



THE EIGHTH
**ANNUAL
BANKERS
CONFERENCE**
2025

Harnessing the Potential and Maximizing
the Impact of Remittances on Development



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Welcome Remarks from the UBA Chairperson

Mr. Julius Kakeeto,
Chairperson,
Uganda Bankers Association



In **2023** alone, remittance inflows were reported at **US\$1.4 billion**, accounting for nearly **3%** of our GDP.

I welcome you all to the 8th Annual Bankers Conference, a flagship event of the Uganda Bankers Association (UBA).

The theme for this year's conference "**Harnessing the Potential & Maximizing the Impact of Remittances on Development**" speaks to the opportunity in our hands that we must harness.

Globally, remittances often surpass foreign direct investment and official development assistance in developing countries, underscoring their profound importance in poverty alleviation, enhancing social welfare, and ensuring economic stability in migrant home countries. Migrant working opportunities also address unemployment challenges back home and enable exposure to new skills and networks.

Uganda's story with remittances is particularly compelling. In 2023 alone, remittance inflows were reported at US\$1.4 billion, accounting for nearly 3% of our GDP. These flows have consistently demonstrated resilience and growth, even amidst global pandemics and economic downturns. While other foreign exchange earners have seen fluctuations, remittances have shown a remarkable upward trajectory and this trend, coupled with the increasing externalization of labour from Uganda to various countries, presents a significant opportunity for the banking sector & the wider economy to be more innovative and structure more tailored products not only for senders & recipients of remittance inflows but also blended financing models for large or long term infrastructure projects required for national development.

Key sub themes the conference will therefore focus on include the following,

- The Economic Impact of Remittances on Growth and Development.
- Technological Innovations Shaping the Future of Remittances.
- Addressing Challenges and Risks in the Remittance Ecosystems.
- The Role of Financial Institutions in Harnessing the Potential in Remittances.

The conference audience which includes government, development partners, regulators, legislators, fintech's, academicians & researchers, civil society and several other stakeholders including labour export agencies are expected to share the diverse perspectives of this opportunity and forge

effective and efficient strategies to harness the immense potential in remittances for socio-economic development of Uganda.

I thank all the persons listed as speakers, panellists, moderators and writers who will resource the conference. This magazine & articles therein illuminate the opportunity.

Special thanks also go to our co-host, Bank of Uganda, and our partners specifically IFAD and our various sponsors including our title sponsor Mastercard for the unwavering support, this being the 8th year in a row of this invaluable partnership.

I look forward to insightful deliberations and actionable recommendations to enable us to harness the potential in remittances.

Thank you once again.

UBA Central Executive Committee 2025



Mr. Julius Kakeeto
CEO, Post Bank
Chairperson



Mr. Michael Mugabi
CEO, Housing Finance Bank
Vice Chairperson



Mr. Edgar Byamah
CEO, KCB Bank
Hon. Treasurer



Mr. Mumba Kalifungwa
CEO, Stanbic Bank
Hon. Auditor



Mr. Sanjay Rughani
CEO, Standard Chartered Bank
Committee Member



Ms. Patricia Adongo Ojangole
CEO, Uganda Development Bank
Committee Member



Mr. Shafi Nambobi
CEO, UGAFODE
Committee Member



Mr. Wilbrod Humphreys Owor
Executive Director
Uganda Bankers Association/
Executive Secretary

Foreword from IFAD

Mohamed El-Ghazaly
Country Director, Uganda
International Fund for
Agricultural Development



“Remittance flows to low-income countries surpassed **US\$685 billion** in 2024 - more than three times the volume of official development assistance”

Remittances are a powerful force for development, serving as a vital lifeline for millions of low-income families globally. Give to flows go far beyond financial transfers — they are a testament to the enduring connections between migrants and their families and communities of origin, and a critical driver of opportunity, resilience, and empowerment.

Their contribution to development is profound. Remittances support household consumption, enhance access to healthcare and education, improve nutrition and housing, and promote investments in small enterprises and agriculture, especially in rural areas where they often count the most. They directly contribute to 12 out of 17 of the Sustainable Development Goals (SDGs), ranging from eradicating poverty and hunger to advancing gender

equality, climate resilience, and economic inclusion.

At the global level, according to the World Bank's latest data, remittances to low- and middle-income countries surpassed US\$685 billion in 2024 - more than three times the volume of official development assistance. In Uganda, remittance inflows reached over US\$1.4 billion, accounting for nearly 3% of the country's GDP and ranking it among the top recipients in sub-Saharan Africa¹.

¹ <https://remitscope.org/africa/themes/>

These funds are essential not only for supporting household welfare but also for sustaining macroeconomic stability.

Yet, to harness the full potential of remittances, persistent challenges must be addressed. These include high transaction costs, limited access to cash and digital remittances (especially in rural areas), consumer protection, and regulatory constraints, among others. Furthermore, there is a pressing need to foster an ecosystem that links remittances to savings, investment, insurance, and entrepreneurship, transforming a temporary financial inflow into a long-term asset for sustainable development.

At the International Fund for Agricultural Development (IFAD), we are dedicated to maximizing the development impact of remittances. Through our *Financing Facility for Remittances (FFR)*², we support public-private partnerships that reduce costs, improve access to digital financial services, and encourage diaspora investment. In Uganda, IFAD's PRIME Africa initiative, a multi-year programme co-funded by the European Union, has fostered dialogue and exchange among key stakeholders within the National Remittance Stakeholder Network, supported the private sector's innovative solutions to serve remittance families better, and worked on remittance data collection to inform inclusive policies and business strategies.

² <https://ffremittances.org>

It is against this critical global and national backdrop that IFAD is proud to partner with the Uganda Bankers' Association and participate in this pivotal and timely Annual Bankers Conference in Kampala, Uganda, themed "***Harnessing the potential & maximizing the impact of remittances on development.***"

This conference, which brings together a diverse group of stakeholders, including government officials, financial institutions, private sector entities, and civil society organisations, is a vital platform to discuss how to co-create solutions that make remittances more accessible, affordable, and impactful."

The conference sub-themes — encompassing the economic impact of remittances, technological innovation, risk management, and the supportive role of financial institutions — are vital for creating a resilient and inclusive financial ecosystem. As we collaborate, let us keep at the heart the lived experiences of remittance families and the broader vision of leaving no one behind.

IFAD remains committed to supporting Uganda and its partners in transforming remittances from a survival mechanism into a pathway for inclusive and sustainable development — one family at a time.

About the 2025 Annual Bankers Conference

1. Introduction

The Annual Bankers Conference (ABC) is UBA's flagship event, now in its 8th edition in 2025. It serves as a platform for multi-stakeholder dialogue, bringing together policymakers, regulators, financial institutions, private sector actors, civil society, development organizations, and academia. The conference facilitates thought leadership on issues critical to Uganda's economic and financial landscape.

2. Background and Context

Remittances have emerged as a critical financial lifeline for households in developing countries. According to the World Bank, they frequently outpace foreign direct investment (FDI) and official development assistance (ODA), except in countries like China. Their impact on poverty reduction, education, health, and housing is well-documented and instrumental in improving the quality of life.

Remittances directly contribute to all 17 Sustainable Development Goals (SDGs)—including those related to hunger, education, healthcare, gender equality, and economic growth. They are also vital for macroeconomic resilience, especially in countries like Uganda, where remittance flows help buffer against exchange rate volatility and contribute to GDP growth, social welfare, and income stability.

Challenges to Maximizing Remittance Benefits Include:

- High transaction fees
- Regulatory bottlenecks
- Currency fluctuations
- Limited access to formal financial services
- Fraud and security vulnerabilities
- Lack of tailored financial products
- Delays in technological integration
- Cultural/social factors that discourage saving and investment

Addressing these challenges is crucial to transforming remittances from basic support mechanisms into drivers of long-term development.

3. Uganda's Remittance Landscape

Uganda ranks as the 7th largest recipient of remittances in Sub-Saharan Africa and 9th in Africa overall. The remittance landscape has grown significantly:

- 2023 inflows: Over USD 1.4 billion
- Contribution to GDP: Approximately 3%
- Average annual growth: 8%
- Growth peak: 60% (2007–2008)
- Recent 5-year trend: Steady 5% annual growth

Remittances in Uganda support basic consumption, healthcare, education, and investment, increasingly forming a reliable pillar of economic stability and resilience.

4. About the 2025 Annual Bankers Conference

The UBA Annual Bankers Conference 2025 aims to:

- Unite stakeholders in the remittance's ecosystem.
- Explore policy, regulatory, technological, and financial frameworks that can enhance the impact of remittances.
- Develop practical policy recommendations.
- Improve the efficiency of fund flows through innovations.
- Promote financial literacy and inclusion.
- Advance socio-economic development through remittance channels.

Key Conference Activities:

- Keynote addresses by International and local experts
- Panel discussions
- Stakeholder networking sessions
- Presentation of case studies and best practices

Main Theme:

“Harnessing the Potential and Maximizing the Impact of Remittances on Development”

Sub-Themes:

- (i) The Economic Impact of Remittances on Growth and Development
 - How remittances fuel poverty alleviation, income stability, and macroeconomic resilience
- (ii) Addressing Challenges and Risks in the Remittance Ecosystem
 - Fraud, compliance, volatility, and network resilience
- (iii) Technological Innovations Shaping the Future of Remittances
 - The role of digital platforms, fintech, and emerging technologies
- (iv) The Role of Financial Institutions in Harnessing Remittance Potential
 - Innovative products, services, policies, and regulatory enablers

5. Conclusion

The 2025 Annual Bankers Conference is a critical opportunity for Uganda's financial sector and its stakeholders to develop innovative and sustainable ways to leverage remittances for inclusive growth and national development. As remittances become an ever more important element in Uganda's economic strategy, this conference seeks to align efforts across all sectors for maximum impact and sustainability.

ABC Program

JULY 29TH 2025: Annual Bankers Conference		
7.00am	Registration and Reception	Serena Conference Center Kampala
7.30 am	Breakfast	Serena Conference Center Kampala
OPENING SESSION AND KEYNOTE ADDRESS (VICTORIA HALL)		
8.30 am	Master of Ceremonies	Mr. Maurice Mugisha, Deputy Managing Director, UBC
8.35am-8.45am	Welcome Remarks from Uganda Bankers' Association	Mr. Julius Kakeeto Chairperson
8.45am -9.00am	Remarks from Title Sponsor	Mr. Shehryar Ali Senior Vice President and Country Manager for East Africa and Indian Ocean Islands at Mastercard
Video Interlude		
9.00am-9.10am	Opening Remarks by International Fund for Agricultural Development	Mr. Mohamed El-Ghazaly Country Director, Uganda
9.10am-9.20am	Remarks by Head of Delegation, European Union to Uganda	H.E Jan Sadek
9.20am-9.35am	Official Conference opening by Minister of Gender, Labour and Social Development	
	Photo session with Minister	
9.40am	Keynote Address Harnessing the Potential and Maximizing the Impact of Remittances on Development Dr. Micheal Atingi-Ego Governor, Bank of Uganda	
10.10 am	PANEL SESSION 1 Moderated by Ms. Grace Muliisa , CEO, Ecobank Uganda Topic: The Economic Impact of Remittances on Growth and Development: Exploring how remittances drive economic growth, alleviate poverty, and enhance financial stability in recipient countries.	
	Panelists 1. Dr. Ibrahim Mike Okumu - Associate Professor, Makerere University School of Economics 2. Ms. Milly Nalukwago Isingoma - Director of Statistics, Bank of Uganda 3. Ms. Adekeni Ndieli - Deputy Representative, UN Women Uganda 4. Mr. David Berno - Remittances and Inclusive Digital Finance Officer, International Fund for Agricultural Development.	

11.20 am	Health Break
11.25am-12.30pm	<p>PANEL SESSION 2: Moderated by Ms. Mildred Tuhaise NBS News Anchor</p> <p>Topic: Addressing Challenges and Risks in the Remittance Ecosystems: Remittance Systems: Identifying and mitigating risks such as fraud, currency volatility, and geopolitical factors that threaten the reliability of remittance flows and sustainability of remittance networks.</p>
	<p>Panelists</p> <ol style="list-style-type: none"> Mr. Christopher Ssengendo - Managing Director / Chief Executive Officer, SPADES Insurance Brokers Limited Mr. Hillary Talemwa - Ag. Head of External Employment/ Labour Externalization, Ministry of Gender Labor & Social Development Mr. Allan N. Lwetabe - Director Investments, Deposit Protection Fund Hajji. Ibrahim Bogere - Chairman, Uganda Association of External Recruiters Agencies
12.30pm-2.00pm	LUNCH BREAK
2.00pm-3.30pm	<p>PANEL SESSION 3: Moderated by Ms. Brenda Mpoora, Head of Fintech Business, Post Bank Uganda Ltd Vice Chairperson, UBA Digital Financial Services Committee</p> <p>Topic: Technological Innovations Shaping the Future of Remittances: Exploring the transformative role of digital technologies, fintech, and emerging technologies in enhancing remittance systems.</p>
	<p>Panelists</p> <ol style="list-style-type: none"> Mr. Victor Ndlovu - Vice President and Head of Business Development for East Africa at Mastercard Ms. Jemima Kariuki-Njuguna - Chief Product Officer, MTN MoMo Ms. Damalie Sajjabi - Head Products East Africa, Transaction Processing & Verve Card Scheme- Interswitch (U) Limited Mr. Samuel Mwogeza - Executive Director and Head, Personal & Private Banking (PPB), Stanbic Bank Uganda
	Short Health Break
3.40pm-4.55pm	<p>PANEL SESSION 4: Moderated by Mr. Paul Ikopit - Country Director, Uganda, Onafriq</p> <p>Topic: The Role of Financial Institutions in harnessing the potential in remittances: (Products, Services, Regulatory, Policy and other enablers).</p>
	<p>Panelists</p> <ol style="list-style-type: none"> Mr. Godfrey Sebaana - Chief Executive Officer, Diamond Trust Bank Uganda Limited Mr. Dickson Ssembuya - Director Research & Market Development, Capital Markets Authority Mr. Obeid Masoud - Chairman, Uganda Forex Bureau & Money Remittance Association Mr. Moses Ogwapus - Commissioner Financial Services, Ministry of Finance Planning & Economic Development.
4.55pm-5.05pm	<p>WRAP-UP SESSION (VICTORIA HALL) Summary conference key takeaways</p>

ABC Speaker and Presenter Profiles



Dr. Micheal Atingi-Ego
Governor, Bank of Uganda

H.E. President Yoweri Kaguta Museveni appointed Dr. Michael Atingi-Ego as Governor, Bank of Uganda, for a 5-year term, on 10 February 2025.

At the time of his appointment, he served as the Deputy Governor Bank of Uganda and previously Executive Director of the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) based in Zimbabwe and Deputy Director, African Department, International Monetary Fund, based in Washington, DC.

Michael started his banking career at the Bank of Uganda and rose through the ranks to become Executive Director, Research.

In 2008 he was appointed the Deputy Director of the African Department (AFR) by the International Monetary Fund (IMF) based in Washington, DC, The United States of America.

