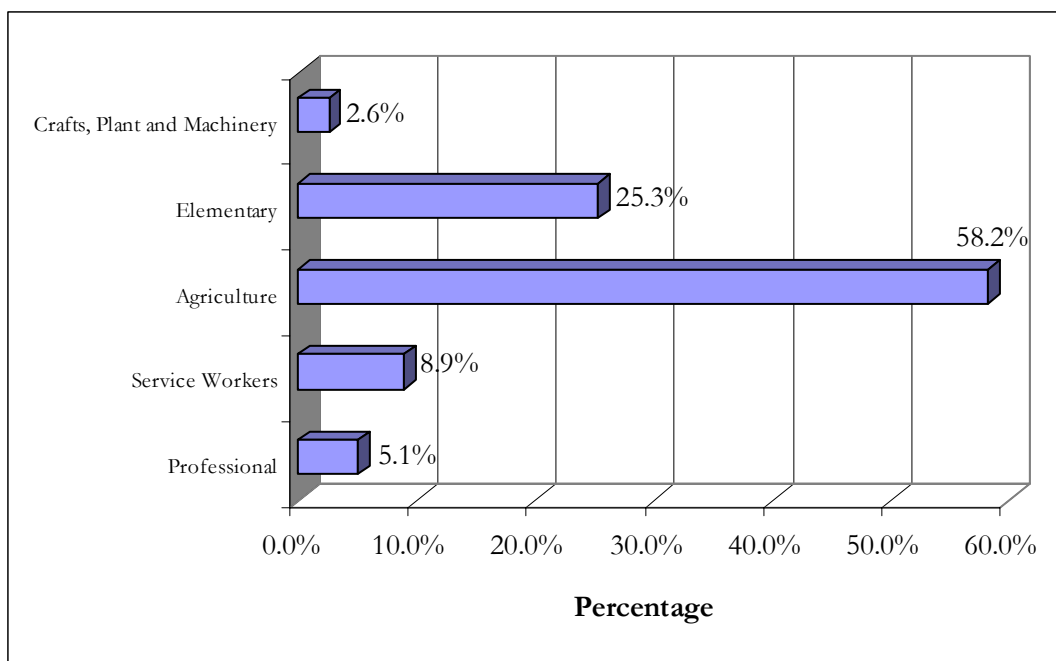
This is consistent with findings from the community questionnaire, which established that overall most of the communities (83.8percent) were engaged in agriculture as the main source of income while a negligible 0.2percent indicated remittances and gifts as a major source of financial support.[16] The rural/urban split however shows that only 17.5percent of urban dwellers mainly earn from agriculture.

3.3   *Socio Demographic Characteristics Of The Remitters*

The survey sought to establish the socio-demographic and economic characteristics of Ugandans who send money home in respect of age, sex, marital status, education, occupation, dependants and period of stay outside Uganda. The findings are presented in this section. The analysis below is based on information provided by the households that indicated having received remittances from abroad during the year 2006.

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[16] The Uganda National Household Survey 2005/6 showed that nearly 70percent of the working population was self-employed in agriculture.

3.3.1 Relationship to Remitter

Recipients were requested to indicate their relationship to the person who sends them money from abroad. Responses to this question show that relationships range from blood relationships to business partnerships and friends.

In total, 60.9percent showed a blood relationship with the remitter while 26.6percent of respondents were in the category of 'other relative' of the remitter. Among the blood relatives, 10.9percent, 10.2percent and 9.2percent were sisters, parents, and daughters to the remitters, respectively. Approximately 8percent, and 6percent of the recipients are spouses, and sons of the remitters, respectively. Recipients who indicated a business relationship were a paltry 1.3percent while friends accounted to 8.9percent. The survey did not ask for details on the type of business relationship.

With 26.6percent and 23.3percent of the recipients being other relatives[17] and immediate family, respectively, the results seem to emphasise the Ugandan culture of concern and care for the extended family. See details in Figure 3.7 below.

Figure3.7: Recipients' Relationship to Remitter
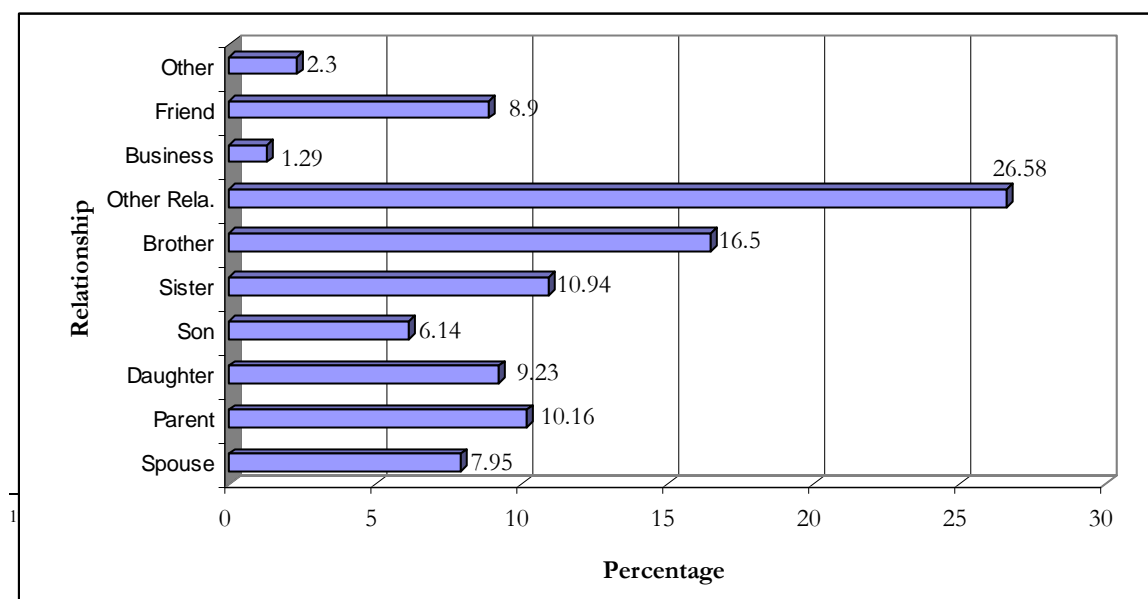
3.3.2 Period Remitter has lived abroad

Recipients were required to indicate the number of years that remitters had lived abroad. As shown in Figure 3.8 below, more than half of the remitters had lived abroad for periods under 10 years; 33.1percent and 25.1percent of the recipients indicated that the remitters had spent at most five years and between 5 and 10 years abroad respectively. About one third of the recipients indicated that the remitters had spent at least 20 years abroad. A considerable proportion (62.7percent) of urban recipients indicated that the remitters had lived abroad at most 10 years as compared to 52.8percent of the rural recipients. At community level, most communities (87.35percent) indicated that there was no migration of members to overseas countries within the 5 years to 2006.

Figure 3.8 Period Remitter has Lived Abroad
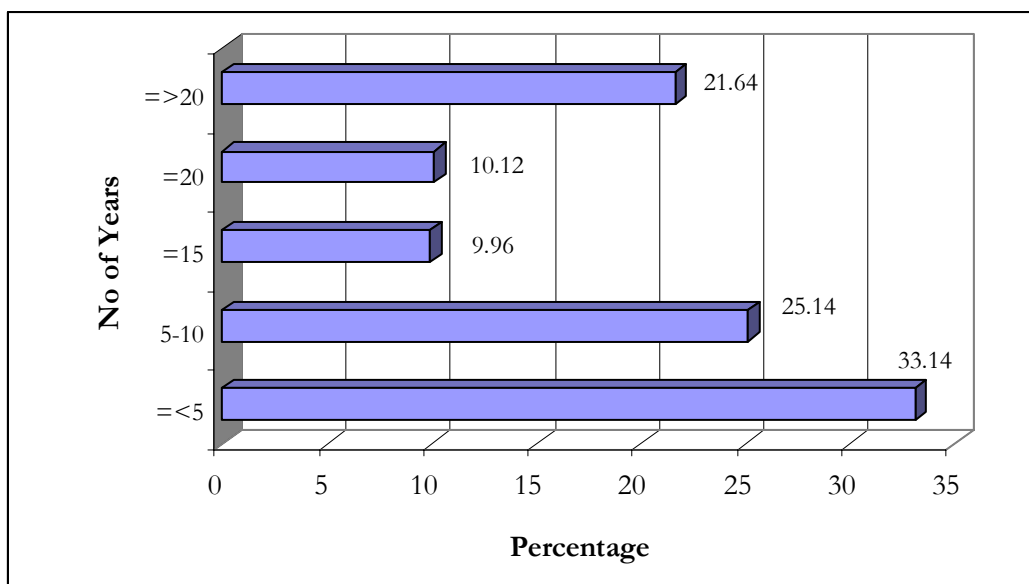
3.3.3 Age and Gender of Remitter

Recipients were required to indicate the age and gender of remitters. The majority, 73.8percent of remitters was reported to be above 30 years old while the remaining 26.2percent were below. For both urban and rural recipients, the majority of remitters were above 30 years old. Results further show that there were more male than female remitters with the former accounting for 65.4percent and the latter 34.6percent (Figure 3.9).

Figure3.9: Gender of Remitter
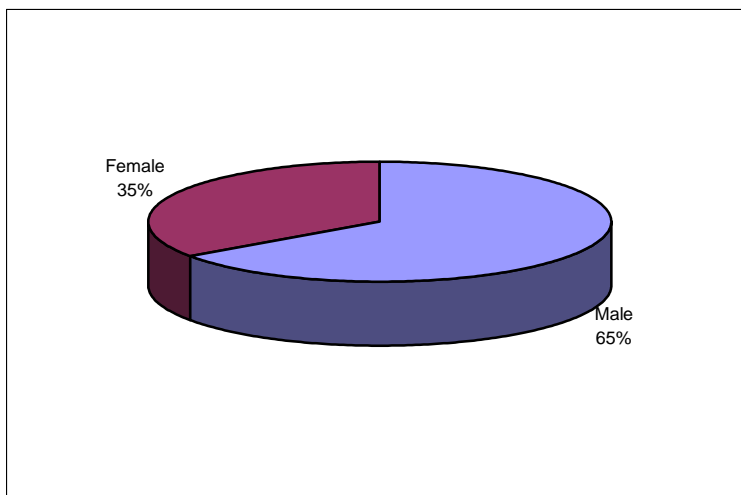
3.3.4 Level of education of Remitters

Survey results show that 53.7percent of the remitters had attained post secondary education compared to about 26.5percent who had attended secondary education. This suggests that Uganda loses highly educated manpower to the outside world. Moreover, remitters with no formal education were a paltry 1.8percent while those with less than primary level and primary level education were 4.7percent and 13.3percent, respectively. Details in Figure 3.10 below:

Figure 3.10: Level of Education of Remitters
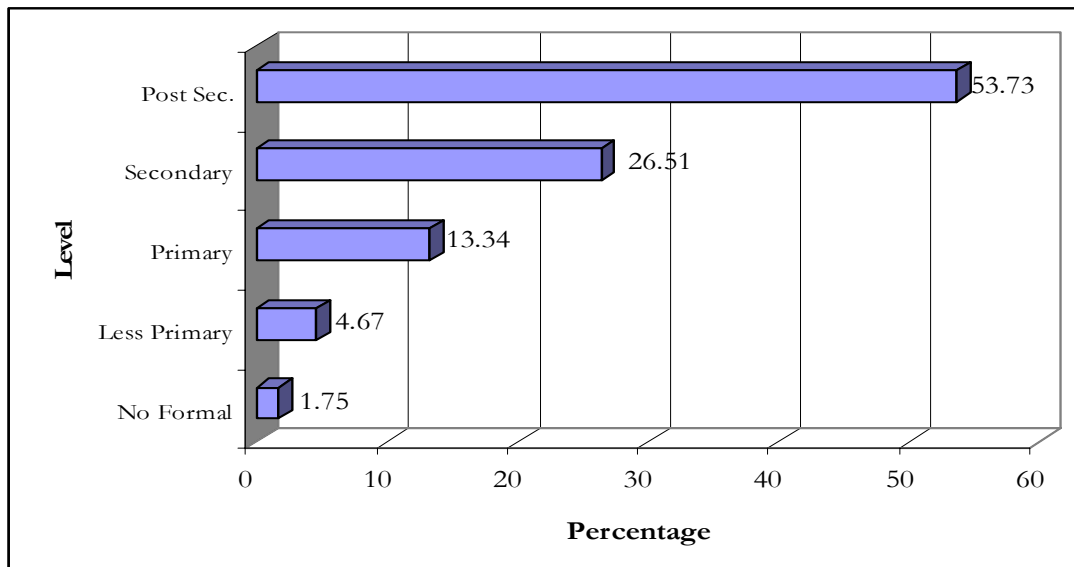
Analysis along the urban and rural split revealed that an almost equal percentage, 55percent and 52.1percent respectively, receive from remitters with post secondary education. Based on these findings it may be deduced that there is no distinct disparity among remitters on the basis of education between rural and urban recipients. However, there may be differences in the amounts remitted.

3.3.5 Labour Status of Remitters

A big proportion, 93.4percent of the recipients of remittances indicated that the remitters were in the 'working' category with the remaining percentage shared between 'non-working', 'voluntary' and 'other' categories. See Figure 3.11 below. In addition, 55percent of the recipients who indicated that the remitters were employed were based in urban areas, with 45percent in rural settings.

Figure 3.11: Labour Status of Remitters
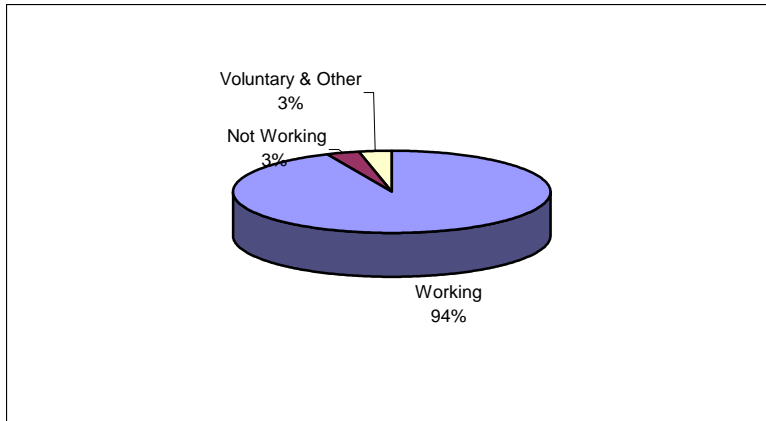
3.3.6 Marital status of Remitters

On the issue of marital status, the results show that 66.2percent of the remitters were married while 25.3percent are single. This suggests that most remitters are family people who still maintain close family ties (both nuclear and extended) with their relatives in Uganda. This could have an indication in the sustainability of the remittances. For 5percent of the cases, remitters were either widowed or divorced. See details in Figure 3.12 below.

Figure 3.12: Marital status of Remitters
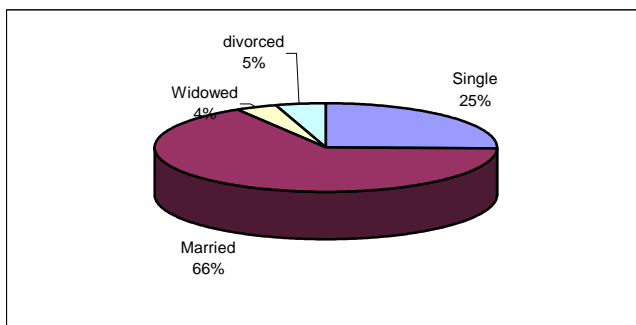
3.3.7 Remitters' Dependant Children

Recipients were requested to indicate the number of dependant children, biological or otherwise either in Uganda or abroad. The analysis does not isolate children by type. Overall, more than half or 53.8percent of the

remitters were reported to have 1 to 5 dependant children in Uganda. The greater proportion of 14.9percent is constituted of remitters with one dependant child, while categories of remitters with two, three, four and five children each accounted for almost 10percent on average. However, the biggest proportion (36.4percent) of remitters had no dependent children in Uganda.

Similarly, most remitters (56.9percent) were reported to have zero dependant children abroad. The smaller proportions, 11.1percent and 11.9percent of remitters had 1 and 2 children abroad respectively. A combined 18.2percent of remitters had between 3 to 5 children abroad while the rest had at least 6 children abroad.

That more than half of remitters have one to five children in Uganda may partly explain the remittance flows into the country. This is in addition to the existence of strong extended family relationships consistent with most African culture. As reported earlier 60.9percent of the recipients are blood relatives namely; brothers, sisters parents and children.

3.4   *Remittances*

In this section we present and discuss the characteristics of remittances received in 2006. The presentation is made at household level. The characteristics considered include; size of remittances, frequency of remittance receipts, remittances in kind, use of remittances and remittance channels.

3.4.1   Size of Remittances:

Respondents were required to indicate how much money they received from abroad over the period January to December 2006. This

information was collected in Uganda shillings, the local currency. The results are presented below.

3.4.1.1 Gross Remittances

Gross remittance receipts for the year 2006 were estimated at Uganda shillings 744.4billion (approximately US$406.5 million.[18]) The results show that remittances are skewed towards urban areas with 73percent (US$ 296.8 million) of the total remittance flowing to urban-based households. This inclination may be explained by the proximity to receiving points most of which are urban-based. Also the remittance distribution chain is known to originate in urban centers, meaning that an unknown portion of remittances registered in urban centers may be destined for final recipients in rural Uganda. The survey did not ascertain the proportion of remittances attributed to each stage of the distribution chain.

3.4.1.2 Remittances in Cash[19]

The greater proportion (96.1percent or US$390.7million) of total remittances was received in cash. For the receiving households, an average of Uganda shillings 1.8 million (approximately US$993) per household was derived for the year 2006.

The up-rating methodology is detailed in appendix 4.

3.4.1.2.1 Change in Remittance Receipts:

Respondents were required to compare amounts received in 2006 with remittances received in the past. Overall, 55percent of the respondents indicated that the amounts received in 2006 had not changed from that

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[18] Exchange rate Ug.shs.1831.00 per USD; Details on estimation methodology are provided in appendix 4.
[19] Cash includes all non-kind remittances irrespective of mode of transmission

received previously. This finding should be interpreted with caution since other economic variables like inflation and exchange rate were not taken into consideration. In addition, the past period in reference was not specified in the methodology.

Respondents that reported a drop (22.5percent) in remittance receipts in 2006 attribute it to a strained financial situation of the remitter resulting from a reduction in income abroad or taking on more responsibilities. Some of the reasons given for a fall in remittance receipts include exchange rate fluctuations and fewer demands/requirements on the part of the beneficiary, more demands on part of the remitter such as payment of school fees at higher institutions of learning abroad.

A rise in remittance receipts as experienced by 22.5percent of recipient households was attributed to among others improved remitter's income, more than usual demands by the beneficiary and new investment projects such as construction of houses and purchase of property that require additional resources as compared to previous remittances.

3.4.1.2.2   Expected Future Remittance Receipts

Respondents were required to compare amounts received in 2006 with expected or future remittance receipts. Overall, 40percent of respondents indicated no change in remittances receipts in future, while 35.5percent and 16percent expected a rise and drop, respectively. The remaining 8.6percent expected remittance flows to completely dry up.

The main reason advanced by the 40percent that did not expect a change in remittance amounts was that the purpose for which money is sent remained the same. Households that anticipated a rise in receipts attributed it to improved remitter's income; more demands for funding by

beneficiaries in Uganda, and commencement of new projects, mainly construction and business start up.

The expected drop in receipts was mainly associated with additional responsibilities on part of the remitter, less demands by the beneficiaries, for instance due to completion of projects (funded by remitter) where resources were meant to finance a time bound program such as education and construction. Complete 'dry up' of remittances was explained by retirement from employment and unspecified problems on part of the remitter.

3.4.2 Frequency of Remittances

As a means of assessing the frequency of remittance receipts, respondents were requested to indicate how often they received money from abroad over the year 2006.

The results (Figure 3.13 below) show that most households (35percent) received remittances once a year. However, more than half of the households received remittances on quarterly basis (25percent) or bi-annually (23percent). Monthly recipients accounted for 14percent while 3perccent received on more frequent weekly basis. While annual remittances are associated with festive seasons and ceremonies, quarterly and bi-annual remittances are mainly to cater for regular payments, in particular school fees. The more frequent receipts, on monthly and weekly basis are mainly used for day-to-day maintenance, medical care and sustenance of on-going projects.

Figure 3.13: Frequency of Remittances

Less than a month 3%
Monthly 14%
Once During the Year 35%
Quarterly 25%
Bi-annually 23%
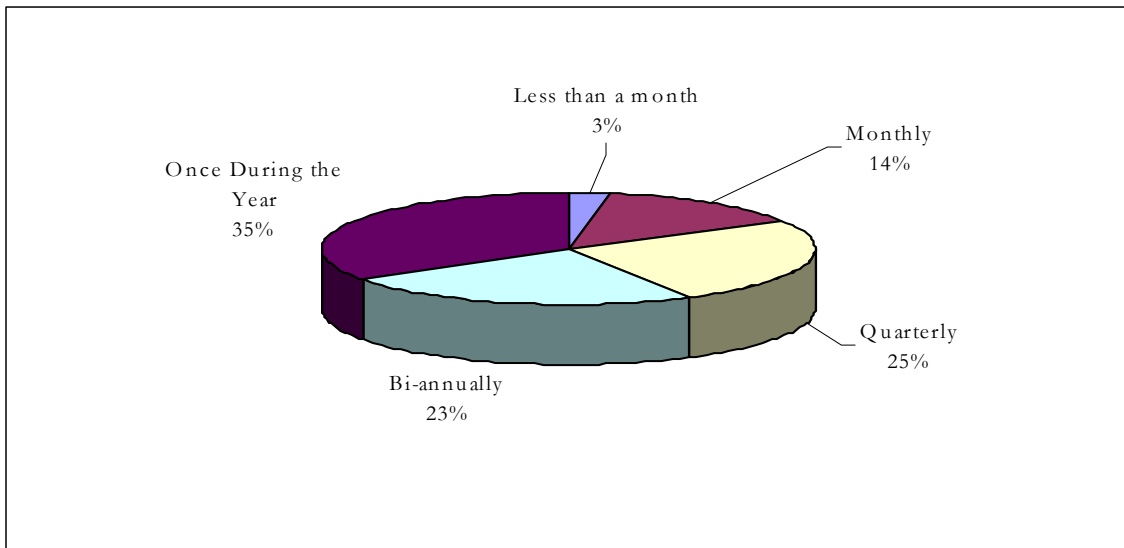
3.4.3 Seasonality of Remittances

In order to determine the seasonality of remittance flows, recipients were requested to indicate the month(s) during which remittances are normally received. With this information an attempt was made to ascertain the month(s) with the largest volumes or the most loaded month(s) in terms of remittance receipts.