In September 2018, Atingi-Ego got appointed as the Executive Director of the Macroeconomics and Financial Management Institute of Eastern and Southern Africa (MEFMI), based in Harare, Zimbabwe's capital city.

He's very much lauded for adding a wealth of regional and international experience to Bank of Uganda. While at the IMF, Atingi-Ego contributed alot by increasing the effectiveness of capacity development and modernizing monetary policy frameworks indeveloping countries.

Atingi-Ego has authored and co-written several books and white papers that remain to be a pointof reference in assessing economic trends in Eastern, Central and Southern Africa.



Hon. Amongi Betty Ongom (MP)
Minister for Gender, Labour and Social Development
& Member of Parliament for Oyam South County

Hon. Amongi Betty Ongom is a human rights, democracy and justice enthusiast who has worked hard to defend the rights of women in Uganda including spearheading the campaign advocating for the scrapping of refund of bride price in Uganda.

Through her work with global parliamentary associations; the Commonwealth Parliamentary Association and the Inter Parliamentary Union, where she has been serving as an executive member, Hon. Amongi has travelled widely to Kenya, Nigeria, Somalia, Japan, Myanmar, Samoa, Tonga, Oman, Yemen, Gambia and Saudi Arabia to meet government officials in the campaign for inclusion of women in Parliament.

She has also been involved in global campaigns on Peace and Security.

Through her work in Somalia, the Clan Leaders who were opposed to a constitutional provision of including women representation in Parliament had accepted to progressively adopt a quota system for women.

She is an expert trainer of trainees for Commonwealth Parliamentary Association and IPU and serves as a Gender expert for the Uganda Gender partnership Donor group to help shape donor priorities in the areas of women's empowerment.

She is a trained professional in International Relations and Diplomatic Studies, Political Science and Gender and Development Studies.

She served as Minister of Lands, Housing and Urban Development before being posted to her current portfolio of Gender, Labour and Social Development.



Mr. Shehryar Ali

Senior Vice President and Country Manager for East Africa and Indian Ocean Islands at Mastercard

Shehryar Ali serves as the Senior Vice President and Country Manager for East Africa and Indian Ocean Islands at Mastercard. Shehryar is an experienced payments and digital financial solutions expert with over 19 years of experience working for well reputed banks in Africa & Asia. He started his career at Citibank Pakistan, followed by a decade at Barclays and Mashreq Bank in Egypt. More recently, he was heading the Retail and SME Banking business at Bank One, Mauritius.

Shehryar is a graduate of University of Texas at Austin, specializing in Computer Sciences. Over his career, he has launched many firsts and successfully led Credit Card issuing/acquiring, Ecommerce, Mcommerce, consumer lending,

Retail and SME business. He has designed open payments platforms and launched X-border propositions through Partnerships with FIs and third-party service providers.

Shehryar is a tech enthusiast and enjoys staying at the forefront of developments in the digital space while actively participating in African and Asian Fintech forums.

Shehryar is listed as Digital Economy Magazine's Kenya's Top 20 Digital Economy Leaders.



Mr. Julius Kakeeto
Chairperson, Uganda Bankers' Association

Julius is the Chairperson, Uganda Bankers' Association, a position he was reappointed to in May 2025 to serve for another term. He is the Managing Director and Chief Executive Officer of Post Bank Uganda.

Julius is a fellow of the Association of Chartered Certified Accountants (FCCA) of the United Kingdom, Member of the Institute of Certified Public Accountants of Uganda (ICPAU) and he holds a Master of Business Administration, from Manchester Business School, United Kingdom.

Julius worked with Ernst & Young from 1998 to 2000. He joined Citibank Uganda in 2000 rising to the role of Chief Financial Officer in the new subsidiary. Following that, he worked at the headquarters of Citibank's Africa Division in Johannesburg, South Africa. He then transferred to Citibank's offices in London initially in the Strategy and Planning team before transferring to the

Investment Banking Division where he worked as a Vice President focusing on Emerging Markets.

Before joining Orient Bank (now I&M Bank), he served as the Finance Director at Equity Bank (Uganda). In 2015, he was appointed the Chief Executive Officer, Orient Bank (now I&M Bank), having headed the institution in an acting capacity since 2014. Since then, he improved Orient Bank from being the highest loss making bank in Uganda to the top half of the industry.

In 2019, Kakeeto was hired by Post Bank Uganda, as the new managing director and chief executive officer where he is still serving to date.

Since his appointment, he has led a restructuring process to reorganize the operations of the bank resulting in the Central Bank granting Post Bank with a Class 1 license that allows it to operate as a fully-fledged Tier 1 commercial bank to date.



Ms. Sanne Willems
 Team Leader for Green Transition and Private Sector at
 the Delegation of the European Union to Uganda

Sanne Willems serves as the Team Leader for Green Transition and Private Sector at the Delegation of the European Union to Uganda. With over two decades of experience in East Africa, she has held positions at EU Delegations in Ethiopia and Kenya, the Embassy of the Kingdom of the Netherlands, UN-Habitat, and various development organizations. Although Dutch by nationality, Sanne has made East Africa her home for more than 20 years. A Development expert by training, her expertise spans private sector development, infrastructure (particularly in water and energy sectors), and agricultural development.



Mr. Maurice Mugisha
 Deputy Managing Director, Uganda Broadcasting
 Corporation

Maurice Mugisha is a Media Personality, Moderator, Strategic Communicator, Speaker and Media Consultant with over 20 years' experience in the media industry in East Africa. Maurice Mugisha is currently the Deputy Managing Director at Uganda Broadcasting Corporation, which is the National Broadcaster.



Mr. Godfrey Sebaana
 Managing Director and Chief Executive Officer at
 Diamond Trust Bank Uganda

Godfrey is a seasoned banker with over twenty years' experience. He is the Chief Executive Officer and Managing Director of Diamond Trust Bank Uganda. He has broad experience in areas ranging from mergers, acquisitions, corporate advisory, and financial institutions management, across various industry segments at both local and global levels.

Mr. Godfrey Sebaana is a qualified accountant (ACCA) UK and holds a Master of Business Administration (MBA) from Heriot- Watt University Edinburgh Business school.



Ms. Grace Muliisa
 Managing Director, Ecobank Uganda

Grace Muliisa is the Managing Director of Ecobank Uganda. Ecobank is part of the Ecobank Group, which is a Pan African Bank present in 33 countries. Ecobank Group is a banking and financial services Group offering a wide range of banking services in Consumer, Commercial, SME, and corporate client segments.

Grace is a studious professional in the banking sector, having worked across Africa and Asia. She is a seasoned leader with a track record of championing change, designing, and driving strategy. She possesses over 20 years of experience and competence that spans various areas, but not limited to Retail and SME Banking, Credit and Operational Risk, Digital and Data Management.



Ms. Milly Nalukwago Isingoma
Director of Statistics, Bank of Uganda

Milly is a seasoned statistician and data governance expert with over 27 years of experience, currently serving as Director of Statistics at the Central Bank of Uganda. Holds advanced degrees in Quantitative Economics and Institutional Management & Leadership, along with a Bachelor's in Statistics. Certified in Applied Data Science (MIT), Balance of Payments and Financial Statistics (IMF), and proficient in R, Python, and Power BI.

She leads the Bank's Statistics Department and oversees Big Data governance, having spearheaded the development of key frameworks including a Data Policy, Metadata Framework, and Data Standardization protocols. Responsible for timely and reliable macroeconomic data production covering external and monetary sectors, public debt, and high-frequency indicators to support monetary policy.

Previously, she led Research and Statistics at the Uganda Revenue Authority for 8 years, initiating the Uganda Revenue Statistics in the OECD and contributing to regional and continental data publications, including the EAC statistics bulletin and Africa Tax Outlook. An advisor and expert with international organizations including the IMF, ICTD, UNU-WIDER, and the Africa Tax Administration Forum.



Mr. Mohamed El-Ghazaly
Country Director, Uganda, International Fund for
Agricultural Development (IFAD)

Mr. Mohamed El-Ghazaly is the IFAD Country Director in Uganda since January 2022.

Prior to that, he served as Acting Country Director for Egypt Portfolio (target in NEN) from July 2020 to June 2022 and since February 2019 he was the Country Programme Officer for Egypt and Syria

Prior to joining IFAD as staff, El Ghazaly worked as a Monitoring and Evaluation consultant since 2005. He has worked with IFAD in more than 20 countries in different regions including East and Southern Africa, Near East and North Africa, Eastern Europe and Central Asia.

Before joining IFAD, El-Ghazaly was vice president of El-Zanaty & Associates which is one of the large private sector firms in the field of research, consultancy and evaluation. He led major evaluations done by the firm for agriculture sector including evaluations on the Integrated Water Resources Management Programme in Egypt. He has over 20 years of experience in the fields of programme management, rural development, research and monitoring and evaluation.

El-Ghazaly holds a MBA in Business Administration from the Arab Academy of Science and Technology (Egypt) and B.Sc. in Foreign Trade from Helwan University (Egypt).



Professor Ibrahim Mike Okumu
 Dean, Makerere University School of Economics

Dr. Ibrahim Mike Okumu is a distinguished Academic and Economist, currently serving as the Dean of the School of Economics at Makerere University. He holds a PhD in Economics from the University of St. Andrews (United Kingdom), an MA in Economics from McMaster University (Canada), and a BA in Economics from Makerere University (Uganda). Prof. Okumu is also recognized for his consultancy work with the World Bank, contributing valuable insights as a Consultant in the Office of the Chief Economist, Africa Region



Mr. David Berno
 Remittances and Inclusive Digital Finance Officer, IFAD's Financing Facility for Remittances (FFR)

David Berno works at IFAD's Financing Facility for Remittances (FFR), where he leads initiatives in Kenya and Uganda under the PRIME Africa programme. With over 15 years of international experience, David has worked across both the public and private sectors to advance financial inclusion, remittance-linked services, and rural finance solutions.

Prior to joining IFAD, he held key roles with organizations such as the Food and Agriculture Organization (FAO), Microfinanza Srl, Access Bank Tanzania, and UniCredit Italy. His work focuses on leveraging remittances as a catalyst for inclusive economic growth, climate resilience, and empowerment of underserved communities.



Ms. Damalie Sajjabi
 Head Products East Africa, Transaction Processing & Verve Card Scheme – Interswitch (U) Ltd

Damalie is an effective and analytical Business Leader with over 12 years' cumulative experience in Research and Retail & Business Banking covering Lending and Card, Product Development, project management, governance, and Operations. She is currently the Head of Products East Africa, Transaction Processing & Verve Card Scheme. Before that, she headed the Carding and Products portfolios at Stanbic Uganda and Orient Bank, handling a wide range of products from debit cards, credit cards, prepaid cards, POS machines, ATMs, E-commerce, and other merchant solutions using emerging payments like Mobile Money and other wallets. She is a holder of a Bachelor's degree in commerce from Makerere University, and she has also completed The Women in a Leadership mentorship program in Johannesburg. She is a Certified Safe Agile Product manager.



Mr. Christopher Ssendendo
 Managing Director/CEO – SPADES Insurance Brokers Ltd

Christopher is a seasoned professional with over 16 years of progressive experience in the Financial Services Sector, particularly in Insurance and Banking. His core expertise spans Product Innovation, Marketing, Business Development, Customer Relationship Management, and Business Analysis.

He holds a Bachelor's Degree in Statistics (Computing) and a Master's Degree in Business Administration (Marketing), both from Makerere University. He is also professionally certified, having earned a Certificate of Proficiency from the Insurance Training and Education Trust of Kenya and a Diploma in Insurance (DIU) from the Insurance Training College of Uganda (ITCU).



Ms. Adekemi Ndieli LL.B., B.L., M.Sc.
Deputy Country Representative for UN Women
in Uganda

Adekemi Ndieli is a seasoned development leader with over 36 years of professional experience spanning legal practice, civil society, and the United Nations system. She currently serves as the Deputy Country Representative for UN Women in Uganda, where she provides strategic oversight across programmes that advance gender equality, women's leadership, and inclusive development.

Kemi has held senior leadership roles across Nigeria; UN Women HQ Policy unit; Uganda; and Papua New Guinea, including as Acting Head of Office, where she led institutional turnarounds, restored donor confidence, and positioned UN Women as a thought leader on gender equality in fragile and complex contexts. A trained lawyer, Kemi is known for her ability to bridge grassroots activism with high-level policy influence, combining legal acumen, strategic vision, and operational excellence. Her leadership is defined by an unwavering commitment to gender justice and systems transformation.



Mr. Hillary Talemwa
Ag. Head of Externalization
Ministry of Gender, Labour and Social Development,
Republic of Uganda

Hillary possesses over 16 years of experience in labour migration issues, and more than 10 years of expertise in the formulation and implementation of labour laws and policies.

He holds a Bachelor of Laws Degree from Makerere University, Kampala, a Post Graduate Diploma in Legal Practice, Law Development Centre, Kampala, a Master's degree in Industrial and Employment Relations, University of Turin, Italy, Certificates in Basic Labour Markets (African Regional Labour Administration Centre (ARLAC), Harare), Measuring and analyzing Labour Migration Statistics (ITC-ILO, Turin), Developing, Negotiating and Implementing Bilateral Labour Agreements (ITC-ILO, Turin), Labour Migration Governance (ARLAC, Harare)



Mr. Alan Lwetabe, CFA, CAIA
Director Investments, Deposit Protection Fund Uganda

Alan currently serves as the Director Investments at Deposit Protection Fund (DPF), a position that he was appointed to in July 2021. He previously worked at Bank of Uganda as Assistant Director, Reserves Management, and prior as Portfolio Manager, USD Cash Bonds.

At DPF, Alan is the senior executive responsible for managing investment funds, setting investment strategy, and conducting macroeconomic surveillance. He is also the project lead for ESG implementation/impactful investment stewardship.

Qualifications:

- BA/MA in Economics (MUK) 2004, 2007
- Chartered Financial Analyst (CFA) by CFA Institute (US) 2012
- Certified Investment Performance Measurement (CIPM) 2016 and
- Chartered Alternative Investment Analyst (CAIA) by CAIA Association (US) 2018



Mr. Victor Ndlovu
 Vice President and Head of Business
 Development for East Africa at Mastercard

Victor Ndlovu is an experienced Senior Business Leader in payments with a demonstrated history of working in the Banking Industry, Fintech's and Global Payment Networks.

Victor joined Mastercard East Africa in 2021 from Ukheshe Technologies in Johannesburg. Prior to Ukheshe he worked at Visa International for 12 years, looking after East African Markets of Kenya, Tanzania, Uganda, Rwanda, Somalia, South Sudan and Comoros.

Victor has also held roles at Commercial Bank of Zimbabwe as Head of Card and Electronic Services (7 years) and at Standard Chartered Bank Zimbabwe (10 Years) as Credit Manager in the Consumer Banking Division and Credit Control Manager within the Card Division. Victor holds a Bachelor of Commerce Degree from the University of South Africa.



Ms. Brenda Mpoora
 Head of Fintech Business, Post Bank Uganda Ltd
 Vice Chairperson of the UBA Digital Financial Services
 Committee

Brenda is an accomplished professional with over a decade of experience in Banking, Fintech, and Telecom. In her current role as Head of Fintech Business at Postbank Uganda, she focuses on driving the adoption of financial services through the Wendi mobile wallet by PostBank designed to make financial services accessible to all Ugandans.

Prior to her current role, Brenda served as Head of Digital Financial Services at KCB Bank. She is deeply committed to financial empowerment and advancing financial digital literacy, particularly in underserved and unserved communities. Her contribution has been instrumental in driving financial inclusion and fostering innovative solutions that promote economic growth and development. She serves as Vice Chairperson of the Digital Financial Services Committee of the Uganda Bankers Association and Executive Committee Member – Partnerships, Membership & Engagement – FITSPA.



Mr. Moses Ogwapus
 Commissioner Financial Services,
 Ministry of Finance Planning & Economic Development

Moses Ogwapus serves as the Commissioner for Financial Services Department within the Ministry of Finance, Planning and Economic Development in Uganda

Previously, he was also a Principal Economist at the Ministry and has held the position of Commissioner of the Tax Policy Department. In this role, he was involved in initiatives to modernize tax policy-making in sub-Saharan Africa and to reform Uganda's tax policy-making process. He commissioned a report to identify changes that could improve the quality of technical analysis supporting policy decisions, enhance the institutional and governance framework, promote inclusiveness, transparency, and gender impact awareness within the tax policy-making process.

He has been involved in various initiatives related to the financial sector, including the establishment of a National Anti-money Laundering/Combating the Financing of Terrorism (AML/CFT) task force. His work demonstrates a focus on economic policy, financial management, and taxation. He is recognized for his contributions to the development of key financial and economic strategies in Uganda.



Mr. Samuel Fredrick Mwogeza (ACC, CPA, FCCA, MBA)
Executive Director and Head Personal & Private
Banking at Stanbic Bank Uganda

He is a credentialed professional coach and business executive with extensive working experience in the Financial Institutions sector; currently working with Stanbic Bank Uganda Limited, Uganda's largest Banking institution, as the Executive Director and Executive Head for Personal and Private Banking.

Prior to this he held varied leadership roles within the financial services industry with the most recent one being the Chief Financial Officer at Stanbic Bank Uganda. He has received recognition as the top CFO in Uganda at the Deloitte-ACCA awards in 2018 and the Certified Public Accountant ("CPA") of the year 2019 by the Institute of Certified Professional Accountants of Uganda. He was further awarded as top contributing CFO to the financial services industry by the Uganda Bankers Association in 2019.

He is a member of the Institute of Certified Public Accountants of Uganda (ICPAU), a Fellow of the Association of Chartered Certified Accountants (ACCA), a member of the International Coach Federation ("ICF") and a member of the League of East African Directors (LEAD).



Hajji Obeid Masoud
Chairperson, Uganda Forex Bureau and Money
Remittance Association

Hajji Obeid Masoud has a strong background in accounting, finance, and business leadership. He is an experienced financial professional and entrepreneur with over two decades of experience in the private and nonprofit sectors. He holds an MBA in Accounting and Finance (2005–2007) and a Bachelor of Business Studies in Accounting (1998–2002), both from the Islamic University in Uganda (IUIU).

He is also the Director of Dotcom Forex Bureau, located at King Fahd Plaza, and CEO of Omax Petro Gas Consult, a business consultancy firm. His career has included key positions such as Group Internal Auditor at Alam Group of Companies, Accountant at Hass Petroleum, and Assistant Lecturer in Computerized Accounting at IUIU.

He currently serves as the Chairman of the Uganda Forex Bureau and Money Remittance Association (UFBMRA)



Mr. Dickson Ssemuya
Director Research & Market Development, Capital Markets Authority

Dickson Ssemuya is currently the Director of Research and Market Development at the Capital Markets Authority, where he has worked for the last 15 years, in different roles, starting as a Research Officer. He holds an MBA in Finance (Kenyatta University, Kenya), a Bachelor's Degree in Accounting (Kabarak University, Kenya) and a post-graduate certificate in private equity from Middlesex University (UK). He is also a Chartered Financial Analyst with a passion for the transformation of the African continent through increasing access to market-based finance.

When he's not reading a good book to broaden his perspectives, he is cheering on his favourite team... You guessed right, Manchester United, and reminiscing about the good old days of Sir Alex Ferguson. One of his best-kept secrets is that in his prime, he was once a feared karate master with a brown belt, but age seems to have caught up with him properly... He is married with five adorable children.



Mr. Paul Ikopit
 Country Director - Uganda, Onafriq

Paul Ikopit is a seasoned executive with over 25 years of experience in the fintech and telco sectors, having worked with notable multinational organizations within their subsidiaries across Africa and the Middle East. These include MTN Group, Safaricom, and Onafriq (previously MFS Africa). He has been directly involved in the remittance market with one of the platforms, where he managed remittance relationships and treasury operations across all regions of Africa.



Ms. Mildred Tuhaise
 News Anchor, Reporter, and Show Host on NBS Television

Mildred is a communications specialist and digital strategist, an accomplished News anchor, reporter, and show host on NBS Television, recognized for her role in the NBS Morning Breeze show and as a prime-time news anchor. With over 18 years of award-winning journalism experience, she has evolved from a teen presenter into a distinguished political show host and news anchor, known for her insightful and articulate coverage of current affairs. Mildred holds a master's degree in strategic and corporate communication from Makerere University, a postgraduate diploma in management from Uganda Management Institute and a Bachelor of Science degree in Information Technology.



Ms. Jemima Kariuki Njuguna
 Chief Product Officer, MTN MoMo

Jemima is a seasoned fintech and product strategy leader. Jemima brings over 14 years of experience in shaping digital financial solutions for emerging markets, having held senior roles at Mastercard Labs, Visa, and Airtel Money.

At MTN MoMo, Jemima drives the creation of innovative, inclusive financial products including Cover by MoMo, Virtual Card, Yinvesta, and SME empowerment tools empowering millions of Ugandans to pay, save, borrow, invest, and insure seamlessly via mobile. Her strength in product strategy, go-to-market leadership, and financial inclusion positions her as a key driver of Uganda's digital financial transformation.

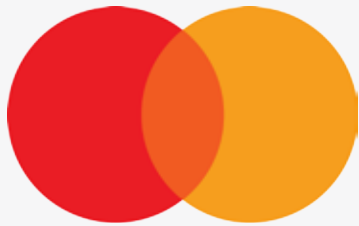


Hajji Ibrahim Bogere
 Vice Chairperson of the Uganda Association of External Recruitment Agencies

Hajji Ibrahim Bogere is the Vice Chairperson of the Uganda Association of External Recruitment Agencies, an umbrella body that brings together over 400 external recruitment agencies in Uganda. Ibrahim is also a founding partner and CEO of KHM International Consultant Uganda Ltd, one of the premier recruitment agencies registered both in Uganda and Kenya, with strong connections in Dubai and around the world, with over 15 years of experience, mainly in labour migration consultancy and management.

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Grow.Prospers

Key Highlights of the 7th Annual Bankers Conference 2024

The 7th Annual Bankers Conference 2024 focused on “Navigating the Future of Banking: Environmental, Social and Governance (ESG), Sustainability, and Digital Transformation.” The conference explored the critical role of ESG, sustainability, and digital transformation within the banking sector.

Dr. Martin Oduor Otieno, Chairman and CEO of Leadership Group Limited, delivered the keynote address, that highlighted opportunities for sustainable finance, including green bonds, impact investment, and sustainable banking and loans, and mentioned digital transformation trends like AI, cloud computing, blockchain, and Robotic Process Automation as enablers for ESG.

The conference comprised four panel sessions within which discussions focused on;

1. Integrating ESG principles in banking and financial sector strategies.
2. Innovation and technology for ESG transformation in the financial services industry.
3. Challenges and Opportunities in accessing funding for sustainability projects.
4. The intersection of oil, finance and sustainability

Key takeaways from the deliberations at the Annual Bankers Conference 2024

The conference underscored that bankers and industry leaders should connect the ESG and sustainability agenda to their organization’s purpose. This involved;

1. Developing risk management guidelines to maintain a socially equitable, environmentally responsible, and ethical industry
2. Dedicating skilled human resources to digitization challenges, embedding cyber hygiene in products and services

3. Adopting collaborative approaches to risk management, and integrating ESG targets into all operations.

Other key action points included planting indigenous trees, leveraging technology for ESG information dissemination, replacing plastic cards with eco-friendly alternatives, increasing strategic partnerships, developing comprehensive ESG policies, fostering stakeholder activism for sustainable projects, aligning policies with climate-friendly frameworks, translating ESG commitments into trackable metrics, and utilizing blended financing and de-risking tools. The conference further highlighted that ESG is not just a regulatory trend but a fundamental component of a resilient and sustainable financial future.



Dr. Winnie Tarinyeba, Board Chair, DFCU Bank at the ABC 2024 Conference



Dr. Martin OduorOtieno, Chairman and CEO of Leadership Group Limited delivered Keynote address at the ABC 2024 Conference



The Vice Chairperson, Uganda Bankers Association, Mr. Michael Mugabi gave closing remarks at the ABC 2024 Conference



Articles

"The feature articles comprise of papers published to stimulate discussion on remittances. The full working papers will be available on the UBA website."

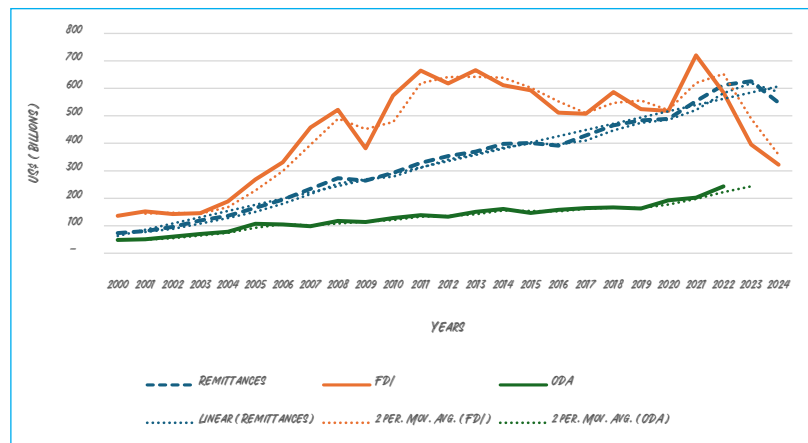
Understanding Remittances through the Evidence Lens: A Global to Local Perspective

Ronald Ochen, Senior Research Officer,
 Uganda Bankers' Association

1.0 Global Context

Over the past two decades, financial flows to low- and middle-income countries (LMICs) have undergone significant changes, particularly in the areas of remittances, foreign direct investment (FDI), and official development assistance (ODA). In the early 2000s, FDI was the leading source of external finance, with remittances and ODA trailing. However, remittances steadily grew and, by 2022, surpassed FDI for the first time, reaching \$612 billion compared to FDI's \$585 billion. This trend has continued into 2023 and 2024, underscoring the growing significance of remittances as a vital source of stability for developing economies. They support families in achieving Sustainable Development Goals (SDGs) by contributing to poverty alleviation, education, healthcare, entrepreneurship, gender equality, and rural economic development.

Chart 1: Remittances, FDI & ODA Flows to Low & Middle-Income Countries



Source: Authors' construction using data from the World Bank Development Indicators

remittances steadily grew and, by 2022, surpassed FDI for the first time, reaching **\$612 billion** compared to FDI's **\$585 billion**.

According to the World Bank, from Q4 2020 to Q3 2024, the global average cost of sending remittances remained around 6%, more than double the SDG target. Although there

was a slight decrease to 6.04% in Q4 2021, costs later rose again to 6.39% by the end of 2023 and 6.65% in Q2 2024, marking a four-year high. This persistent gap underscores structural inefficiencies in the global remittance system, such as limited competition and regulatory challenges. Reducing these costs is crucial for enhancing their developmental impact and promoting financial inclusion in low- and middle-income countries.

2.0 Uganda's Context

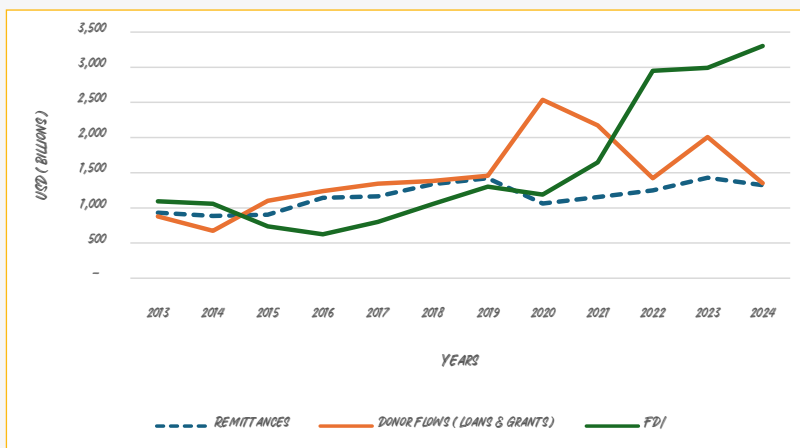
Over the past decade, remittances have become a stable and growing source of external finance for Uganda, surpassing donor flows and rivalling foreign direct investment (FDI). From 2013 to 2019, remittances increased from US\$932 million to US\$1.42 billion. Although the COVID-19 pandemic in 2020 caused a surge in donor assistance to US\$2.54 billion, remittances

only experienced a modest decline before recovering. FDI rebounded sharply, surpassing remittances by 2022 and reaching US\$3.3 billion in 2024. Nonetheless, remittances remained above US\$1.1 billion, highlighting their stability and significance as a key element of development finance for countries with large diasporas. They typically reach households faster and more directly than other financial flows.

accounted for nearly 3% of the country's Gross Domestic Product (GDP). This suggests that while remittances remain a vital lifeline, overall GDP growth has outpaced remittance growth, thereby diluting their proportional weight in the economy.

In Table 1, Ugandan emigrant outflows to countries like Saudi Arabia, UAE, Qatar, and others from 2016–2023 directly ties into Uganda's growing remittance inflows. Countries such as Saudi Arabia (**217,105 migrants**), the UAE (**23,576**), and Qatar (**13,239**) host large populations of Ugandan migrant workers, especially in domestic work, construction, and service sectors. These migrants form a significant part of the diaspora that sends money back home, contributing to the US\$1.4 billion Uganda receives annually in remittances. With about 35% of total remittances coming from the Middle East, the high outflow to Gulf states helps explain Uganda's strong remittance performance, despite challenges such as high transaction fees and limited financial inclusion among recipients. These migration trends highlight the importance of protecting migrant rights abroad while optimizing remittance flows through better policy and financial innovation at home.