As shown in Figure 3.14 below, the months of December and January returned most volumes of remittance receipts of US$57.3million and US$52.9 million for the year 2006, respectively. These were followed by the months of August (US$39.0 million), April (US$36.3 million), and February (US$34.2 million). The months of March and October 2006 registered the lowest remittance receipts of US$18.7 million and US$15.3million, respectively.

The analysis reveals a quarterly movement pattern with an element of festivity (April, December) and payment of school fees (January, April, August) throughout the year. The findings are in agreement with popular belief that most migrant workers send money home during the festive

seasons, such as Christmas and Easter and at the commencement of school term. [20] The seasonality has implications for foreign exchange management and product development within the financial sector.

Figure3.14: Monthly Distribution of Remittances (Cash) 2006
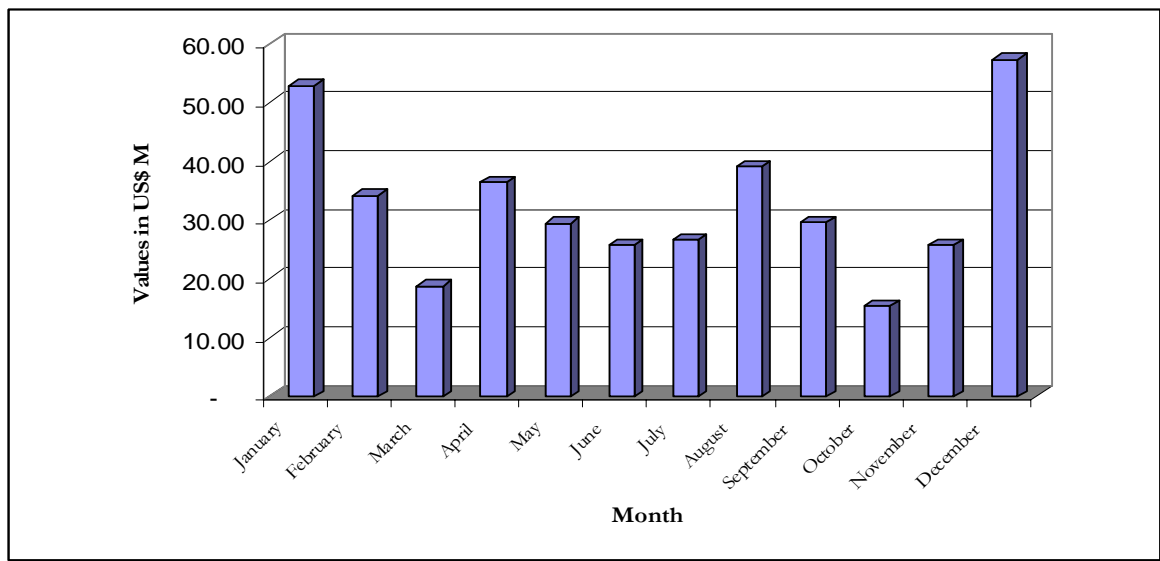
3.4.4 Source or Origin of Remittances

Respondents were required to indicate the country from which remittances originated. To analyse the source of remittances to Uganda, source countries were grouped into five major blocks depending on their geographical location as follows.

- **Africa:** Covers all countries in Africa including South Africa.
- **Australiasia:** Covers Australia and all countries in Asia with the exception of Middle East states.
- **Europe:** Covers European states including Western Europe, Scandinavian countries and Eastern Europe.
- **Middle East:** Includes the Arab states of the Middle East.
- **North America:** This group includes the USA and Canada.

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[20] A survey of participants (conducted by Bank of Uganda) at the Uganda North America Association held in 2006 and 2007 revealed that Ugandans in the US usually send more money home during the period September to December when tax refunds are effected.

The above categorization does not cover any South American states, since no remittances were received from any of the countries in that region.

The findings reveal that Africa, Europe and North America are the key sources of remittance flows to Uganda. (See Figure 3.15 below) Overall, 37percent of the recipient households indicated that Africa was the source of remittances. Europe and North America were highlighted by 35percent and 21percent of total households respectively. The remaining proportion, about 6percent was constituted of households that received inflows from the Middle East and Australiasia.

This pattern is consistent with expectations since the bulk of remittance receipts are reported to originate mainly from regions with English speaking countries.

Figure 3.15: Sources of Remittances by Regional Grouping
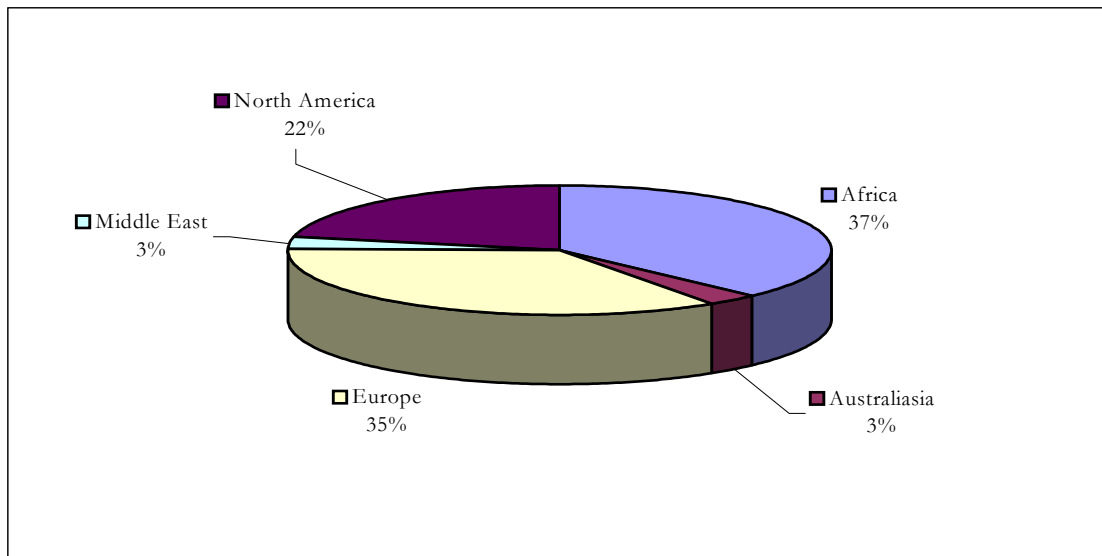
3.5 *Remittances in Kind:*

It is common practice for migrant workers to send physical items back home as opposed to money. The items involved normally include clothes, small household appliances such as flat irons, radios, mobile phones, television sets and other electronics, equipment like computers, and vehicles. Respondents were required to provide information on remittances received in kind, the findings of which are presented below.

3.5.1 Frequency of Remittances in kind

Overall, 36percent of remittance beneficiary households indicated that they received remittances in kind. For 59.8percent of the households remittances in kind were received once a year, while almost 2percent of the households received remittances in kind with a frequency of less than a month. The once a year remittance in kind may be associated with the festive season, a period during which people exchange gifts. See details in Figure 3.16 below.

Figure 3.16: Frequency of Remittances in Kind
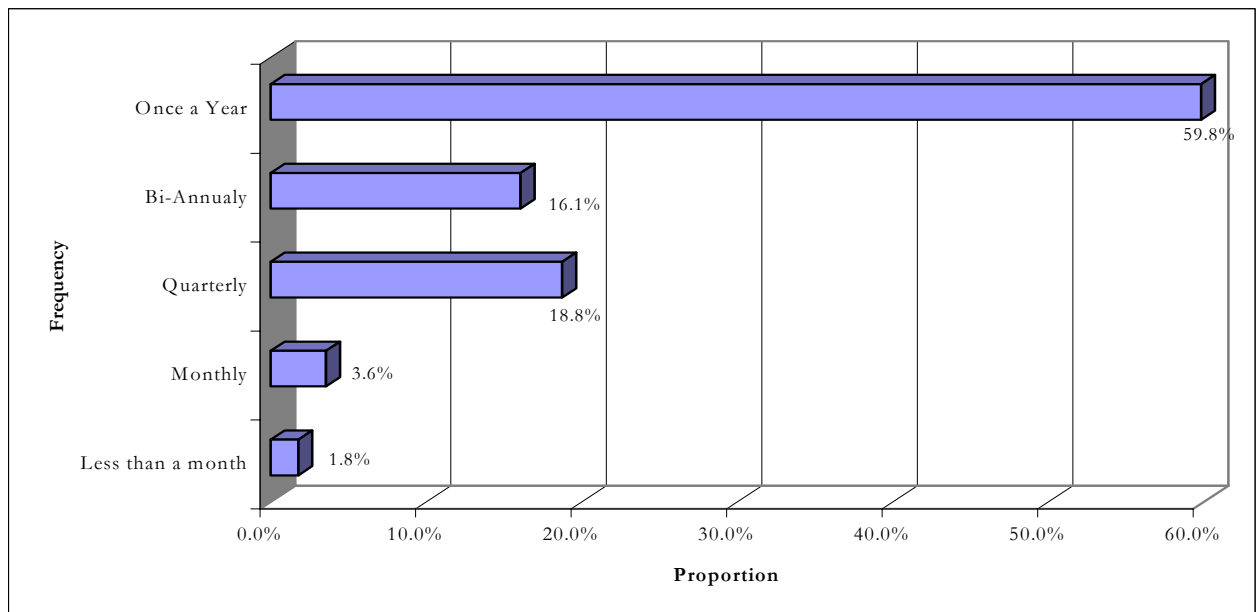
3.5.2 Value of Remittances in kind

In value terms, remittances in kind accounted for about US$15.9million (4percent) of the total volume. Since the survey did not directly solicit the values of items received, the value of in-kind transfers was derived as explained in appendix 4. The major items received include clothes and domestic appliances like television sets and radios. Items in this category accounted for over 90percent of the total value of remittances in kind. The remaining 10percent of the value was made up of construction materials, food, medicine and agricultural products as shown in Figure 3.17.