Chart 2: External Financial Flows in Uganda

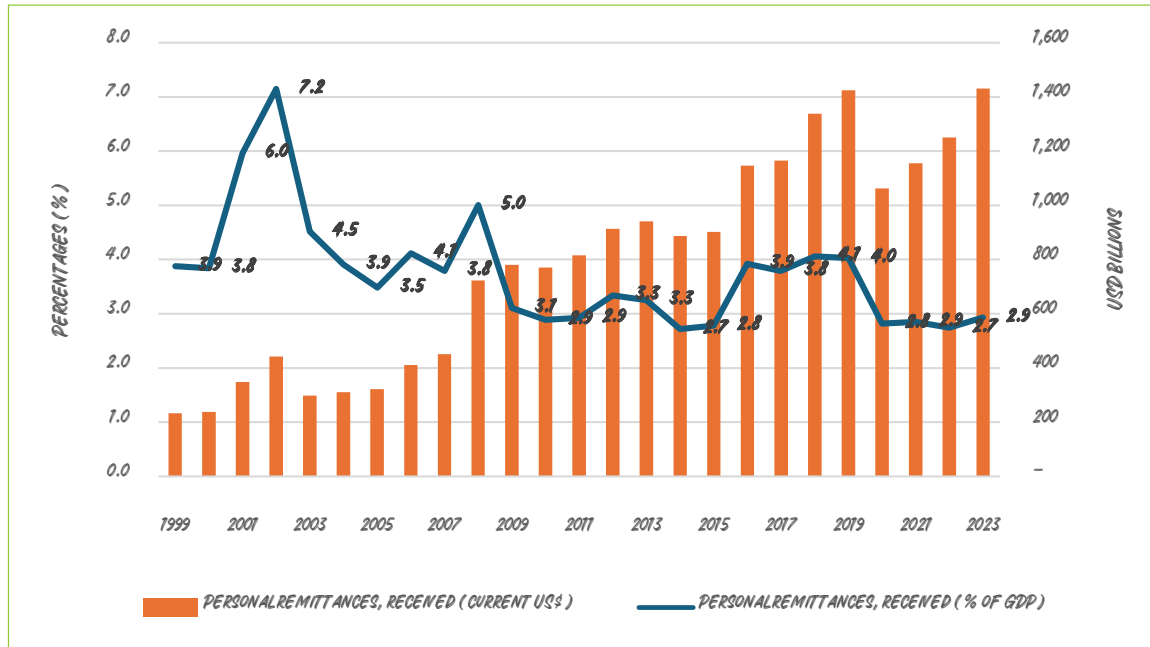


Source: Bank of Uganda

In Chart 3, over the 25 years from 1999 to 2023, personal remittances have grown more than sixfold—from \$233 million to \$1.43 billion. This steady increase in absolute value signals the expanding role of migrant labour and diaspora ties in sustaining household incomes and national foreign exchange

reserves. Moreover, when viewed as a percentage of GDP, the picture is more nuanced. Over the years, the growth in the value and contribution of remittance inflows to Uganda's economy has been nothing short of remarkable. For instance, in 2023, remittance inflows surpassed an impressive US\$1.4 billion, which

Chart 3: Remittances: Value vs. Share of GDP (1999–2023)



Source: World Bank Development Indicators

Table 1: Externalised migrant workers by destination (2016 – 2023)

Year	Saudi Arabia	UAE	Qatar	Iraq	Jordan	Somalia	Afghanistan	Bahrain	Kuwait
2016	175	383	487	646	–	96	342	410	–
2017	1,621	303	520	217	1,427	162	416	451	–
2018	12,366	2,556	923	2,189	2,582	745	228	23	–
2019	13,537	10,182	256	485	306	139	414	6	38
2020	4,538	2,585	1,148	36	205	172	50	183	109
2021	79,742	3,110	4,136	677	–	832	–	24	21
2022	85,928	2,076	3,695	885	–	700	–	6	95
2023	19,198	2,381	2,074	28	–	81	–	–	84
Total	217,105	23,576	13,239	5,163	4,520	2,927	1,450	1,103	347

Sources: Ministry of Gender, Labour, and Social Development & Ministry of Internal Affairs

According to the World Bank remittances statistics, the average cost of sending GBP 200 in remittances from the United Kingdom to Uganda has shown a gradual but inconsistent decline, moving from a high of 9.4% in early 2017 to around 4.94% by the third quarter of 2024. While this reflects significant progress, the cost has remained persistently above the Sustainable Development Goal (SDG) target of 3%, which aims to make remittances more affordable for migrants and their families. The most notable improvement occurred in 2022, with the cost dipping to a low of 3.57% in Q3 — the closest it came to the target. However, this progress was not sustained, as costs have risen slightly since then, indicating that while global efforts are yielding results, more consistent policy interventions and market reforms are needed to achieve and maintain the SDG benchmark.

According to the World Bank remittances statistics, the average cost of sending GBP 200 in remittances from the United Kingdom to Uganda has shown a gradual but inconsistent decline, moving from a high of 9.4% in early 2017 to around 4.94% by the third quarter of 2024.

3.0 Conclusion

Remittances have become a stable, resilient, and increasingly important source of external finance, often surpassing traditional flows such as foreign aid and competing with FDI, while offering a vital safety net for households in both stable and fragile economies. Over the past twenty years, data indicates that remittance volumes have grown consistently, even during global crises like COVID-19. They have regularly outperformed or matched donor aid and FDI in several years. For many countries,

especially Uganda, remittances surpass export revenues (for example, from coffee) and remain a crucial factor in household welfare. The contribution of remittances to Uganda's economy is highly significant. This emphasises the need for better integration of remittances into national development strategies, enhanced financial access for migrants (particularly refugees), and reduced remittance costs to maximise their potential for inclusive growth.

Policy Recommendations:

- Integrate remittances into national development frameworks.
- Reduce remittance costs through competition, innovation, and digital infrastructure.
- Protect migrant workers, especially women, in key host countries.
- Expand financial access for recipients, especially in rural and refugee communities.
- Leverage diaspora capital through investment platforms and community development initiatives.

An Overview of the Labour Externalization Sector in Uganda

Uganda Association of External Recruitment Agencies (UAERA)

1.0 About UAERA:

1.1 Uganda Association of External Recruitment Agencies (UAERA).

UAERA was established in 2013 and has a voluntary membership of 275 member companies. The membership is drawn from licensed external recruitment agencies by the Ministry of Gender, Labor and Social Development (MGLSD).

Besides guiding the members under its code of conduct that ensures members behave ethically and adhere to the same standards of ethical recruitment, the association also negotiates and lobbies its regulator, and other government MDAs on different matters as they arise in the industry on behalf of its members.

The members are offered quarterly trainings on ethical recruitment and corporate governance in running and managing all business operations to ensure safe, regular and productive Labour migration.

UAERA Objectives

- To organize and unite all licensed companies to operate under one umbrella and speak with one voice for strengthening the sector.
- To ensure protection of migrant workers, observation of their human rights, and welfare in accordance with international labor standards.
- To self-regulate, ensure adherence to the code of conduct, laws, regulations, and guidelines set by the regulator (MGLSD).
- To ensure transparency, build confidence in the public, and make the business attractive and sustainable.

- To pick out emerging salient issues in the sector and advise government on strategic policy direction.

1.2. Sector Overview

Uganda's Externalization of Labor Program begun in 2005 with the enactment of the Employment (Recruitment of Ugandan Migrant Workers) Regulations, 2021; and, the Guidelines on Recruitment and Placement of Ugandan Migrant Workers Abroad (2015). It also draws legal basis from Section 37 (1-2). From the policy context, The National Employment Policy for Uganda, (2011) under policy

priority action area 7.8 recognizes the importance of foreign labor markets as a source of youth employment. Currently, Parliament is working on the Employment (Amendment) Bill, 2022 which among others provides for the recruitment and employment of migrant workers. However, given the level of complexity of issues of Ugandan Migrant workers abroad, as UAERA, our call of action is that Government should enact an independent law that specifically deals with labour externalization.

From 2005-2022, a total of 550,000 Ugandan Migrant Workers have been externalized to the Gulf Co-operation Council Countries and others such as Iraq, Afghanistan, Somalia. Currently, Uganda has only one Bilateral Labour Agreement (BLA) with the Kingdom of Saudi Arabia which was signed early this year. The Government of Uganda plans to sign BLAs with the Governments of Qatar, Kuwait, United Arab Emirates, Bahrain, and Turkey among others.

1.3 Key Requirements for Licensing of Private Recruitment Companies:

For a company to be licensed as a labour recruitment and placement agency, it must fulfill certain obligations; some of these include but are not limited to the following;

- i. The company must be registered under the Companies Act or Partnership Act of Uganda
- ii. Each company must provide a bank guarantee of 100,000,000/=.
- iii. All company shareholders and the directors of a recruitment must be Ugandans.
- iv. The company must have a minimum authorized share capital of fifty million Uganda shillings.

- v. Directors, shareholders and staff of company must have clearance letters from INTERPOL.
- vi. The company must not be a political, religious, or tribal organization, not declared insolvent and directors must have no criminal record related to illegal recruitment or trafficking in persons.

1.4 Age of the Migrant Workers:

All the migrant workers travelling for work abroad must be in the age range between 21- 35 years. This is important because this age range is expected to provide a mature and strong labour force that can work abroad and still return to engage in productive work in Uganda.

1.5 Salaries Earned by Migrant Workers:

All migrant workers externalized under UAERA currently earn a minimum of UGX 900,000. However, some of the migrant workers with more experience earn slightly more.

1.6 Contract of Employment:

All migrant workers sign a standard employment contract before they travel abroad for work.

1.7 EEMIS System:

Ministry of Gender Labour and Social Development developed the External Employment Management Information System (EEMIS) which means the entire labour recruitment and placement cycle. EEMIS is a secure system that captures and stores information about migrant workers and licensed companies including all document attachments. EEMIS has greatly improved access to real-time information on migrant workers and licensed companies.

1.8 SAKAN Reception Centre:

There is a fully fledged reception centre funded by the Kingdom of Saudi Arabia wherein all distressed domestic migrant people are handled. The reception centre has well trained personnel including Counsellors, medical doctors and lawyers who provide readily accessible services to the distressed domestic migrant workers. The Centre has branches in major cities across Saudi Arabia. Many Ugandans in Saudi Arabia have benefitted from this centre.

2.0 Benefits of Externalization of Labour Program to Uganda's Economy:

This Program has had a series of benefits to Uganda's economy in the following dimensions:

2.1 Fighting Youth Unemployment

Figures from both the Uganda National Household Surveys (UNHS, 2016/17 and 2019/20) indicate that although Uganda's unemployment rates fell from 9.2% to 9.0%, youth unemployment rate has remained high at 13.0%. Currently, 710,000 youth with less than secondary education, 50,000 youth with secondary education and 60,000 youth with tertiary education, a total of 820,000 youth join the national labour market annually. Yet, the economy is only able to create 150,000 jobs in the private and formal public sector spaces. Within The Third National Development Plan, (2020/2024/25; pp. 28-29), Government sets out to create a total of 2,570,732 from 2020-2025. Externalization of Labour has therefore, contributed to this target by creating 376,010 opportunities abroad. It must also be emphasized here that the lowest paying job abroad secured by these Companies pays more than 10 times the local job.

2.2 Contributing to Overall Socio-economic Development:

Under this Program, a total of 367,010 employment opportunities have been created abroad for Ugandans. From 2010-2022, a total of US\$ 5.5 billion have accrued to the national economy with the remittances to Uganda in 2022 alone peaking at US\$ 1.3 billion. This has positively impacted the household level expenditures on health care, education and other investments through a multiplier effect.

2.3 Non-Tax Revenue Generation for Government

From a total of 354 External Labour Recruitment Companies (ELRCs) licensed by Government from 2005-2022 a total of UGX 188,872,863,000 has accrued to Government through the following Non-tax Revenues;

Government Agency	Non –Tax Revenue	Amount (UGX)
Ministry of Internal Affairs	Passports	94,002,500,000
Ministry of Health	Yellow Fever Vaccination cards	30,080,800,000
Uganda Police	Interpol Certificates of Good Conduct	31,960,850,000
Civil Aviation Authority	Airport taxes	13,742,365,000
Ministry of Gender	Approval of Foreign Job Orders	17,879,598,000
Ministry of Gender	Approval of local Job Orders	201,000,000
Ministry of Gender	Licensing Fees	794,850,000
Ministry of Gender	Accreditation fees for Pre-departure training Centres	24,000,000
Ministry of Gender	Late Submission charges	52,400,000
Ministry of Gender	Expression of Interest by ELRCs	134,300,000
TOTAL		188,872,863,000

2.4 Forex Earnings for Uganda:

Figures from Uganda Coffee Development Authority, (UCDA, 1964/65-2021/22), Uganda Fish Processors and Exporters Association, (UFPEA, 2017-2021), Cotton Development Organisation, (CDO, 2012-2020), and World Tourism Organisation, (WTO, 1995-2022). Externalisation of Labour Program brings in more forex than tourism and coffee combined bringing into the country over \$ 1.2 billion with \$700 million coming from the Middle East and \$500 million from the rest of the world.

3.0 Potential for Growth of Uganda's Externalisation of Labour Program:

There are other Opportunities in other Countries as well that Uganda can take advantage of, in addition to the current opportunities. Hence in other jurisdictions like Morocco, Egypt, Kenya, Philippines, Governments have taken a proactive approach to tap into the immeasurable opportunities of the sector. Some of the potential areas of growth to harness include;

1. Every year, Canada grants through its Immigration Ministry, a total of 250,000 Professionals particularly Social Workers;
2. China needs 100,000 English Teachers with a monthly wage of US\$ (600-1,500);
3. Turkey currently needs 30,000 English Teachers with a monthly wage of US\$ (615-990);
4. South Korea's monthly demand for English Teachers is 1,000, with a monthly wage of US\$ (1,000-15,000);
5. The Gulf Arab States of Saudi Arabia, UAE, Qatar, Kuwait and Bahrain require English Teachers with monthly wages ranging from US\$ (2,000-5,000);
6. The Southern African Development Community, particularly South Africa needs a total of 150,000 Swahili Teachers, given that

Swahili has been introduced as part of the formal schooling curriculum in this 15 Member States Block;

7. In September, 2022, the National Education Association (NEA) in the USA, which is the largest Teachers' Union revealed that, currently, the USA has a gap of 300,000 Teachers in all fields and staff;
8. Engineers, Software Developers and Plumbers, including Nurses and Doctors are also required in the US and 14 other Countries in the European Union.
9. Qatar retains an enormous demand for Migrant Workers especially for its mushrooming construction industry among others.
10. Saudi Arabia will need an average of 500,000 Construction and other Workers in the construction of the Neon City;
11. The Agricultural Sector in Canada currently needs a total of 59,000 workers and this demand is projected to grow to 113,800 by 2025; while in New Zealand and Australia, it's between 270-450 workers with attractive pay ranging from (US\$1,550-3,550 per month).
12. There are also emerging opportunities for migrant workers in Germany, Poland, and South Korea among others that other countries like Kenya are already tapping into.

4.0 Challenges facing Uganda's Externalization of Labour:

- 4.1 External Labour Recruitment Companies'- Level:
- 4.2 Human Trafficking and Smuggling of Migrants

Uganda has a total of 54 gazetted entry and exit Border Posts, together with 307 ungazetted Border Posts. In addition, the Ministry of Gender, Labour and Social Development has licensed a total of 354 ELRCs. However, all irregular migrants who are stranded or find themselves in problems abroad are attributed to ELRCs. Yet, there are some entities doing it illegally.

4.2.1 Negative PR and Psych graphing:

Generally, the public and the body politic in particularly have formed a bad opinion of this industry on account of a Media that is not comprehensively informed of factual figures and statistics. This negative psych graphing, PR and stereotyping continue to undermine the industry.

4.2.2 Lack of Empowerment to self-regulate

UAERA has a voluntary membership of 275 companies with a common objective of organizing all Labour recruitment

companies under one umbrella to speak with one voice to strengthen the sector, self-regulate, and ensure adherence to the code of conduct.

However, the association is not recognized in the regulations hence making it difficult to enforce compliance and self-regulation.

5.0 Government-Level Challenges:

5.1 Ministry of Gender, Labour and Social Development:

- The External Employment Unit (EEU) of the Ministry of Gender, Labour and Social Development (MGLSD) is understaffed.
- The Ministry needs to be quick in negotiating and having Bilateral Labour Agreements mentioned above signed and operationalised.
- Failure to issue Injaz accreditation for licensed Ugandan companies;

Currently, we have over 97 new companies with valid labour licenses that applied for Injaz applications to the Saudi embassy but have not been granted login passwords. Most of these companies have spent close to 8 to 6 months with no business, yet they incur recurrent expenses. There is a possibility that the Saudi Embassy is reacting to the denial of accreditation of Saudi partners by the embassy of Uganda in Riyadh.

5.2 Ministry of Foreign Affairs:

- MoFA has been slow in recruitment and placement of Labour Attaches and Foreign Service Workers in key Embassies. This slows job order approvals and inspections of both accredited agencies and monitoring of conditions of our migrant workers.
- The Ministry has also not been sufficiently proactive in appointing Ugandan Consulars as a stop-gap measure in countries where establishment of Embassies may take long.
- Stopping the Accreditation of Foreign labour Agencies;

Since April 2022, our Ugandan embassy in Saudi Arabia stopped/closed accrediting new Saudi companies citing issues of funding needed to conduct the vetting of these companies in destination countries before they can do business in Uganda. This in turn has affected the industry massively, business is at its lowest even with the renewal of the BLA.

- Delay in Job order Approvals at the foreign mission;
- All job orders must be cleared by the foreign mission. However, it takes a period of 1 week to a month for a job order to be approved. This is a higher turnaround time compared to other countries and in turn frustrates business with our partners. Most of these partners are now dealing with the other countries that provide labour in shorter time spans.
- Delays in Interpol verification and attestation at foreign affairs;

Interpol certificates take 14 days to be released from Interpol offices and another 7 to 14 days for accreditation at the Ministry of Foreign Affairs before they are submitted to the embassy for visa stamping. These delays greatly affect business. The nature of contracts signed have timelines beyond which local companies are penalized by Saudi companies.

5.3 Ministry of Internal Affairs-Level:

- The Ministry has been slow in Passport processing, with an output capacity of only 4,000 per day; yet, the labour externalization industry deploys an average of 3,000-3,500 Ugandan Migrant Workers daily.
- There are also delays in Interpol Certificate of Good Conduct processing which affects our ability to deploy human-power timely. It takes 14 days to get an Interpol Certificate of Good Conduct.
- Both Interpol Headquarters and the Directorate of Citizenship and Immigration are encumbered with inadequate manpower and capacity in terms of equipment.

5.4 Ministry of Finance, Planning and Economic Development-Level:

- The MFPED allocates on average, 0.5% of the annual budget to the MGLSD yearly, which is very inadequate,
- The Department of Employment Services (DES), under which is the EEU, is allocated on average, every Quarter, UGX; 30,000,000 which is inadequate to undertake inspections and monitoring abroad, including its other administrative-managerial functions.
- The MoFA has also been allocated on average, 0.3-0.5% of the national budget every year, which makes it difficult to execute its mandate. The Consular Services and Diaspora Departments have been affected by this gross underfunding.

6.0 Recommendations:

6.1 Short-term:

- Recognition of UAERA (Uganda Association of External Recruitment agencies) as the umbrella body for coordinating all external recruitment Labour companies in Uganda for purposes of self-regulation and ensuring compliance to the regulations and the established code of conduct.
- Review of the accreditation from physical vetting to virtual vetting. The physical vetting process takes a long time and is costly especially in a vast country like Saudi Arabia. To expedite this process we recommend virtual accreditation which will save time and money. In turn this will make Uganda more competitive against the other countries.

- Establish a Special desk to specifically handle the Interpol verification and Attestation. We also recommend that an office be created with a skeleton staff to specifically handle the verification process so that within the shortest period of time, certificates are stamped and released.
- Incremental Budgetary Allocation to MoFA and MGLSD from 0.5% to 1.5%. This will enable greater monitoring, inspection as well as robust Consular and Diaspora Services.
- Build the manpower and technological capacity in Passport and Interpol Offices to ensure quick processing of Interpol Certificates of Good Conduct and Passports.
- Robust Negotiation, Signage and Implementation of Bilateral Labour Agreements (BLAs) between Governments of Uganda and Turkey, Qatar, Bahrain, Jordan, United Arab Emirates, Oman and Kuwait and also renewing the expired BLA with Saudi Arabia.
- Proactive Location, Scoping and Mapping of new External Labour Markets:

6.2 Medium-term:

- Allocation of 20% of the Non-Tax Revenues from Foreign Job Orders approvals to facilitate the deployment of Foreign Labour Attaches, monitoring of the deployed Ugandan Migrant Workers, facilitating job order approvals and inspection of foreign accredited recruitment agencies. This money should also cater for Joint Technical Committees to undertake periodical reviews of the existing BLAs and address the emerging challenges.
- Establish an Authority or Directorate under MGLSD like it was done in Philippines to independently handle matters of Labour Externalisation and Diaspora Affairs.
- Government should open more Consulates especially in Kuwait, Jordan, Bahrain and Oman to facilitate the expeditious processing of new job orders and new labor market opportunities.
- Enactment of a law on Labour Externalisation. Benchmark other Jurisdictions like Philippines and recently the Government of Kenya that have enacted independent legislations on labour externalization.



Safeguarding Labour Beyond Borders: Uganda's New Insurance Scheme for Migrant Workers

In a groundbreaking development for Uganda's labour export sector, a new insurance initiative has been rolled out to protect Ugandan migrant workers employed abroad. The Uganda Migration Insurance Scheme (UMIS), introduced by NIC Life Assurance in partnership with Spades Insurance Brokers Limited, represents a strategic move to formalize social protection mechanisms within one of the country's most economically significant, yet under-regulated, industries.

For decades, migrant workers - especially those placed in the Middle East and Asia - have been vulnerable to exploitation, illness, injury, and even death, often without recourse to structured support. The UMIS aims to close these gaps with a holistic insurance package that balances affordability, access, and coverage breadth.

Strategic Social Protection at Low Cost

Targeting Ugandans who travel abroad for employment, the scheme offers monthly premiums ranging between UGX 10,000–10,500, a cost accessible to the majority of outbound workers. For this modest investment, beneficiaries receive a comprehensive coverage plan, including compensation for death, permanent disability, critical illness, and mental health challenges. The benefits extend beyond health risks - incorporating legal support, repatriation assistance, and school fee coverage for dependents.

This move is seen as more than a financial product - it's a policy

shift that signals increasing responsibility from both private insurers and labour stakeholders toward a more sustainable external employment framework.

Economic Justification and Sectoral Impact

Uganda's remittance economy is no small matter - contributing over USD 600 million annually, much of it from domestic workers, security personnel, and semi-skilled labourers employed abroad. However, this economic contribution has historically come at a high personal cost, with many migrant workers facing perilous working conditions and financial uncertainty.

The insurance scheme offers a preventative buffer for agencies and families alike. In recent years,

some recruitment companies have incurred heavy penalties or losses due to unplanned repatriations and legal issues related to uninsured workers. By adopting UMIS, firms gain operational resilience and regulatory compliance while enhancing trust in the industry.

Designed Through Collaborative Innovation

This scheme was not created in isolation. It is the result of a three-year consultative process involving the Insurance Regulatory Authority (IRA), the Ministry of Gender, Labour and Social Development, labour training institutions, and the Uganda Association of External Recruitment Agencies (UAERA). Each stakeholder brought a

unique perspective, ensuring the product meets both domestic regulatory requirements and international protection standards.

The branding, trade-named “OUMA”, reflects its focus on both humanitarian care and operational excellence. It offers a transparent claims process, verifiable coverage certification, and a multi-tiered benefit structure that serves both the worker and the agency.

Industry Adoption and Regional Attention

UAERA, the body representing licensed labour export agencies, has thrown its weight behind the initiative. While initial scepticism existed - particularly around feasibility and payout levels - real-world implementation has changed minds. Claims have been processed, repatriations have occurred, and migrant families have received support - demonstrating that this is not a theoretical concept, but a fully operational solution.

Other East African countries, including Kenya and Tanzania, are already expressing interest in replicating the model, positioning Uganda as a regional thought leader in labour migration management.

Regulatory Endorsement and Policy Integration

The Insurance Regulatory Authority has commended the scheme as a timely and necessary intervention. IRA leadership highlighted how thousands of migrant workers remain unprotected under foreign policies that often fail to cover non-workplace injuries or post-employment risks. Local solutions like UMIS are better tailored to Uganda’s socio-economic context, offering more value and accountability.

Government officials echoed this sentiment, noting that the insurance scheme forms part of a wider framework aimed at improving the welfare of migrant workers—from pre-departure orientation to reintegration support upon return. Initiatives such as the Migrant Support Centre are being expanded to complement these efforts, offering reintegration assistance and financial literacy programmes to returning workers.

Opportunities for Financial Sector Integration

For Uganda’s banking industry, the formalization of migrant worker protections presents new opportunities. Insured, documented workers become more attractive clients for diaspora banking products, remittance-backed savings,

and even credit facilities tied to employment contracts. This scheme lays the groundwork for more structured engagement with one of the country’s most liquid and globally dispersed populations.

By reducing the volatility around repatriation, death, or emergency support, banks can build risk-mitigated financial products tailored to the unique cash flows of migrant households. Moreover, collaboration between banks and insurers could further improve product bundling for outbound workers - linking insurance with remittance services, digital wallets, or investment vehicles.

Conclusion

The launch of the Uganda Migration Insurance Scheme is more than a welfare initiative - it’s a strategic intervention that aligns human rights with economic prudence. As Uganda continues to export labour as part of its employment strategy, the responsibility to ensure migrant dignity and security must remain front and centre.

Through partnerships between insurers, regulators, recruiters, and now potentially the banking sector, Uganda is laying a foundation for sustainable labour migration - a system that values the individual while strengthening the nation’s economic fabric.

Future of Remittances: Stablecoins and Infrastructure Opportunities for Banks

Stone Atwine,
 CEO and Co-founder, Eversend

Executive Summary

Remittances are a crucial source of income and financial resilience for many Ugandan households. In 2023, Uganda received over US\$1.4 billion in remittance inflows - nearly 3% of GDP - supporting basic needs like food, education, and healthcare. However, Uganda and other African countries still face high remittance costs (averaging 8.4% to send \$200), slow transaction speeds, and fragmented payment channels. Stablecoins - blockchain-based digital currencies pegged 1:1 to fiat currencies like the US dollar - offer an unprecedented opportunity to modernize the remittance ecosystem. These tools combine the transparency and speed of blockchain with the stability of traditional money, making cross-border transactions cheaper, faster, and more secure.



1.0 Introduction

This brief outlines how Uganda can harness stablecoin technology and fintech infrastructure to upgrade its remittance system, lower costs, improve financial inclusion, and unlock development benefits aligned with the Sustainable Development Goals (SDGs).

2.0 The Problem: Expensive and Inefficient Remittance Systems

Despite their scale and importance, remittances in Uganda remain plagued by inefficiencies:

- **High transfer costs:** Africa remains the most expensive region to send money to.

Uganda-bound remittances can incur up to 39% in fees via certain corridors.

- **Slow settlement times:** Cross-border transfers often take 3–5 days using traditional banking infrastructure.
- **Limited access:** Rural communities rely on informal channels or physical agents with unfavorable exchange rates and opaque pricing.
- **Regulatory friction:** Fragmented compliance frameworks and lack of real-time monitoring constrain innovation.
- **This inefficiency undermines the development potential of remittances.** If Uganda reduced average fees to the global target of 3%, families could retain tens of millions of dollars more annually.

3.0 Policy Solution: Stablecoins as a Remittance Infrastructure Layer

Stablecoins represent a new infrastructure layer for cross-border transfers. These digital tokens are:

- Pegged to fiat currencies (e.g., USD, EUR, UGX) to avoid volatility.
- Built on blockchain networks allowing near-instant global settlement.
- Programmable, meaning they can support new financial products and use cases.

Key Benefits for Uganda:

- **Cost reduction:** Transfers via stablecoins can reduce fees to below 1%, freeing up more value for recipients.
- **Speed:** Settlements occur in minutes, not days.
- **Transparency:** Every transaction is traceable on the blockchain, improving compliance.
- **Financial inclusion:** Recipients can receive remittances into mobile wallets or stablecoin accounts, opening access to digital savings, loans, and insurance.

4.0 Global Momentum and Regulatory Trends

The global regulatory environment is increasingly welcoming stablecoin innovation:

- **USA:** New federal regulations are emerging to govern dollar-backed stablecoins, with major financial institutions like PayPal launching their own.
- **EU:** The Markets in Crypto-Assets (MiCA) regulation formally recognizes and licenses euro-pegged stablecoins as electronic money.
- **UK:** The Financial Services and Markets Act 2023 legally classifies stablecoins as “digital settlement assets.”
- **Others:** Countries like Singapore, UAE, and Nigeria have launched stablecoin frameworks or digital currency pilots.

Uganda can align with these trends to develop a forward-looking regulatory framework that encourages safe, innovative remittance solutions.

5.0 Role of Banks and Fintech Collaboration

Traditional financial institutions do not need to build blockchain solutions from scratch. Infrastructure fintechs like Eversend offer plug-and-play APIs that banks and mobile money providers can integrate with minimal technical overhead.

Case Example: Eversend's Platform

- Supports multi-currency wallets (UGX, USD, EUR, USDC, etc.).
- Manages KYC/AML compliance and crypto liquidity.
- Converts stablecoins to local currency and pays out via mobile money or bank accounts.
- Offers potential for a UGX-backed stablecoin, issued under regulatory oversight.

Such platforms can help Uganda build domestic digital currency rails that complement the use of USD- or EUR-backed stablecoins.