Figure 3.17: Items Received in Kind
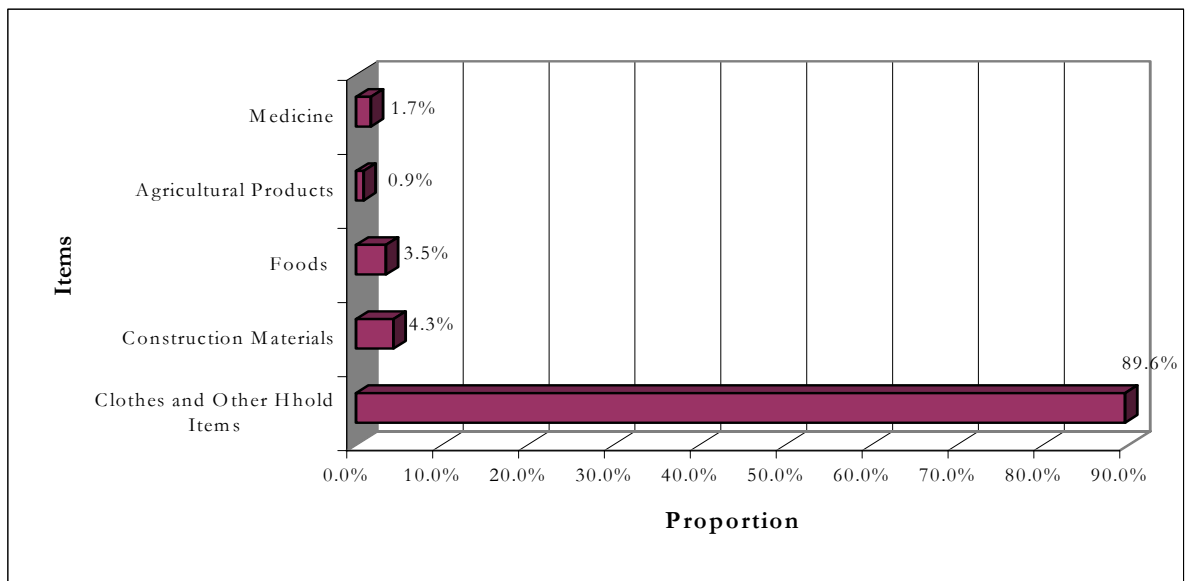
3.5.3 Remittances in Kind by Source Region

Europe was the major source of remittance in kind received in 2006, accounting for 41percent of the total, followed by Africa and North America with 35percent and 14percent respectively as shown in Figure 3.18 below. From the findings it is evident that the two regions, Europe

and Africa are major sources for both cash and in-kind remittances to Uganda. On average, the two regions accounted for over 70percent of the combined cash and in-kind remittances. This may be explained by the historical relationship between Uganda and Europe and the anecdotal evidence that the region is one of the popular destinations for Ugandan migrants. Likewise it may be argued that flows from Africa are a factor of proximity and improved communication within the region.

Figure 3.18: Remittances in Kind by Source Region
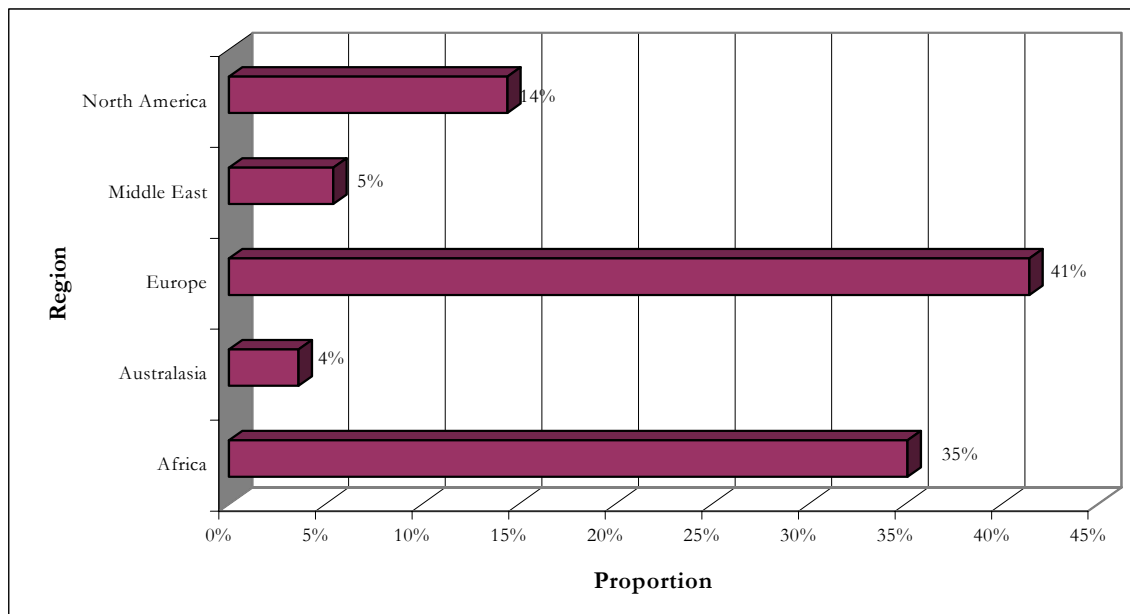
3.6   Characteristics of Most Recent Remittances

Respondents were required to provide details including the relationship with the remitter and the amount received in regard to the most recent remittance. The respondents were further requested to compare the amounts received with previous and expected future receipts from the same source.   The question was aimed at gauging the direction and sustainability of remittance flows.

Overall, 75percent of most recent remittance receipts were received from close family relatives including spouses, siblings, as well as children. The other share of these receipts was from other relatives (16percent) and acquaintances (10percent) comprising of friends and business associates.

Nearly a quarter (24percent) of the remitters were first time remitters implying that over 75percent of the recipients had received money from the same remitters before. The fact that these remittances originate from

immediate family relations as opposed to the wider extended family may be an indicator of commitment to family support and continued flow from the same sources. However, the survey did not establish the intended period of stay abroad of the respective remitters.

In comparison with the past receipts, nearly half of the respondents (47percent) indicated receiving the same amounts in 2006 as compared to those received previously. About 30percent of the respondents reported a rise in receipts, while only 23percent experienced a drop in the receipts in 2006. As earlier pointed out however, there is need to take into consideration the exchange rate and inflation effects before we draw any conclusions on the change in remittances received.

Pressed to explain this occurrence, over 50percent of the respondents indicated the same receipts in 2006 argued that the funds were meant for the same purpose as the previous year and hence no justification for change in the amounts. In other cases, respondents reported that the amounts sent are often at the discretion of the remitters who chose to send the same amounts as previously sent. Other respondents attributed the situation to a drop in the remitter's income as well as an increase in the remitter's financial obligations in their resident country over the same period.

In situations where beneficiaries realised a rise in receipts, it was mainly attributed to more financial obligations entered into by the remitter and recipients in Uganda (57percent), most of which were investment related. Other reasons advanced include improvement in the income of the remitter and remitter's discretion to raise the amount. A fall in receipts on the other hand was attributed to a rise in financial obligations for the remitters in their resident country and a fall in the remitter's income. Other reasons were exchange rate effects, a reduction in the beneficiary's

financial obligations as well as a misunderstanding between the remitter and the beneficiary in isolated cases.

3.7 Use of Remittances:

Remittances are usually used for the 'direct' benefit of either the recipient or the remitter and their extended family. Respondents were required to indicate how resources received were used. Although the beneficiary would be expected to choose the expenditure items to spend the money on, most times, the remitter decides how the resources would be spent. Respondents were specifically required to **indicate for whose benefit**, **remitter or recipient**, the money was utilised[21]. It is worth noting that any of the expenditure items may be applicable for the 'direct' benefit of the remitter in cases where the recipient is only a caretaker or an intermediary.

In both cases, priority expenditure items included consumption, education, investment and health. The main investment expenditure types include acquisition of property, such as land and buildings, starting up business entities and farming.

The results show that where the resources were for the recipient's direct benefit, consumption was the major expenditure item as indicated by 37percent of the households, followed by investment (20percent), education (19percent) and health (14percent). For purposes of the survey, consumption is defined to include items like food, clothes, and rent required for the day-to-day running of the household. Investment was defined to include among others; building works such as construction, renovation and expansion; asset acquisition such as land

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[21] The responses to this question should not be miss-interpreted to mean diversion of remittances from the intended use by the remitters as is known to be the case in some instances.

purchase; business related expenditure such as start-up capital, expansion and working capital.

There were notable differences in usage for the direct benefit of recipients as opposed to the remitter. Where funds were spent on activities for the direct benefit of the remitter, investment was the major use as indicated by 39percent, followed by consumption (26percent) and education (18percent). See details in Figure 3.19below.

Figure 3.19: Use of Remittances
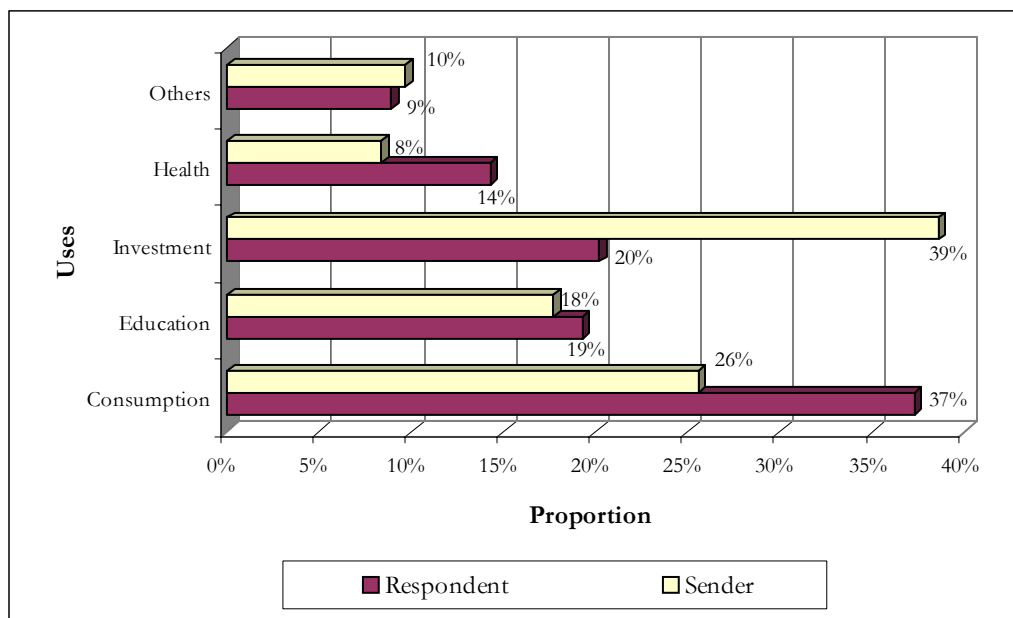
The survey did not establish the share of remittances spent on each item. Nevertheless, the finding that investment, education and consumption are the major expenditure items highlights the broader role of remittances from a macro-economic point of view. The results reveal that remittances do not only supplement household disposable income and help in meeting basic human needs but also cut across the wider economic spectrum in terms of financing. The finding on investment

47

further confirms the fact that Uganda is rated highly in terms of business entrepreneurship. Expenditure on education clearly reflects the effects of liberalisation of the sector, which has resulted in more private institutions with increased financial obligations on part of students.

3.7.1 Preferred Use of Remittances

The decision on how to spend the remittances is sometimes made by the remitter. Accordingly, the survey further sought to establish the preferred use of remittances if the decision was up to the respondent.