6.0 Use Cases for Stablecoin-Based Remittances

Use Case	Description	Development Impact
Diaspora Investments	Diaspora groups can invest in local businesses or infrastructure using stablecoins.	Unlocks productive capital beyond consumption remittances
Micro-remittances	Low-cost digital rails allow sending \$1–\$5 at a time.	Enables pay-as-you-go utilities, education, or insurance.
Mobile money integration	Stablecoins can be converted to mobile money instantly.	Boosts financial inclusion in rural areas.
Macroeconomic resilience	Stablecoins bring traceable FX inflows.	Helps smooth economic shocks, increases reserves transparency.

7.0 Policy Recommendations

To realize the full potential of stablecoin-powered remittances, the Government of Uganda, through the Ministry of Finance, Bank of Uganda (BoU), and Uganda Communications Commission (UCC), should pursue the following:

A. Develop a Regulatory Framework for Stablecoins

- Enable licensed issuance of stablecoins pegged to UGX and other fiat currencies.
- Mandate 1:1 reserve backing and transparent audits for all stablecoin issuers.

- Align with FATF Travel Rule for KYC/AML across remittance corridors.

B. Promote Public-Private Collaboration

- Create a regulatory sandbox to allow innovation with fintech partners like Eversend.
- Encourage bank-fintech partnerships to deploy stablecoin infrastructure quickly.
- Support local currency stablecoin pilots with mobile money integration.

C. Reduce Friction in FX and Cross-Border Payments

- Streamline FX conversion for remittances and allow digital currency settlements.

- Explore interoperability standards between mobile money, banks, and stablecoin wallets.

- Digitally onboard diaspora remitters via embassies and consulates abroad.

D. Build Capacity and Consumer Trust

- Invest in public education on digital financial services and remittances.
- Train regulators, banks, and fintechs on blockchain AML/CFT tools.
- Leverage blockchain analytics to monitor flows, enhance transparency, and protect consumers.

8.0 Conclusion

Stablecoins offer Uganda a pathway to revolutionize remittances - cutting costs, speeding up transfers, and expanding access to formal financial systems. By supporting regulatory innovation, public-private collaboration, and stablecoin integration, Uganda can lead the continent in transforming remittances into a lever for inclusive economic development. The future of money transfers is programmable, digital, and stable - Uganda must seize this opportunity.



Is Remittance Still a Business... or Just a Feature?

Ahmed Aly

Head of MESA & APAC at MoneyGram

In a world where nearly everything is getting more expensive, one thing is trending in the opposite direction: remittance fees.

Global remittance costs have dropped steadily over the past decade. According to the World Bank, the average cost of sending \$200 has declined from over 9% in 2011 to just 6.2% in 2023, and digital channels are doing even better, often charging less than 3% — and sometimes zero fees. The reasons are clear: technology is rewriting the business model.

What changed?

Traditionally, remittances were high-cost because they required:

- Large physical agent networks (rent, staff, operations)
- Multiple intermediaries each taking a cut
- Manual compliance checks and onboarding
- Prefunding and liquidity management across borders

Today, many of these elements are being digitized, streamlined, or eliminated entirely:

- Consumers send directly from mobile wallets or apps, reducing infrastructure costs

- Regtech and AI-powered compliance allow secure, scalable onboarding and monitoring
- Blockchain and stablecoins are beginning to replace traditional prefunding mechanisms, reducing treasury friction and working capital requirements
- Fewer intermediaries mean leaner cost structures and faster settlements

So what's left?

The primary cost today is often FX margin and treasury risk. But even that is being challenged:

- Stablecoins and cross-border crypto rails (like USDC and on-chain settlements) are becoming viable treasury tools.
- Projects like Stellar, Ripple, and even private initiatives by central banks are piloting this today, at a growing scale.
- As these technologies mature, the cost of cross-border value transfer could approach zero.

So, will remittance be a standalone business in the future?

Maybe not.

Just like SMS was once a telecom cash cow, and now it's free — remittance is evolving into a "feature" rather than a core business.

We're seeing a clear trend:

- Big tech and super-apps (WeChat, Alipay, Grab, GCash, Paytm, etc.) are embedding remittance as one of many services to acquire and retain users.
- Even traditional MTOs are diversifying into wallets, payments, crypto off-ramps, and merchant services to defend margins and stay relevant.
- Meanwhile, startups are acquiring licenses to operate wallets, FX, and embedded banking, using remittance as the entry point.

Final Thought:

Will pure remittance players justify billion-dollar valuations in the long term if margins trend toward zero? Unlikely - unless they:

- Leverage their existing rails and trust networks
- Monetize adjacent through lending, insurance, commerce, savings, or financial identity
- Pivot from transactional to platform models

Remittance isn't dying. It's transforming.

It's no longer just about moving money. It's about building ecosystems.

Source: Extracted from LinkedIn.

Challenges and Opportunities in Remittance Flows: Empirical Evidence from Uganda

Hassan Kitenda & Herman Male - Makerere University

Executive Summary

Over the past few decades, the number of international migrants has significantly increased, resulting in substantial growth in remittances. Remittances act as a vital source of financing for many African countries, serving as an essential lifeline for millions of households and small businesses. This paper examines the challenges and opportunities within Uganda's remittance ecosystem, drawing on secondary data from the Bank of Uganda and the World Bank. The findings indicate that high remittance costs negatively affect remittance flows, while digital financial services, informal remittance channels, and financial inclusion positively contribute to remittance growth. The paper identifies securitization of remittances, diaspora bonds, microinsurance, and savings products as key opportunities to improve remittance efficiency and impact. The study recommends reducing transaction costs, transitioning to formal systems, and enhancing financial literacy to maximise the developmental potential and economic resilience of remittances in Uganda.

1.0 Background of the study

One of the key implications of globalisation is the increase in international migration, which has led to a significant surge in migrant remittances, now a critical source of income for developing countries. According to the United Nations (2020), the global migrant population reached 281 million, up from 173 million in 2000 and 220 million in 2010, with Africa contributing approximately 25.46 million migrants. In Uganda, data from the Uganda Bureau of Statistics

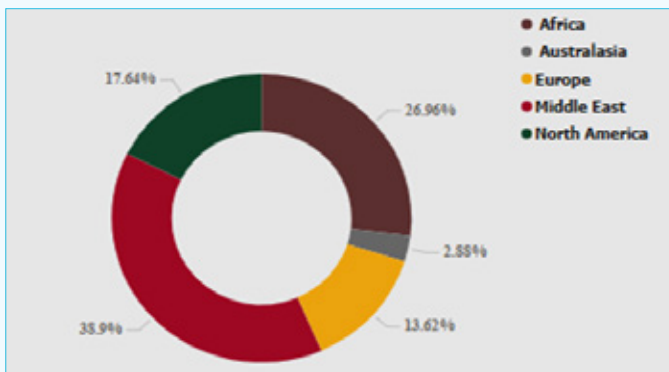
(UBOS) indicates that 50.9% of emigrants migrate to Asia, followed by 26.8% to East Africa, and smaller proportions to Europe (6.1%) and North America (5.25%). This migration trend has considerably increased the volume of financial transfers to Uganda through remittances. Remittances represent one of the most tangible outcomes of international migration. In Uganda, remittances are often used to meet essential needs such as food, healthcare, and education, while also contributing to economic empowerment,

particularly for women. These funds further support sustainable agriculture, local enterprise development, and broader economic growth. Importantly, remittances contribute directly to the achievement of multiple Sustainable Development Goals (SDGs), including SDG 1 (No Poverty), 2 (Zero Hunger), 3 (Good Health), 4 (Quality Education), 5 (Gender Equality), 8 (Decent Work and Economic Growth), 10 (Reduced Inequalities), and 13 (Climate Action).

Remittances are also recognized as a stable and countercyclical source of external financing, which enhances economic resilience in the face of shocks such as economic downturns or natural disasters. Despite these benefits, Uganda continues to face several challenges in optimizing remittance inflows, including high transfer costs, limited financial inclusion, informal transfer channels, and regulatory bottlenecks.

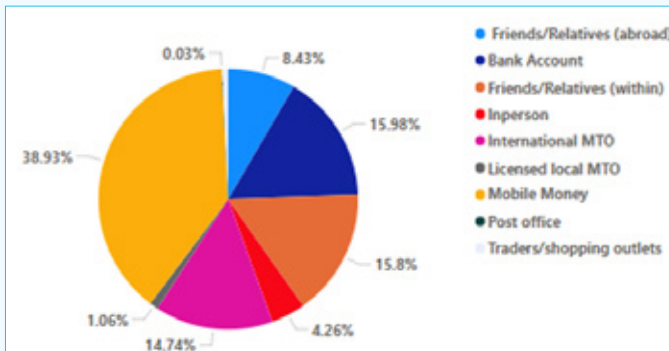
1.1 Trends in the remittance ecosystem

1.1.1 Source Countries of Remittances



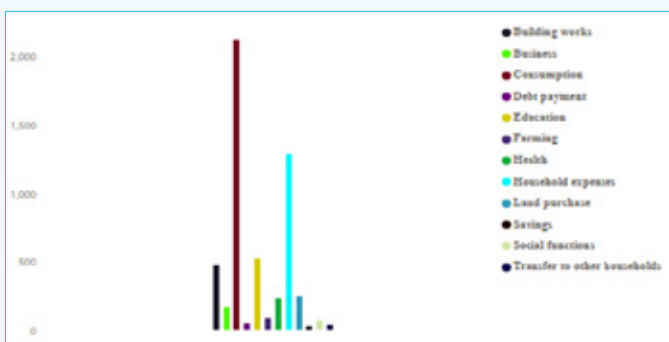
Source Bank of Uganda 2021-2023

1.1.2 Recipient Channels



Source: Bank of Uganda

1.1.3 Use of Remittance Funds



2.0 Impact of Remittances on Economic Development

Poverty Reduction and Household Welfare:

Remittances are often used to meet basic needs such as food, education, healthcare, and housing.

Consumption Smoothing and Financial Inclusion:

Remittances offer a buffer against income shocks, such as job loss or natural disasters. Further, they encourage households to open bank accounts or adopt mobile financial services, especially where fintech is integrated with remittance flows (e.g., M-PESA in Kenya).

Investment and

Entrepreneurship: Some remittance recipients invest in microenterprises such as retail shops or agriculture.

Foreign Exchange Reserves

and Fiscal Stability: Remittances contribute to foreign currency reserves and stabilize exchange rates, and also reduce current account deficits, thus improving macroeconomic stability.

Conversely, remittances may have negative effects, which may include;

Consumption Driven

Dependency: A significant portion of remittance income is used for consumption, that is to say, buying food, clothes, electronics, or building homes rather than productive investment.

Labor Market Distortions:

Remittance-receiving families may reduce their labor market participation, particularly when inflows are regular and sizable. This can cause a decline in local productivity and create dependency cultures, especially among youth and working-age adults.

Inflation and Housing Market

Pressures: Large inflows of remittances can lead to inflation, particularly in local markets with constrained supply, and speculative increases in land and housing prices.

Brain Drain and Demographic

Imbalance: Migration to earn remittances often involves skilled or semi-skilled workers leaving their home countries, especially in the health and education sectors. This results in brain drain, weakening public institutions, and slowing national development.

Exchange Rate Appreciation

(Dutch Disease Effect): High remittance inflows may lead to currency appreciation, making exports less competitive in

international markets. This “Dutch disease” scenario can stunt industrial growth and worsen trade deficits, especially in countries that depend on low-cost exports.

3. Challenges Hindering Remittance Inflows

Remittance costs: Remittances are a vital resilience source for Ugandan households, positioning the country as one of the leading recipients in Sub-Saharan Africa; however, sending money to Uganda remains costly. In 2021, the average cost of sending US\$200 was 11.3%, far above the global average of 6.3%, Africa’s 8.46%, and the UN SDG target of 3%. High remittance costs influence how much migrants send, often discouraging them from remitting larger amounts. Reducing transaction costs can significantly boost remittance inflows and positively impact national economies. Lower costs also reduce the risks associated with using informal remittance channels.

Heavy reliance on informal

channels: According to the annual personal transfers survey, in 2022, 25.3% of Ugandan recipient households used informal channels. Informal channels involve sending money or goods outside regulated financial systems, often driven by trust, community ties, or

difficulties meeting formal banking requirements. Irregular channels are susceptible to risks like loss, fraud, or exploitation to fund illegal activities.

Strengthening formal channels by offering convenience, security, and digital opportunities is key to shifting users away from informal systems.

Innovation and digital financial

services: Although mobile phone penetration is high in Uganda, digital remittance uptake is limited by low financial and digital literacy, trust issues, unreliable infrastructure, and outdated systems. Poor interoperability and cybersecurity concerns further obstruct digitisation. Yet, digitalisation can lower remittance costs, speed up transfers, and boost security and inclusion. An ideal environment needs strong infrastructure, regulatory frameworks, and digital literacy. Supporting fintech innovation can better meet remittance market needs.

Low financial inclusion rates:

According to the FinScope survey of 2023 done in Uganda, mobile money supports financial inclusion, with 64% (15.8 million) of adults registered. However, challenges remain in making services fully accessible, affordable, and user-centred. Enhancing these services can maximize the development impact of remittances.

4.0 Opportunities in the remittance Ecosystem

Diaspora Bonds: With this financial instrument, Uganda can access remittances from its diaspora community to fund development and investment initiatives. These bonds are an effective way for countries to reduce investment risk while raising funds from upcoming remittance flows. Since investors are motivated by factors beyond just financial gain, such as emotional and patriotic appeal and a strong desire to support the advancement of their home nations, diaspora bonds may be less costly than traditional financial products. These bonds can feature more innovative structures, such as savings accounts with variable interest rates or options to convert into shares in certain projects, or they can be more conventional bonds with fixed interest rates and maturity dates. For instance, Ethiopia was the first country to issue diaspora bonds in 2008 to finance the energy company, Ethiopia Electric Power. Furthermore, diaspora bonds can strengthen a country's currency by increasing foreign

exchange inflows and boosting reserves. When used effectively for productive investments, they reduce dependence on expensive debt, enhancing macroeconomic stability. Additionally, funds raised via diaspora bonds can be invested in Public-Private Partnerships (PPPs), enabling governments to co-finance large-scale infrastructure projects such as roads, energy, and water systems with private sector partners. This approach harnesses the developmental potential of remittances while sharing financial and operational risks with the private sector.

Securitization of remittance flows: The role of remittances in boosting investments can be improved through securitization. Similar to other future receivables, remittances can be used for cash flow securitization, and remittance-backed securities could be seen as a way to unlock the development potential of these flows. The securitization of remittance flows can fund long-term development and infrastructure projects like roads, hospitals, or energy grids. The U.S.-Honduras-El Salvador BRIDGE Program, Banco

doBrasil, and the Afreximbank have successfully securitized remittance flows to raise billions in external financing on favorable terms. This method lowers credit risk for investors while unlocking the development potential of steady remittance inflows, especially in countries with limited access to traditional capital markets.

Microinsurance and Savings Products: Linking remittances with formal financial products can greatly improve the financial resilience of recipients. For example, remittances can be combined with micro-health insurance to shield families from unexpected medical costs, like PayAngel in Ghana, or directed into savings accounts with matching contributions to encourage a savings culture. In countries such as Kenya and the Philippines, remittance-linked education savings plans have helped families pay for schooling. With the rise of bancassurance, Uganda's banking sector faces a great opportunity.

5.0 Recommendations

Reducing Transaction Costs of Remittances:

We argue that reducing transaction costs of remittances enables rural recipients to receive them at a reasonable cost, facilitating the use of formal systems instead of informal systems. The average cost of sending US\$200 was 11.3%. These transfer costs are disadvantageous to development. Therefore, reducing remittance fees is an important policy priority. Reducing the transaction costs of remittances is critical to increasing the remittances available to recipient households. Increasing competition can reduce transaction costs, thereby increasing the quality of service. Therefore, competition can be improved through: (i) promoting alternative providers such as microfinance institutions and credit cooperatives; (ii) leveraging digital solutions by embracing digital payment solutions.

Shifting from Informal to Formal Transfer Systems:

According to BOU, about 25% of remittances in Uganda are informal. Shifting remittances from informal to formal transfers can increase the development impact of remittances. Informal channels offer many advantages, such as convenience, but they also present some challenges in regulation and transparency. Education and awareness play a key role in bridging the gap and revolutionizing remittance transfers. Empowering individuals with knowledge about digital solutions, such as mobile banking and digital payment platforms, is crucial for their adoption and effective utilization.

Facilitating Financial Literacy:

Education is key to inclusion. Furthermore, Financial literacy can accelerate the uptake of new digital remittance channels by improving customer understanding of how to choose between and access different channels.

6.0 Conclusion

In conclusion, remittances play a vital role in Uganda's economic development by reducing poverty, improving household welfare, and strengthening financial inclusion. However, high transaction costs, reliance on informal channels, regulatory challenges, and financial illiteracy limit their full potential. Remittance inflows also pose risks such as dependency, labour market distortions, and brain drain. Addressing these challenges through innovation, better regulation, and enhanced consumer protection is crucial. Strengthening formal channels and financial literacy will maximize the positive impact of remittances. A balanced approach is needed to harness remittances for sustainable national development.

Unlocking the Power of Remittances for Uganda's Development: The Role of Financial Institutions

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(a) Head of Operations, United Bank of Africa & (b) Chairman, Uganda Forex Bureau & Money Remittance Association



1.0 Introduction

Remittance refers to the transfer of money from one person to another, often across borders. These funds are typically sent by individuals living abroad to family members or friends in their home countries. Remittances can be delivered through various channels, including banks, money transfer services, mobile platforms, and online applications.

According to the 2024 National Population and Housing Census

(NPHC), the use of remittances in Uganda reflects essential household priorities: 25% of remittances go toward food and daily necessities, 17% to education, with the remainder allocated to healthcare, housing, and small business investments. A report by the Bank of Uganda further highlights that remittance-receiving households enjoy better access to education - affording school fees, learning materials, and quality institutions - as well as improved healthcare, due to the ability to access timely medical interventions.

Uganda has witnessed a steady increase in remittance inflows over the past decade, reaching a record \$1.42 billion in the year ending January 2024, representing a 13.4% increase from the previous year's \$1.25 billion. While remittances contribute significantly to national income, their most transformative effect is at the household level, where they support socio-economic mobility.

Uganda has witnessed a steady increase in remittance inflows over the past decade, reaching a record **\$1.42 billion** in the year ending January 2024, representing a 13.4% increase from the previous year's **\$1.25 billion**.

A 2023 World Bank report notes Uganda’s diverse migration patterns. Approximately 40% of remittances originate from the United States and the United Kingdom, where Ugandan professionals work primarily in healthcare, finance, and education sectors. The Middle East - including Saudi Arabia, the UAE, and Qatar - contributes roughly \$500 million (35%), largely from Ugandans employed in domestic work, security, and construction. Kenya contributes around \$100 million (7%), emphasizing the importance of intra-regional migration.

The Middle East - including Saudi Arabia, the UAE, and Qatar - contributes roughly **\$500 million (35%)**, largely from Ugandans employed in domestic work, security, and construction. Kenya contributes around **\$100 million (7%)**, emphasizing the importance of intra-regional migration.

1.1 Common Remittance Products in Uganda

Uganda’s most commonly used remittance channels include Western Union, MoneyGram, RIA, Transfast, Sendwave, and Remitly. Also, include data on the volume or value handled by services like Dahabshil and mobile money platforms.)

Several banks have developed in-house or affiliate remittance channels to ease transactions, even for non-account holders. For instance, Africash, a remittance service by United Bank for Africa (UBA), facilitates intra-African money transfers. Mobile money platforms—like MTN Mobile Money and Airtel Money—also play a critical role, especially in rural areas where bank access is limited.

2.0 Challenges Affecting Remittances in Uganda

Despite their growing importance, remittances in Uganda face several challenges:

- **High Transaction Costs:** These fees disproportionately affect low-income families, reducing the effective amount received. The use of international service providers also introduces cross-currency conversion costs.

- **Limited Financial Inclusion:**

Many recipients, especially in rural regions, lack access to formal banking services or digital financial solutions. This leads to dependence on informal, and sometimes insecure, channels.

- **Fraud and Impersonation:**

Remittance fraud is common, with impersonators exploiting publicly shared or overheard personal information. Elderly recipients and those unaware of privacy risks are particularly vulnerable.

- **Limited Presence of Financial Institutions in Rural Areas:**

Sparse infrastructure means many recipients must travel long distances or rely on agents, increasing costs and inefficiencies.

- **Low Financial Literacy:**

Many recipients lack the knowledge to use remittances productively. Some fall prey to exploitative intermediaries or misuse funds on non-productive consumption.

However, new technologies are being deployed to address these challenges. These include:

- **Direct Bank Transfers:** Money sent directly to a recipient’s bank account gives them full control, reducing third-party involvement.
- **Mobile Money Transfers:** Widely accessible and convenient, especially in rural settings.

- **Remittance Cards:** These provide recipients with secure and personal access to funds.

3.0 The Role of Financial Institutions in Harnessing Remittances

Financial institutions play a central role in maximizing the development potential of remittances:

a. Providing Transfer Infrastructure

Banks, forex bureaus, and money transfer operators (MTOs) offer both physical and digital infrastructure—branches, ATMs, mobile platforms, and partnerships—that ensure secure and timely fund delivery.

b. Reducing Costs and Increasing Efficiency

Through technological innovation (e.g., blockchain) and strategic partnerships with International Money Transfer Operators (IMTOs), financial institutions can lower transfer fees and offer competitive exchange rates, making remittances more accessible and efficient.

c. Promoting Financial Inclusion

By offering basic banking services such as savings accounts, debit cards, and mobile banking, financial institutions can help unbanked populations become

part of the formal financial system. This promotes financial stability and economic resilience.

d. Encouraging Savings and Investment

Remittances can be channeled into savings accounts, fixed deposits, and investment schemes. Financial institutions can educate and incentivize recipients to save, helping build wealth and long-term security.

e. Supporting Entrepreneurship

Banks and microfinance institutions can support small-scale entrepreneurs through access to affordable credit, business advisory services, and startup capital. Migrant-funded businesses can boost employment and stimulate local economies.

f. Collaborating with Stakeholders

Collaborations with regulators (e.g., Bank of Uganda, Financial Intelligence Authority), NGOs, and development agencies can facilitate capacity building, policy formulation, and product innovation. These partnerships can enhance transparency, security, and inclusivity in remittance services.

4.0 Conclusion

Financial institutions are crucial in unlocking the developmental potential of remittances in Uganda. By reducing transaction costs, expanding financial inclusion, supporting entrepreneurship, and offering savings and investment products, they turn remittance inflows into powerful tools for sustainable development. With targeted strategies—such as deploying technology, enhancing rural outreach, and building cross-sectoral partnerships—financial institutions can maximize the value of remittances, transforming them from mere consumption support into engines for poverty reduction, economic empowerment, and national progress.



Harnessing Remittances in Uganda: The Case for Diaspora Bonds and Collective Investment Schemes

Ronald Ochen

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Executive Summary

Uganda receives over US\$1.2 billion annually in remittances, primarily from its diaspora in Europe, North America, and the Gulf region. However, the bulk of these inflows is directed toward consumption, with limited impact on long-term investment and infrastructure development. This policy paper explores the potential of two financial instruments - Diaspora Bonds and Collective Investment Schemes (CIS) - to transform remittance flows into structured financing for national development. Drawing on comparative case studies from Israel, India, Nigeria, Ethiopia, and Kenya, it identifies key success factors including institutional trust, legal and regulatory robustness, and effective diaspora engagement strategies. The paper argues that Uganda, as an emerging remittance economy with a shallow capital market, presents a unique opportunity to pilot these instruments. It recommends launching project-specific diaspora bonds and diaspora-accessible CIS platforms, supported by targeted financial infrastructure, policy reforms, and investor education. If well-implemented, these instruments can channel remittances toward Uganda's critical development priorities.



1.0 Introduction

Globally, the bulk of remittances, estimated at over 80% are used for consumption and short-term needs rather than investment (Ratha et al., 2011). In Uganda, the situation is not any different; primarily, remittances go towards housing, education, health, and small investments in local entrepreneurs – small household businesses. According to the UBoS (2024), 25% of remittances go toward food and daily necessities, 17% to education, and the remainder

to healthcare, housing, and small business investments.

Importantly, these factors have a limited effect on long-term development and infrastructure. Given this context, there is an increasing interest in mechanisms that formalize and aggregate diaspora contributions for developmental projects. Structured instruments like Diaspora Bonds and Collective Investment Schemes are being considered for national development. For example, the National Development Plan

(NDP) IV recognizes the diaspora as vital development partners. The plan highlights the potential contributions of the diaspora to Uganda's economic growth through remittances, investments, skills transfer, and promotion of trade.

With the growing number of individuals in the diaspora community, Uganda presents a unique opportunity to pilot both Diaspora Bonds and Collective Investment Schemes (CIS). However, there is limited empirical research on Uganda's engagement with its diaspora. Additionally, Uganda's capital market is underdeveloped, with few offerings of CIS and no history of sovereign diaspora bonds. This lack of existing models makes Uganda an ideal candidate for pilot projects that can draw on lessons learned from other countries while being tailored to local challenges and opportunities.

Consequently, this paper proposes the introduction of two financial instruments—Diaspora Bonds and CIS—to effectively channel remittances into structured investments. The study aims to gain a comprehensive understanding of how these mechanisms can leverage the potential of remittances in Uganda.

1.1 Definitions and rationale

Diaspora Bonds are government or parastatal-issued debt instruments specifically targeted at nationals living abroad. They combine financial returns with patriotic appeal, often issued at slightly below-market rates. Their success hinges on high levels of diaspora trust, strong macroeconomic fundamentals, and a clear legal and regulatory framework (Ketkar & Ratha, 2010). Countries like Israel and India have used them successfully to mobilize capital, particularly during fiscal crises (Brookings, 2022; Reuters, 2024).

Collective Investment Schemes (CIS) are pooled investment vehicles such as mutual funds or unit trusts that allow individuals to invest in diversified portfolios. Managed by licensed fund managers, CIS offer lower entry barriers, shared risk, and the potential to mobilize domestic and diaspora capital toward priority sectors like real estate, infrastructure, and agribusiness (Aigbe & Essiet, 2024). In Kenya and Nigeria, CIS have played a growing role in capital market deepening, though they face regulatory and performance-related challenges (Muema et al., 2019; Aigbe & Essiet, 2024).

2.0 Case Studies

A. Isreal

Since 1951, Israel's diaspora bonds have raised billions of dollars during times of crisis. According to Reuters (2024), over \$3.5 billion has been raised following the conflict that began in October 2023. These bonds offer yields that are lower than those of conventional sovereign bonds, primarily due to what is known as a "patriotic discount." The success of these bonds is enhanced by their registration with the U.S. Securities and Exchange Commission (SEC), which boosts their credibility and allows for the effective use of global marketing networks. Both Brookings (2022) and Reuters (2024) highlight how the combination of U.S. SEC registration, global marketing strategies, and a sense of diaspora nationalism contributes to the ongoing success of Israel's diaspora bond issuances.

Israel's diaspora bonds have raised billions of dollars during times of crisis. According to Reuters (2024), over **\$3.5 billion** has been raised following the conflict that began in October 2023.

B. India

India issued diaspora bonds in 1991 (amounting to US\$1.6 billion), in 1998 (US\$5.8 billion), and in 2000 (US\$5.5 billion). These bonds were linked to the global banking channels catering to the Indian diaspora abroad (IMF, 2014; Taylor & Bossman, 2020). Additionally, remittance inflows rose significantly from US\$15.8 billion in 2001-02 to US\$46.9 billion in 2008-09, with a per capita remittance of approximately US\$30, compared to Ethiopia's US\$4 (Katie & Metka, 2011).

India issued diaspora bonds in 1991 (amounting to US\$1.6 billion), in 1998 (US\$5.8 billion), and in 2000 (US\$5.5 billion).

C. Ethiopia

Ethiopia issued two diaspora bonds in 2008 and 2011, offering fixed interest rates of 4% to 5%. Unfortunately, both bonds raised significantly less than expected due to trust issues and regulatory non-compliance (Rogers, 2022). It was estimated that there were over US\$50 billion in diaspora savings; however, Ethiopia's bond issuance during 2008-

2011, which was intended to finance the Grand Ethiopian Renaissance Dam (GERD), fell short because of political risk, lack of SEC registration, and weak governance, all of which contributed to the trust issue (IMF, 2011). Research has also indicated that diaspora investors prefer bonds that support community projects and are managed transparently (LSE, 2022).

Ethiopia issued two diaspora bonds in 2008 and 2011, offering fixed interest rates of 4% to 5%.

D. Nigeria

Nigeria's first diaspora bond, issued in 2017, raised US\$300 million and was oversubscribed by approximately 130%. However, this amount is relatively small compared to the US\$23.8 billion in remittance inflows the country received in 2019 (Taylor & Bossman, 2020). Additionally, Nigeria's Capital Market Infrastructure Services (CIS) have facilitated financial inclusion and access to capital, although there are still gaps in enforcement and investor protection (Aigbe & Essiet,

2024). While the 2017 diaspora bond was oversubscribed, the total raised remained modest compared to annual remittances of US\$23 billion to US\$25 billion, highlighting the limitations of scale. Duke (2011) attributed these challenges to issues such as limited data on the diaspora, regulatory costs, and the need for meaningful engagement with investor stakeholders.

Nigeria's first diaspora bond, issued in 2017, raised US\$300 million and was oversubscribed by approximately 130%.

E. Kenya

In 2011, Kenya launched a diaspora-targeted bond with a goal of raising US\$600 million but only managed to secure US\$141 million. Factors such as structural marketing restrictions and foreign exchange (forex) risk significantly hindered investor uptake (Misati et al., 2019). Additionally, an analysis of Kenya's Collective Investment Schemes (CIS) firms revealed inconsistent returns; while equity investments enhanced liquidity, bond investments did not have

a notable impact on return on assets (Muema et al., 2019). Furthermore, a study by Brookings (2021) confirmed that the 2011 bond issue raised just US\$141 million out of the US\$600 million target, citing marketing inefficiencies and forex exposure as major obstacles.