Respondents were required to indicate the uses to which they would put such resources assuming the remittance was received at the time of survey, and the decision was up to them and not advised by the remitter. The results are presented in Figure 3.20 below.

Figure 3.20: Preferred Use of Remittances
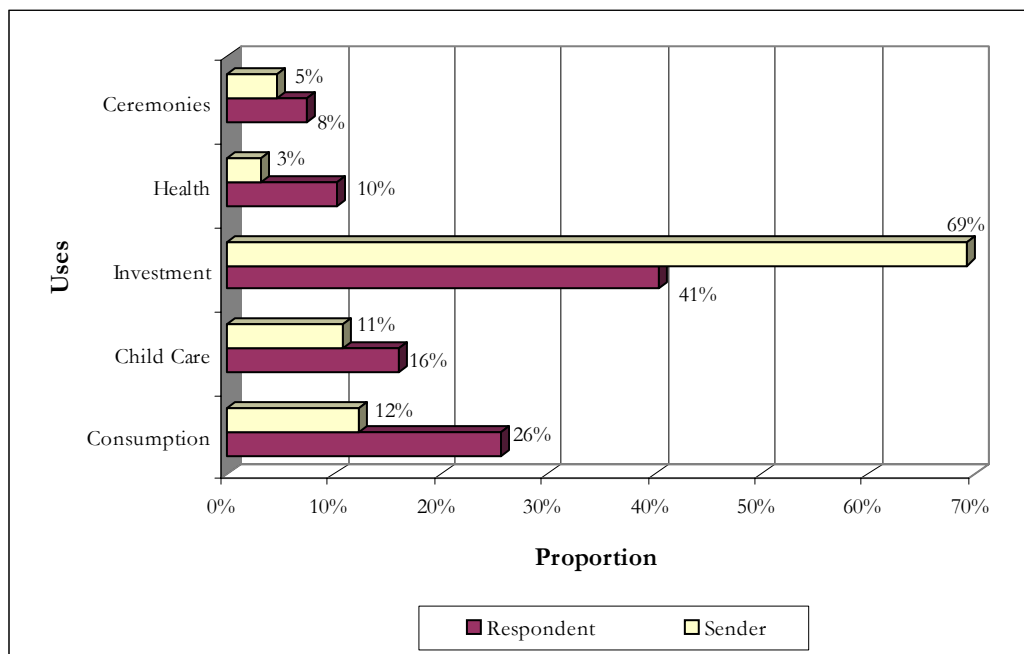
The results reveal inclination to investment as opposed to consumption related expenditure if the money had been availed to recipients at the time of the survey and the decision on how to spend it was all up to them. All investment related items registered a rise for both the remitter and beneficiary compared to consumption items, which registered a decline of over 10percent.

While 69percent of the recipients indicated that they would invest the money for the remitter's benefit, 41percent would prefer to invest for their own benefit. The former may be in the category of caretakers responsible for overseeing remitters' projects back home. The shift in household preferences is a pointer towards lack of capital for initiating investment projects. It would seem that households yearn for sustainable alternative methods of enhancing disposable income.

3.8   *Perceived Impact of Remittances on Beneficiary Households*
In an attempt to assess the impact of remittances on the recipient areas, leaders were required to respond to a range of questions regarding the perceived benefits of receiving remittances in their communities. Overall, 83.2percent of the communities indicated that there was no difference between households that receive money from abroad and those that do not. Further analysis on the 16.8percent, which reported a difference, revealed that the greater impact was in terms of better standard of living (62.7percent), and construction of better houses (20.9percent).

Analysis by stratum shows a difference in impact of remittances based on residence. For rural areas, the perceived impact was more in terms of general improvement in the standard of living (67.5percent) and construction of better houses (26.1percent). The comparative share for urban communities was 55.4percent and 13percent respectively. However more urban communities (20percent), indicated that

remittances had an impact on education, that is, children attending better schools as compared to no impact registered in rural areas. On the other hand, more rural communities (6.4percent) as opposed to 2percent in urban areas, acknowledged the fact that remittances were a source of additional resource to households. A few communities in urban areas viewed remittances as a means to acquiring more assets. Details on the perceived impact of remittances on recipient households are presented in Figure 3.21 below.

**Figure 3.21: Perceived Impact of remittances on Recipient
      Households**
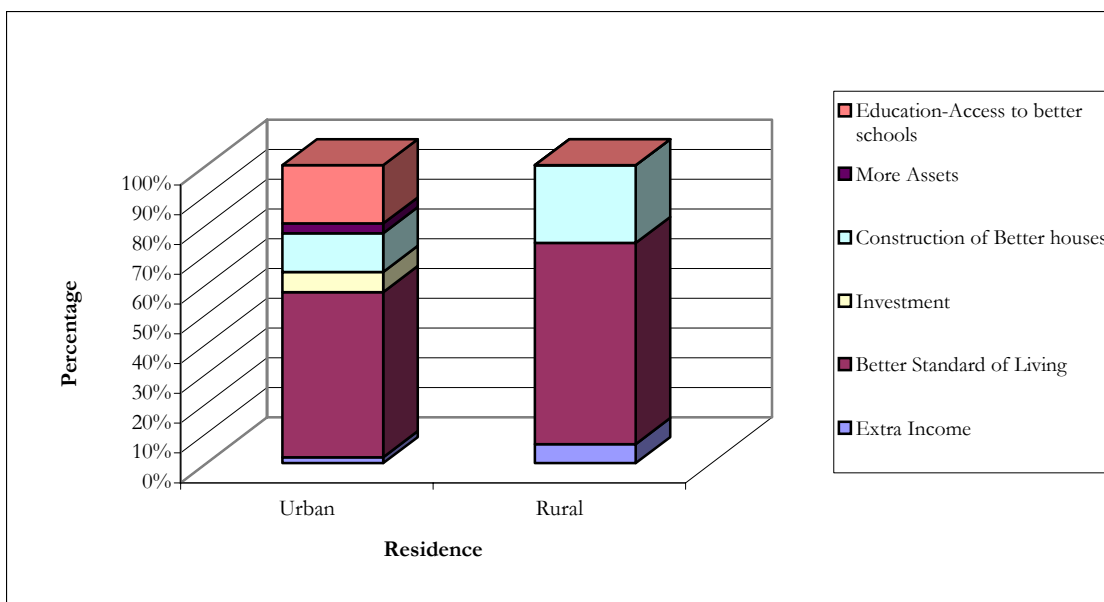
As to how visiting migrants spend their money, the results show that expenditure is mainly towards consumption (23.2percent). Other areas include building, and land purchase and child care (with a bias towards urban areas). In cases where migrants have returned and re-settled in their communities, the results show that such returnees mainly engage in businesses of a general nature if urban based and farming, if rural. Communities further indicated that retail shops, construction, farming,

50

education projects were among the most successful business/investments initiated with resources from migrants.

3.9 Remittances Channels

Respondents were required to indicate the channels by which they received remittances. Multiple responses were collected since it is common practice for people to use more than one channel for subsequent remittances.

The most popular channels are Friends and Acquaintances (27.8percent), followed by Money Transfer Operators (MTO) such as Western Union and Money Gram (25.4percent), and Commercial banks (24.5percent). These channels handled a combined share of 78percent of total remittances received in the year 2006.

Other channels reported include Forex bureaus, the post office and traders and Microfinance institutions (MFIs). There is however need to draw a distinction between the role played by the various channels at either the point of receipt or along the distribution chain. Details are provided in Figure 3.22 below.

Figure 3.22: Remittance Channels
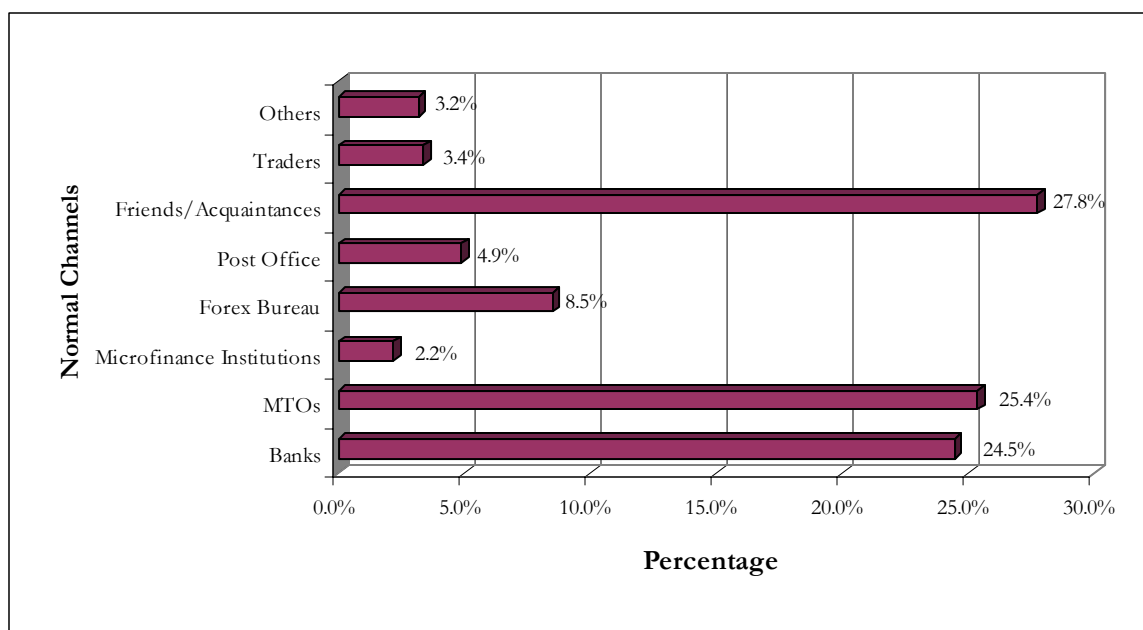
The results suggest the preference of formal channels such as Commercial banks and MFIs, MTOs, Forex Bureaus and the Post Office. As shown in Figure 3.7 about 50percent of the recipients indicated that they receive remittance through either Banks or money transfer operators. It should however be noted that in some instances recipients could not draw the line between the various service providers, and use the term bank to refer to any place where money is obtained, while the distinction between an MTO and Forex Bureau is non-existent to some quarters.

The use of friends and acquaintances may be explained by the need to avoid transaction costs that would otherwise be incurred through use of formal channels. Furthermore, caution must be taken especially in view of the fact that remittance transmission normally involves third party intermediaries who act as go between the pay point and the beneficiary. The survey did not clearly seek the role of friends and relatives in this regard.

3.9.1 Preferred Remittance Channels

In order to gauge respondents' appreciation of remittance service providers, they were required to rank their preferred channel for receiving remittances. This was against the background that in many cases, the remitter determines the channel to use, usually basing on transaction cost, accessible, secure and fast it is to the recipient. The argument here was that if one was using a particular channel at present, it may not necessarily be their most preferred channel.

The results show that the majority of respondents (76.8percent) prefer to use formal service providers such as Banks, MTOs, Post Office and Forex Bureau. On the other hand, only 16.8percent of the respondents would rather use the informal channels comprising of friends and acquaintances as well as traders. This is an indicator of the extent to which Ugandans appreciate the use of formal channels. Further details are presented in figure 3.23 below.

Figure 3.23: Preferred Remittance Channels
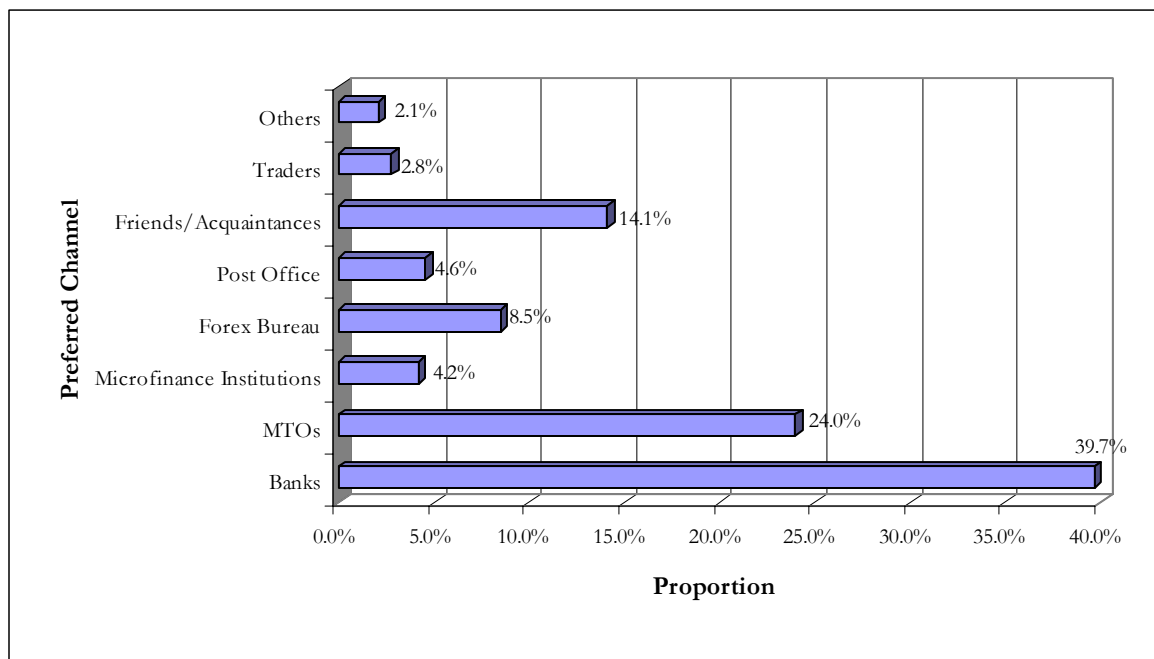
Respondents were further required to give the main reason for their most preferred remittance channel.

The results indicate that Banks were preferred on account of easy access as well as security and safety they guarantee to the customers. Respondents in favour of MTOs, MFIs and Forex Bureaus, attribute their choice to accessibility, favourable transaction charges and prompt services offered by these service providers.

Where the informal channels were preferred, it was mainly due to easy accessibility, and the discretion of the remitter.

3.10   Chapter Conclusion

This Chapter presented and discussed the key findings on remittance flows to Uganda at household level. The Chapter documents hitherto unknown characteristics in terms on the nature of remittances to Uganda. The key findings are summarized in the following Chapter.

CHAPTER 4
CONCLUSIONS & RECOMMENDATIONS

In this Chapter a summary of the key findings is made and conclusions including policy direction and recommendations provided. The discussion is presented along the key survey objectives. We also highlight the lessons learnt and suggest ways to further develop the methodology to ensure enhanced quality.

4.1   Size of remittances

In terms of volumes, the results are encouraging considering that this was the country's initial attempt in empirical assessment of the size of inward remittances. Although the figure is below the official estimates (US$665m) for the year 2006, the up-rated remittance value of US$406.5million is clearly indicative of the magnitude of such flows. As earlier pointed out, the volume may be explained by a number of factors:

- The skepticism with which respondents disclose income related information.

- Lack of clarity on the purpose of the survey at the onset with respondents perceiving the survey as a registration of needy homes that would later benefit from the "bonna baggagawale" (prosperity for all) funds.

- Fear for information leakage and insecurity on part of the respondents.

- The survey was also conducted shortly after a community health survey that involved distribution of mosquito nets to households. This precedent triggered respondents' expectation of some form of material reward in return for information.

- The above brings to question the level of enhanced publicity and community sensitisation well before and during the survey.

- The scope and focus of the survey included vast areas with no remittance receipts. For better estimation, we may need to refocus

the lens closer to the areas of receipt that is where the distribution begins. In addition there is need to ascertain the proportion of remittances received at each stage of the distribution chain.

The identified methodological gaps may be addressed through refinement of sampling procedure, limiting the geographical scope of the survey, revision of the survey instruments, enhanced training of field staff among others. A strategic sensitization program should help create awareness and build confidence. It is evident that there is need to reorient subsequent survey exercises to address some of these shortcomings as suggested in the later part of this Chapter.

More than half of the recipients received remittances once or twice a year. This finding is supported by the fact that December and January returned the highest proportion of remittances during 2006 confirming the practice of migrants sending money home during the festive season and school related expenditure. While it is normal practice for remitters to send money during festive season, the survey findings do not seem to support the common observation of more regular receipts. However, with one round of fieldwork it may not be possible to conclude on the regularity of inwards remittances.

4.2   *Remittances in kind*

In addition to monetary remittances, Ugandans also receive remittances in kind. As seen in the previous chapter, in-kind remittances are mainly clothes and domestic appliances. Judging from the composition of such remittances, it is evident that to a great extent, such goods supplement household incomes. As is the case with money remittances, most recipients receive in-kind remittances once a year.

The contribution of remittances in kind cannot be overlooked. However, estimation of values for in-kind remittances was rather complicated due

to omission of values at the onset. Future surveys should provide for this kind of estimation to further enhance data quality and analysis.

4.3   *Source of Remittances*

The sources of remittances to Uganda are diverse, with Europe and Africa being distinct in terms of share of total volume. This finding may be explained by the existence of historical ties in addition to proximity and ease in communication between Uganda and these regions. The diversity in terms of source countries is a pointer on the potential for increasing remittance flows through bilateral arrangements with the source countries under the migrant workers' employment scheme under the Ministry of Gender and Labour.

Notably, the same source regions are also the major sources of foreign direct investment to Uganda.[22] Establishing the type of employment is key for monitoring remittances and would benefit the country in planning and skills development for potential labour markets. The results revealed presence of south-to-south remittances to Uganda with 37percent of the respondents indicating that they received remittances from Africa.

The findings on education and age reveal that the majority of remitters are young educated Ugandans. At the same time, more than half of the remitters have lived abroad for between 5-10 years. Although we may not summarily conclude on the migration trend basing on this survey, the finding is an indicator of the continued movement of Ugandans in search of employment abroad.

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[22] See various Foreign Private Capital Reports at www.bou.or.ug.

4.4   Remittance Channels

Many Ugandans still use informal methods, that is, friends and acquaintances for remittance transmission, which may be attributed to avoidance of transaction costs associated with formal channels. However, the distinction is not clear between flows into the country and internal distribution, thus the element of double counting. The use of informal methods especially friends does not necessarily mean that Ugandans use informal channels but is a likely indicator that many recipients may be receiving remittances through intermediaries. The three-tier (international/abroad-urban-rural) distribution system is evident.

It is interesting that over 65.5percent of the respondents would rather use formal channels for receiving remittances, a good indicator of how the population perceives and appreciates the formal financial services. The main reason for this preference is safety of the remittances. This inclination towards formal financial services should be leveraged in the financial deepening strategy and furtherance of the payments systems in Uganda. There is need to sensitise users on the various service providers available, the type of services that they are authorized to engage in and the risks associated with the use of informal methods of remitting.

4.5   Use of Remittances

Remittances benefit the remitters and recipients. However, there is a distinct difference in the respective use, with consumption for recipient and investment for remitter. While Remitters remit to maintain the immediate and extended families, they personally seem to have an interest in long-term development projects. This should be an opportunity for the financial sector to mobilize resources, develop new financial products and also influence channeling of remittances to productive sectors.

Though the survey did not directly ask a question on beneficiary sectors, from the expenditure pattern one can easily link expenditure with three major sectors namely, wholesale and retail trade-for consumption goods, education and health, for the benefit of both recipients and remitters. In addition to these three, investment stands out in cases where remittances benefit the remitter.

The findings also show that recipients, if given the choice would prefer to invest the money rather than spend it on consumption items. This highlights the developmental potential of remittances and the likely multiplier benefit to the country if opportunities in channeling such remittances to the preferred productive areas were made available.

4.6   Lessons learnt /Areas of focus for the next Survey

- There is need to revisit the methodology to facilitate better estimation of the magnitude of remittances:
  - The sample frame: Remittances seem to originate in urban areas and distribution takes place thereafter. It would therefore be of benefit to conduct an urban survey on remittances;
  - Assessment of regional distribution and "pockets" of remittances if any; and
  - Assessment of the three-tier distribution system in terms of role of service providers along the chain and market share of each.
- In order to build on the survey results, there is need to conduct similar studies on annual basis. This may be followed by censuses after every 5 years.
- Subsequent surveys are also necessary to confirm the revealed seasonal pattern of remittance inflows.

- Assessment of the impact of remittances calls for drawing comparisons between households that receive and those that do not receive remittances. This may be achieved through the census.
- An independent survey on outward remittances with appropriate methodology is necessary to complete the country's position on workers' remittances for Balance of Payments.
- Incorporate continuous sensitization in the remittance monitoring strategy, not only for the survey activities.
- Remittances in kind are a reasonable proportion of total inflows. It is important to address valuation issues for better estimation of the value of remittances in kind.

In conclusion, the survey yielded some positive results particularly in the estimation of remittance volumes. To further enhance the quality of BOP data it is recommended that such studies be conducted on annual basis albeit with enhanced methodology.

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Appendix 1: Sampling Procedure

Firstly, the unrestricted sample size required to guarantee a 95percent level of confidence for the national estimate of the key statistic was derived. To derive the sample size, the confidence interval (c) was determined using the estimated standard error of the sample proportion (p) of households that received remittances from abroad in 2005/06 using equation 1 shown below;

$$c = z_c * s.e(p) \tag{1}$$

Where z_c = 1.96, the z-value at 95percent level of confidence,

$s.e(p)$ is the standard error of the sample proportion =0.0025

Box 1 provides a summary of the information used for the estimation of key parameters relating to the sample proportion used to compute the confidence interval.

The unrestricted sample size (n) was therefore computed using equation (2) shown below.

$$n = 1.96^2 \, pq/c^2 \qquad (2)$$

Where p is the sample proportion of households that received remittances from abroad $q=1$-p, c is the confidence interval.

The unrestricted simple random size derived from equation (2) was 3122 households, which was adjusted upwards to cater for design effects and an assumed non-response rate of 10percent to amount to 4100 households

Table 1.1: Computation of sample size

Component	Estimate
Total Population	5208198
Baseline sample proportion (p)=	0.02
z=	1.96
q=	0.98

pq=	0.0196
c=	0.005
c squared=	0.000025
(standard error=)Root pq/n=	0.0025054
confidence interval=	0.004910584
deft=	1.23107
deff=	1.51769
Number of Stratum	1
Unrestricted sample size	3011.8
Adj. for proposed number of stratum	3011.8
Adj. for design effect	3705.6
Adj. for non-response	4076.2
Overall adj.sample size	**4100**

The optimal sample 'take'

Assuming a two-stage design with households selected from PSUs in the second stage.

The optimal sample take for the first stage is derived as follows:

$$n_{opt} = \frac{T}{t_1 + t_2 m_{opt}}$$

The optimal sample take for the second stage was determined using the formula below:

$$m_{opt} = \sqrt{\frac{t_1}{t_2} \cdot \frac{(1-\rho)}{\rho}}$$

Where ρ is the Intra-class Correlation Coefficient (ICC)

t_1 is the time required to complete a PSU

t_2 is the time required to complete one interview

The Intra-class Correlation Coefficient (ρ) was estimated using the formula below:

$$\hat{\rho} = \frac{deft_0{}^2 - 1}{m_0 - 1}$$

In the above formula the values of the design effect, $deft_0$ =1.23107 and the sample take per cluster, $m_{0=}10$ for the key indicator in the UNHS 2005/06 were used to estimate the value of ρ for the current survey.

The time ratio (T) was used in place of the cost ratio because the time required was easier to estimate. It was estimated that 3 days will be required to complete each PSU hence t_1 =3. It was further assumed that an interviewer will complete an average of 7 interviews a day (ranging between 10 in rural areas and 8 in urban areas). This implies that it will take approximately 0.1days per interview ($t_{2=}$ 0.1).

The optimal sample take was computed as approximately **30** households in each enumeration area. Although the cost/ time ratios in different places of residence may differ, the same number of sample elements per EA, were used in both the rural and urban areas to ensure the same workload in each cluster making operational control over the survey field work easier.

Appendix 2 Household Questionnaire

SURVEY ON REMITTANCES TO UGANDA 2007

SECTION A-1: IDENTIFICATION PARTICULARS			
1. DISTRICT:			
2. STRATUM:(Urban=1, Rural=3)			
3. COUNTY:			
4. SUB-COUNTY			
5. PARISH:			
6. EA:			
7. SAMPLE NO.:			
8. HOUSEHOLD CODE:			
9. NAME OF HOUSEHOLD HEAD:			
10. RESPONDENT'S LINE NUMBER:			

THIS SURVEY IS BEING CONDUCTED BY BANK OF UGANDA
UNDER THE FOREIGN EXCHANGE ACT (2004)
IN CONJUNCTION WITH THE UGANDA BUREAU OF STATISTICS,
UNDER THE UGANDA BUREAU OF STATISTICS ACT (1998).

HARNESSING THE BENEFITS

Poverty Alleviation   Community Development   Consumption   Capital Movement
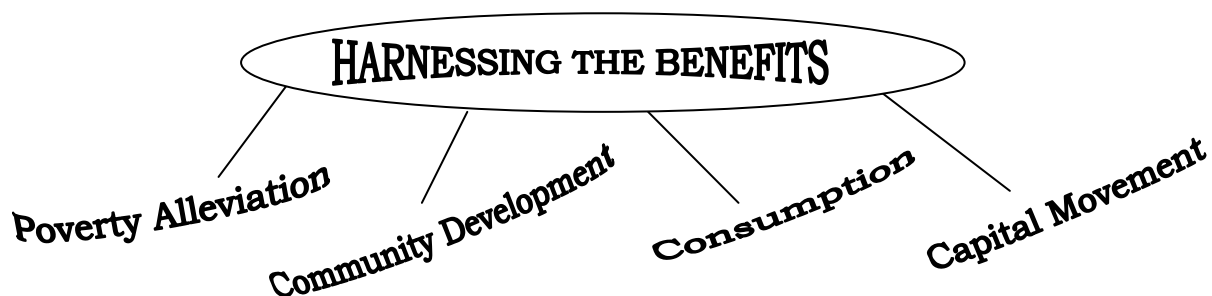
SECTION A-2: PROFILE OF RECEIPIENTS

LINE NUMBER	Name	What is the residential status of [NAME]? 1=Usual member present 2= Usual member absent 3=Regular member present 4=Regular member absent 5=Guest 6=Usual member who left hh more than 6 months ago 7=Left permanently **(for codes 5 – 7 end interview at column 6)**	Sex 1= M 2= F	What is the relationship of [NAME] to the head of the household? 1= Head 2= Spouse 3= Son/daughter 4= Grand child 5= Step child 6= Parent of head or spouse 7= Sister/Brother of head or spouse 8= Nephew/Niece 9= Other relatives 10= Servant 11= Non-relative 12= Other (specify)	During the past 12 months, how many months did [NAME] live here? WRITE 12 IF ALWAYS PRESENT OR IF AWAY LESS THAN A MONTH	How old is [NAME] in completed years? **IF LESS THAN ONE WRITE 0**	What is the present marital status of [NAME]? 1= Married monogamously 2= Married polygamous 3= Divorced/ Separated 4= Widow/ Widower 5= Never married	For persons aged 5 years and above		
								Have [NAME] ever attended any formal school? 1= Never attended (>> 11) 2= Attended school in the past 3= Currently attending school	What was the highest grade that [NAME] completed? See code sheet	What is [NAME'S] current occupation
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**

SECTION A-3: DEMOGRAPHIC PROFILE OF REMITTER

Serial No.	Respondent's relationship to remitter 1=Spouse 2=Parent 3=Daughter 4=Son 5=Sister 6=Brother 7=Other relative 8=Business associate 9=Friend 10=Other	Years Lived Abroad 1 =<5 2= 5-10 3 =15 4 =20 5 =>20	Age of remitter	Sex of remitter 1=Male 2=Female	Highest level of education of remitter 1= No formal education 2= Less than primary 3= Completed Primary 4=Completed Secondary 5=Post secondary	Labour force status of remitter 1=Working 2=Non-working 3=Voluntary 4=Other (specify)	Marital status of remitter 1=Single 2=Married 3=Widowed 4=Divorced	Number of dependent children (biological or otherwise) of remitter	
								In Uganda	Abroad
(1)	(2)		(3)	(4)	(5)	(6)	(7)	(8)	(9)

SECTION B: USES OF REMITTANCES

B-1	**What did you use this money for?**	For respondent **Yes…..1** **No…...2**	For benefit of remitter **Yes…..1** **No…...2**
	Uses		
1	Consumption (e.g Food, Clothing, Rent)		
2	Child Care		
3	Education (e.g Uniforms, Meals, Books, Pocket money, Fees)		
4	Travel		
5	Farming		
6	Business (Start-up, Expansion, Working capital)		
7	Building works (Construction, Renovation, Expansion)		
8	Land purchase (agricultural, non-Agricultural)		
9	Health		
10	Ceremony (specify: Wedding, Baptism, Funeral, graduation etc)		
11	Other (specify)		

B-2 Suppose you got the money now, how else would you use it if the decision were all up to you?

1	Consumption (e.g Food, Clothing, Rent)		
2	Child Care		
3	Education (e.g Uniforms, Meals, Books, Pocket money, Fees)		
4	Travel		
5	Farming		
6	Business (Start-up, Expansion, Working capital)		
7	Building works (Construction, Renovation, Expansion)		
8	Land purchase (agricultural, non-Agricultural)		
9	Health		
10	Ceremony (specify: Wedding, Baptism, Funeral, graduation etc)		
11	Other (specify)		

B-3. Who else benefits from the remittances? (CIRCLE ALL APPLICABLE)

Their relationship to sender

Spouse……………………….. A	Sister……………………… G
Parent …..………….............. B	Brother …………………….. H
Daughter ………………….. C	Friend…………………….. I
Business associate……….. D	Sender……………………. J
Other relative ……………. E	Entire household………….. K
Son…………………........... F	None…………….............. L
	Other (Specify)
	……………………………. M

SECTION C: FREQUENCY AND SIZE OF REMITTANCES

C-1	How often did you receive money from abroad during the last year 2006? 1. Daily 5. Quarterly 2. Weekly 6. Bi annually 3. Fortnightly 7. Once during the year 4. Monthly 8. Other(specify) _____	
C-2	How much money did you receive in total during the last 12 months (in Shs)	
C-3	When do you normally receive money from abroad? (Circle all months mentioned) January…………… A July………………… G February…………… B August …………………… H March …………….... C September…………… I April……………… D October……………… J May …………………. E November…………… K June………………… F December……………….. L .	
C-4	Compared to the past, the amount I received in the last twelve months has been… 1. Higher 2. Lower 3. Same	
C-5	Why? …………………………………………………………………………………..	
C-6	Do you expect the amount to be received in the future compared to amount received in 2006 to be… 1. Higher 2. Lower 3. Same 4. No more	
C-7	Why? ……………………………………………………………………………	
C-8	Do You Send Money Abroad? If so, how much did you send during the past 12 months. What was the money for? …………………………………………………………………………………..	

REMITTANCES IN KIND

C-9	Did you receive remittances <u>in kind</u> from abroad during 2006? Yes………1 No……….2	
C-10	If yes, Specify item(s) ………………………………………………………………………………….	
C-11	How often did you receive the remittances in kind 1. Daily 5. Quarterly 2. Weekly 6. Bi annually 3. Fortnightly 7. Once during the year 4. Monthly 8. Other(specify) _____	

| C-12 | From which country did the remittances originate?

 ………………………………………………………… | |

SECTION D : MOST RECENT REMITTANCE

D-1	Relationship with the most recent sender 1. Spouse 6. Bother 2. Parent 7. Other relative 3. Daughter 8. Business associate 4. Son 9. Friend 5. Sister 10. Other (Specify) _____	
D-2	How much money did you receive from this sender (in Shs)	
D-3	Have you received money from this sender before? Yes ……..1 No………2 **If "NO" SKIP TO SECTION D-6**	
D-4	Compared to the past, the amount I received in the last twelve months has been… 1. Higher 2. Lower 3. Same	
D-5	Why? …………………………………………………………………………	
D-6	Do you expect the amount to be received in the future compared to amount currently sent to be… 1. Higher 2. Lower 3. Same 4. No more	
D-7	Why? …………………………………………………………………………	

SECTION E: LOCATION AND NUMBER OF REMITTERS

	Country	Number of senders		Country	Number of senders
1	Australia		9	Saudi Arabia	
2	Canada		10	South Africa	
3	France		11	U. K.	
4	Germany		12	U. S. A.	
5	India		13	Sweden	

6	Japan		14	United Arab Emirates	
7	Kenya		15	Yemen	
8	Libya		16	Other (sp.)	

SECTION F: REMITTANCE INTERMEDIARIES

F-1   How do you normally receive money from abroad?

	Channel	Yes=1 No= 2
1	Bank	
2.	Money Transfer operators	
3.	Microfinance Institutions	
4.	Forex Bureaux	
5.	Post office	
6.	Friends/ Relatives	
7.	Traders or shopping outlets	
8.	Other (specify) -------------------------------	

F-2   Which of the following channels do you prefer for receiving remittances?

	Channel (**Rank by order of preference**)	Rank
1.	Bank	
2.	Money Transfer operators	
3.	Microfinance Institutions	
4.	Forex Bureaux	
5.	Post office	
6.	Friends/ Relatives	
7.	Traders or shopping outlets	
8.	Other (specify) -------------------------------	

F-3   What is the main reason for your preference? (**Refer to remittances channel with Rank=1 in G-2**)

Favorable transaction charges………………………………....   1
Easy access……………………………………………………   2
Prompt services………………………………………………….   3
Sender's choice…………………………………………………   4
Security………………………………………………………....   5
Safety…………………………………………………………   6
Favorable exchange rates………………………………………..   7

Other (Specify)---   8

Appendix 3: Community Questionnaire

SURVEY ON REMITTANCES TO UGANDA 2007

SECTION 1A: IDENTIFICATION PARTICULARS			
1. DISTRICT:			
2. STRATUM:(Urban=1, Rural=3)			
3. COUNTY:			
4. SUB-COUNTY			
5. PARISH:			
6. ENUMERATION AREA CODE			

THIS SURVEY IS BEING CONDUCTED BY BANK OF UGANDA UNDER THE FOREIGN EXCHANGE ACT (2004) IN CONJUNCTION WITH THE UGANDA BUREAU OF STATISTICS, UNDER THE UGANDA BUREAU OF STATISTICS ACT (1998).

STRICTLY CONFIDENTIAL
SECTION 1B: STAFF DETAILS AND INTERVIEWING TIME

1. NAME OF
   INTERVIEWER _____ ☐☐

2. DATES OF   DD   MM   YYYY
   INTERVIEW   ☐☐ ☐☐ ☐☐☐☐

3. STARTING TIME   ☐☐☐☐

4. STOPPING TIME   ☐☐☐☐

5. REMARKS

_____

_____

_____

_____

_____

6. KEYED BY _____ ☐☐

                                       DD   MM   YYYY
7. DATE   ☐☐ ☐☐ ☐☐☐☐

SIGNATURE: _____   _____
                    INTERVIEWER   **KEYED BY**

Number	Question	Response Code
1	What is the main activity of residents of this community?	
2	Has the main activity changed in the last 10 years? Yes……….. 1 No ……….. 2	
3	What is the main source of income/earning in this community? Agriculture 1 Self employment other than agriculture 2 Wage employment 3 Transfer from public sources 4 Remittances and gifts from family members 5 Profits, interest and dividends 6 Other (Specify) …………………………………….. 7	
4	Has the source of income in the community changed in the past 10 years? Yes……….. 1 No ……….. 2 **>> Q6**	
5	If so, in which way? ……………………………………………………………………….. …………………………………………………………………………………………	
6	Has there been any migration of members of this community to countries overseas in the last 5 years? Yes……….. 1 No ……….. 2 **>> Q8**	
7	If so, In what way(s) has it affected the standards of living of people living in this community? Has greatly improved…………………….. 1 Has moderately improved………………….. 2 Has not changed at all……………………… 3	
8	Are there differences between households that receive money from abroad and those that do not? Yes……….. 1 No ……….. 2 **>> Q10**	

9	If so what kind?	
	…… ……	
10	Besides the families of migrants, have other groups of people or individuals in the community benefited from funds sent from abroad by migrants? Yes............ 1 No .... 2 **>> Q12**	
11	If so, in which way? …….. ……..	
12	Has the number of poor families in the community decreased? Has greatly decreased …………………………………. 1 Has moderately decreased …………………………. 2 Has not changed at all …………………………………. 3	
13-a	What impact have remittances had on Job creation? Greatly improved ………………………………….. 1 Moderately improved ………………………….. 2 No change at all ………………………………….. 3	
13-b	What impact have remittances had on Housing? **(Use codes in 13-a above)**	
13-c	What impact have remittances had on Access to Education? **(Use codes in 13-a above)**	
13-d	What impact have remittances had on Procurement of goods/consumption? **(Use codes in 13-a above)**	
13-e	What impact have remittances had on Access to health care services? **(Use codes in 13-a above)**	
14	How common is it in the community for money from remittances to be used in productive investments such as businesses, taxis, livestock, farms, etc? Very common ………………………………………….. 1 Rare ………………………………………………….. 2 Not common at all ……………………………………. 3	

15	When those who have migrated from the community return on vacation how do they spend the money they bring with them?	
	Consumption ………………………………….. 1	
	Child Care (Health, Education) …………………….. 2	
	Productive ventures (Farming, business) …………. 3	
	Building works, land purchases ……………………. 4	
	Ceremonies (Weddings, Baptism, Funeral)……….. 5	
	Other (specify) …………………………………… 6	
16	Are there individuals who have recently returned from abroad to settle permanently in this community?	
	Yes……….. 1	
	No ……….. 2 **>> Q18**	
17	What do the individuals who return from abroad and begin living (settle) in the community again do with the saving(s) they made while abroad?	
	Farming …………………………………………….. 1	
	Business (General) ………………………………… 2	
	Business (School construction, hospitals etc) ……. 3	
	Real estates development …………………………. 4	
	Other (specify)…………………………………….. 5	
18	What investments or businesses initiated with the resources of migrants have been most successful? ……………………………………………………………………………………………….. ………………………………………………………………………………………………..	
19	Are you familiar with programs or projects that link people from here with others abroad?	
	Yes……….. 1	
	No ……….. 2 **>> END INTERVIEW**	
20	Who do these programs or projects collaborate with in this community?	
	Individual households 1 ……………………………..	
	Local council 2 ………………………………………..	
	NGOs, CBOs, FBOs 3 ……………………………….	
	Brokers 4 ……………………………………………	
	Other 5 (specify)………………………………….	

Appendix 3: Survey Team

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4	Okello Christine	29	Turyabuboona R
5	Ityeku Enid	30	Noreen Kabiibi
6	Maedero Samuel	31	Birantana John
7	Hinghandula Samson	32	Businge Jones
8	Wangera Godfrey	33	Basemera A. Laura
9	Nabudde M. Hilda	34	Busobozi Patrick
10	Kalagala Joan	35	Kusemererwa Moses
11	Aselle Benna	36	Kabugo Jjumba
12	Kyakobyewo Juliet	37	Muganzi Annete
13	Wagabaza Martin	38	Nanyanzi Pross
14	Kakaire Halima	39	Mawanda Daudi
15	Tibenda Diana	40	Luyima Frederick
16	Matua Ojaku Nelson	41	Tendo David
17	Okua Moses	42	Zawedde Hanifa
18	Amaguru Doreen	43	Bamweyana Leo

19	Isiru Sophie	44	Jjuko Edrin
20	Birungi Daisy	45	Bukenya Irene
21	Ochieng Oj William	46	Nakiyingi Sarah
22	Kwaya Oscar	47	Namiyingo Julian
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Appendix 4 Up-rated estimate of workers remittances from Survey Data

1. Remittance Receipts (Cash)

The remittances survey followed the National Household Survey (NHS) design and subsequently had uniform definitions for households. Consequently, using a combination of raw statistics from the remittances survey with the NHS 2005/6 estimates of the socio economic module, estimates for workers remittances during 2006 were derived as follows:

     i.   From the remittances survey data, the average cash remittances received by households was computed based on only those households that provided responses during the survey indicating that they had received transfers during the year.

ii. The number of survey respondents that had indicated having received transfers during the year was then used to derive the ratio of households that had received transfers to the total number of households surveyed during the remittances survey.

iii. The proportion of households that received transfers to total households in the remittances survey was then multiplied by the NHS total for households in Uganda to obtain an estimate of total households in Uganda that received remittances in 2006.

iv. These estimates provided two (2) key variables:
- The average remittances per household and;
- The number of households receiving remittances

Using these variables, the following formula was applied to get total remittances received during 2006:

Total workers remittances = {average remittances per household[23] * number of   households receiving remittances}

Where:

Number of households receiving remittances = (number of households that received remittances in the survey / total number of households in the remittances survey) * total number of households reported in the NHS 2005/6. Table 1 shows the computations.

Table 1: Computations for cash remittances for all households

	Grand Total
Number of household receiving remittances (a)	307
Average remittances received per household (b)	1,818,381
Estimated sample total remittances received (a*b)	558,242,935
Total sample of household respondents (c)	4,077
Total population of households (d) /1	5,224,107

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[23] Average remittances per household are from the remittances survey.

	Grand Total
Estimated Ushs remittances received ((a/c)*b*d)	715,310,479,380
Exchange rate (USHS/US$)	1,831
Estimated US$ remittances received	390,666,564

1. Obtained from the NHS of 2005/06
Source: BOU

2. Remittances Received in Kind

In addition to the cash computations, estimates were made for in-kind transfers[24] by using notional prices for the different categories of items received by households during 2006 in the remittances survey. A frequency table showing the derivation of average value of in-kind transfers to households is shown below.

Table 2: Estimation of average in-kind transfers for households

	Grand Total
Item categories	
Clothes, Domestic Appliances like TV, C	103
Construction Materials	5
Foods & Beverages Cooking Oil, Rice e	4
Agricultural Products	1
Medicine	2
Grand Total	115
Assumed prices (Ushs)	
Clothes, Domestic Appliances like TV, C	200,000
Construction Materials	300,000
Foods & Beverages Cooking Oil, Rice e	80,000
Agricultural Products	50,000
Medicine	120,000
Estimated value of remittances	
Clothes, Domestic Appliances like TV, C	20,600,000
Construction Materials	1,500,000
Foods & Beverages Cooking Oil, Rice e	320,000

---

[24] It should be noted that the questions on in-kind transfers were not designed to clearly identify items individually and the respective quantities. Consequently, the estimates derived are based on the assumption that only one item in each category was received by the respective households and that the cost used is representative of the average cost for each of the items in the group. Due to these considerations, it is plausible that the estimates derived for in-kind transfers have a significant downward bias, which we may be able to address during subsequent surveys with improvements to the design of the questions.

Agricultural Products	50,000
Medicine	240,000
Grand Total	22,710,000
Average	197,478

Source: BOU

Using the estimates for the average in-kind remittances to households derived from the quantities reported in the remittances survey and their assumed cost, total in-kind remittances were computed using the methodology described for cash remittances. Table 3 shows the computations.

Table 3: Computations for in-kind remittances for all households

	Grand Total
Number of household receiving remittances (a)	115
Average remittances received per household (b)	197,478
Estimated sample total remittances received (a*b)	22,710,000
Total sample of household respondents (c)	4,077
Total population of households (d) /1	5,224,107
Estimated Ushs remittances received ((a/c)*b*d)	29,099,698,300
Exchange rate (USHS/US$)	1,831
Estimated US$ remittances received	15,892,790

Source: BOU

3. Total Remittances Received in 2006

Total remittances during 2006 were therefore derived as the sum of estimated cash remittances and estimated in-kind remittances.

Remittances in cash	US$	390,666,564
Remittances in kind	US$	15,892,790
Total Remittances	**US$**	**406,559,354**