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Table 1: Comparative summary of Diaspora Bond Issuance

Country	Year(s)	Amount (\$m)	Uptake	Issues
Israel	Ongoing since 1951	3.5 (2023)	High	Strong diaspora loyalty, SEC registered
India	1991, 1998, 2000	1,600–5,800	High	Global bank networks, formal remittance channels
Nigeria	2017	300	Over subscribed	Small relative to diaspora wealth/inflows
Ethiopia	2008, 2011	Low, undisclosed	Poor	Governance mistrust, regulatory gaps
Kenya	2011	141	Low	Marketing restrictions, forex volatility

Source: Authors' compilation

Table 2: Performance of Collective Investment Scheme in Kenya

Metric	Value (2018 avg.)	Observation
Return on Assets	~2%	Low performance in bonds
Liquidity Ratio	~25%	Stronger with equity investments
No. of CIS firms	17	Variety of fund types
Investor base	Predominantly local	Limited diaspora participation

Source: Muema et al., 2019



2.1 Lessons for Uganda

From the review of the aforementioned case studies, Uganda can borrow the following lessons;

- **Credible Governance & Transparency:** Bond instruments should be project-specific, SEC-registered, with audit and impact reporting frameworks.
- **Diaspora Channels & Marketing:** Partnerships with diaspora banks, embassies, and community groups to promote uptake.
- **Patriotic Discount vs Market Return:** Attractive enough but sustainable—Israel's below-market yield model works only with trust and loyalty.
- **Financial Infrastructure for CIS:** Strengthen digital platforms for CIS subscription and repatriation; improve investor literacy.
- **Pilot and Iteration:** Begin small, sector-specific pilots (e.g. affordable housing, solar projects), then scale.

3.0 Conclusion and Policy Recommendations

In conclusion, the comparative analysis reveals that diaspora bonds and Collective Investment Schemes (CIS) present significant

opportunities for Uganda. However, their success depends on effective governance, strong market connectivity, and the establishment of trust with diaspora communities. With thoughtful design and a phased implementation, Uganda can channel a portion of its annual remittances, estimated at US\$1 billion, into structured investments for national development. Therefore, I propose the following policy recommendations:

- **Feasibility and Trust Study:** Survey the diaspora in the UK/USA/ UAE on their risk appetite, return expectations, and preferred channels.
- **Pilot Diaspora Bond:** The Government or Bank of Uganda should issue a bond for visible projects, for example, road toll or a major bridge, Lake or Railway transport, Electricity dams, Standard Gauge Railway, Oil refinery, among others, with modest coupon but clear impact reporting.
- **Diaspora-Accessible CIS:** Develop unit trust funds targeted at diaspora investors, with dual-currency units and repatriable returns.
- **Regulatory Strengthening:** Capital Markets Authority

registration, anti-fraud safeguards, and investor protection laws. In addition, develop a Diaspora Engagement Policy: Include financial product development and dual citizenship facilitation.

- **Enhance Financial Infrastructure:** Improve digital investment platforms and ease cross-border transactions.
- **Guarantee Transparency:** Establish reporting, monitoring, and accountability frameworks for fund usage. Transparent Reporting & Feedback Loops: Monthly or quarterly reporting dashboards of bond/CIS projects.
- **Partner with Diaspora Organizations:** Leverage trusted networks for outreach and education.
- Government should put a waiver of withholding tax on diaspora bonds to encourage uptake and build patriotism.
- Diaspora bonds could also be repurposed for climate-finance and ESG investments - if well-designed with transparent allocation mechanisms.

Unlocking the Potential of Remittances in Uganda: Legal and Regulatory Frameworks in Focus

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Executive Summary

Remittances are a crucial non-debt financial inflow for Uganda, significantly impacting poverty reduction, household welfare, and macroeconomic stability. As Ugandans abroad send money home, these funds enhance healthcare, education, entrepreneurship, and community development. To fully leverage the potential of remittances, Uganda needs a strong legal and regulatory environment. This paper analyzes the current regulatory landscape, examining the roles of banks, fintech firms, mobile money platforms, and international money transfer operators. It evaluates whether existing policies promote secure, efficient, and inclusive remittance channels while addressing consumer protection, anti-money laundering, and financial integrity. By drawing on global best practices, the paper identifies opportunities to strengthen Uganda's regulations to increase remittance flows and their impact on sustainable development and financial inclusion, advocating for a coordinated national strategy that aligns innovation with user needs.

1.0 Uganda's Legal and Regulatory Framework



The legal and regulatory framework governing remittances is anchored in several laws, with the Bank of Uganda Act (2000) establishing the Bank of Uganda as the central authority responsible for regulating and supervising financial institutions, including those engaged in remittance services. The Financial Institutions Act, 2004 (as amended) governs the operations of commercial banks and credit institutions, providing the legal basis for

their involvement in receiving and disbursing remittances, often through partnerships with international money transfer operators. The Microfinance Deposit-Taking Institutions (MDI) Act, 2003 regulates MDIs, enabling them to offer financial services, including remittances, to underserved and rural populations. The Tier 4 Microfinance Institutions and Money Lenders Act, 2016 (as amended) oversees non-deposit-taking institutions like SACCOs,

village savings groups, and money lenders, setting standards for governance and consumer protection. Cross-border remittance services are regulated under the Foreign Exchange Act, 2004 and the Forex Bureaus and Money Remittance Regulations, 2006, which govern licensing and operations of forex bureaus and remittance service providers. The National Payment Systems Act, 2020 further strengthens oversight of payment service providers, including those facilitating remittances. Additionally, the Anti-Money Laundering Act, 2013 mandates all remittance operators, including mobile money providers, to perform due diligence, maintain transaction records, and report suspicious activities.

Uganda's externalization of labour is governed by several laws and policies and these include; the Constitution of the Republic of Uganda, 1995 (as amended), which in Article 29(2) (b) guarantees every Ugandan the right to enter, leave, and return to the country. The other supporting laws include the Employment Act, Cap 226; the Uganda Citizenship and Immigration Control Act, Cap 313; and the Prevention of Trafficking in Persons Act, Cap 131. These

statutes are also complimented by the Employment (Recruitment of Ugandan Migrant Workers) Regulations, 2021, together with the Guidelines on Recruitment and Placement of Ugandan Migrant Workers Abroad (2015). The National Employment Policy (2011) further underscores the importance of foreign labour markets as a critical source of employment, particularly for the youth.

2.0 Roles of sector regulators

Bank of Uganda regulates both banks and non-bank financial institutions involved in the remittance sector. Regulatory approval and supervision ensure that players adhere to all legal requirements, including transaction reporting and consumer protection measures. The Uganda Communications Commission plays a key enabling role in Uganda's remittance ecosystem by regulating and overseeing the communications infrastructure that supports mobile money and digital remittance services. The Financial Intelligence Authority (FIA) plays a critical role in safeguarding Uganda's remittance ecosystem by ensuring that all remittance flows comply with anti-money laundering and combating the financing of terrorism requirements.

3.0 Structural and Regulatory Barriers to Remittance Growth in Uganda

Despite forming the regulatory backbone of Uganda's financial sector, key laws have been slow to keep pace with rapid advancements in digital financial services and cross-border remittances. The persistence of complex licensing procedures and outdated regulatory provisions has created barriers to entry for innovative service providers, limiting competition and efficiency. As a result, many Ugandans, particularly those in rural and underserved areas, are pushed toward informal remittance channels that lack oversight and consumer protection. Whereas mobile money platforms have become essential in facilitating digital remittances, the fragmented regulatory environment continues to obstruct interoperability and slow technological advancement.

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Best Practices

A. Nigeria

Nigeria implemented a series of robust legal and regulatory reforms that significantly enhanced the volume and transparency of remittance inflows. In 2024, remittances reached \$20.93 billion, representing an 8.9% increase from the previous year, a growth largely driven by targeted policies introduced by the Central Bank of Nigeria. In addition to financial incentives, Nigeria undertook structural reforms in its foreign exchange market to promote regulatory compliance and transparency. These included the unification of exchange rate windows, the deployment of the Electronic Foreign Exchange Matching System (EFEMS) in December 2024, and the issuance of a Foreign Exchange Market Conduct Code in January 2025. These measures have created a standardized and legally transparent framework for foreign exchange transactions, including remittances.

In Nigeria, 2024 remittances reached **\$20.93 billion**, representing an **8.9%** increase from the previous year

Furthermore, the introduction of diaspora-targeted banking products, such as the Non-Resident Nigerian Ordinary Account and the Non-Resident Nigerian Investment Account has provided clear and legally recognized channels for Nigerians abroad to remit funds and invest in the domestic economy.

B. Egypt

Egypt has experienced a significant increase in remittance inflows due to legal and regulatory reforms by the Central Bank of Egypt (CBE). In March 2024, the CBE liberalized the Egyptian pound's exchange rate, restoring confidence in the financial system. As a result, remittances surged to \$7.5 billion in Q2 2024, up 63% from \$4.6 billion the previous year. By October 2024, total remittances reached \$23.7 billion, a 45.3% increase year-on-year. The CBE also introduced high-yield savings certificates and the "Tomorrow's Pension" scheme to attract diaspora funds. Additional incentives, like customs duty exemptions, were linked to remittances. Furthermore, CBE expanded digital remittance infrastructure, leading to a 13% rise in digital remittance value and the creation of 250,000 new digital accounts.

4. Recommendations

- The Government of Uganda is making commendable strides in strengthening the governance of labour externalization and diaspora engagement. The signing of Bilateral Labour Agreements with the Kingdom of Saudi Arabia and the United Arab Emirates marks a positive step toward securing safe and structured employment opportunities for Ugandan migrant workers, and this momentum should be sustained through the conclusion of additional agreements with other destination countries. To further enhance the benefits of labour migration, the Government should prioritize regulatory reforms that foster competition and innovation in the financial services sector, thereby improving financial inclusion and maximizing the impact of remittances.
- Expanding access to business advisory services will also promote diaspora investment and support the successful reintegration of returning migrants. The finalization and swift implementation of the

National Diaspora Policy will provide a structured framework for greater diaspora participation in investment, remittances, and skills transfer. Together, these efforts will contribute meaningfully to Uganda's sustainable socio-economic development.

- Targeted skills development programs for migrants are essential to increase the volume and impact of remittances. By fostering specialized skills aligned with global market demands, Uganda can position its workforce for higher-paying jobs abroad. This requires a shift towards a more structured national training framework, expanding vocational training and certification programs, which will enable more Ugandans to enter high-income professions.
- Regulators must balance anti-money laundering (AML) and counter-terrorism financing (CFT) measures with accessible remittance transfers. They should also ensure compliance with consumer protection standards to promote transparency and

accountability. This balance is vital for building trust in formal channels, enhancing financial inclusion, and ensuring the integrity of the remittance system.

- Strengthening data systems is essential to improving the management and oversight of labour externalization. Currently, the External Employment Management Information System (EEMIS) primarily captures basic data such as sex, age, and intended occupations abroad. There is a pressing need to expand its scope to include more comprehensive modules that track education levels, skills and skills potential, returnees, and their investment aspirations. In addition, the Government should in collaboration with destination countries establish accessible systems that allow migrant workers to report incidents of abuse or exploitation in real time. Collaborating with destination countries to set up reception centres similar to the Sakan Housing Facility in Saudi Arabia will provide critical support to Ugandan workers upon arrival, ensuring their safety, orientation, and protection.

5. Conclusion

Remittances play a crucial role in Uganda's economic development, supporting household welfare, financial inclusion, and foreign exchange stability. However, their full potential remains untapped due to outdated regulations, high compliance and transaction costs, fragmented oversight, and low financial literacy. To address these barriers, Uganda must modernize its legal and regulatory frameworks, promote innovation in digital finance, and strengthen consumer protection. A coordinated, inclusive national strategy is essential to harness remittances as a driver of sustainable development and long-term economic resilience.

Remittances play a crucial role in Uganda's economic development, supporting household welfare, financial inclusion, and foreign exchange stability.

Transitioning from Aggregated to Granular Regulatory Returns: Reforming Remittances Data Collection at the Bank of Uganda

Ronnie Kyamureku Alinda & Milly Nalukwago Isingoma
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Executive Summary

Uganda is one of Sub-Saharan Africa's top recipients of personal remittances, with flows reaching USD 1.4 billion in 2023, accounting for a significant share of GDP and household income. However, until recently, the Bank of Uganda (BoU) collected remittances data through monthly aggregated returns, limiting the ability to analyze remittance trends, channels, and costs. The shift in the remittance landscape—particularly the rise of fintechs, mobile platforms, and the need for high-frequency, disaggregated data—the BoU undertook a major reform. This involved transitioning to a weekly, transaction-level remittance data collection framework.

1.0 Introduction

This brief presents the rationale, process, challenges, and policy implications of this transition. It also draws on best practices and offers recommendations for implementing granular data systems in other sectors.

2.0 Problem Statement

Limitations of the Previous Framework:

- **Inadequate Coverage:** Only captured data from banks and licensed MTOs, excluding growing fintech and mobile money channels (which handle 45% of remittances).
- **Lack of Granularity:** Monthly aggregated data made it impossible to analyze key variables like sender/receiver demographics, transfer channels, and transaction costs.
- **Poor Timeliness:** Data lag of over a month hindered responsive policy intervention.
- **Low Compliance with Global Standards:** The framework did not meet international standards for high-frequency, disaggregated data (e.g., IMF and IFAD recommendations).

3.0 Transition to Granular, Weekly Remittance Reporting

3.1 Objectives of the Reform

- Enhance data quality and depth through transaction-level reporting.
- Expand reporting scope to include Payment Service Providers/Operators (PSP/Os) and fintechs.
- Increase reporting frequency from monthly to weekly.
- Improve regulatory oversight including anti-money laundering (AML) and counter-financing of terrorism (CFT) monitoring.
- Align with international best practices for cross-border financial data governance.
- Inform policy under the National Financial Inclusion Strategy (NFIS) 2023–2028.



3.2 Reform Implementation Process

- **Stakeholder Engagement:** BoU leveraged the National Remittance Stakeholder Network (NRSN) to consult market players.
- **Pilot Testing:** Conducted from Dec 2024 to Mar 2025 with 32 entities (banks, credit institutions, PSPs).
- **Template Refinement:** Adjusted reporting templates based on pilot feedback; introduced dual templates for banks and PSPs.
- **Governance Approval:** Templates approved by the Financial Institutions Supervision Committee (FISC).
- **Rollout Strategy:** New form deployed through the Banking Supervision Application (BSA), with ongoing training.

4.0 Key Features of the New Framework

Feature	Description
Frequency	Weekly submissions by the second working day of the following week.
Granularity	Over 30 fields per transaction, including ID, channel, origin, currency, FX margin, sender/receiver demographics, fees, and more.
Coverage	Includes commercial banks, PSPs, mobile operators, fintechs, forex bureaus, and MTOs
Technology	Integration of APIs and SupTech to automate submissions and reduce human error.

5.0 Challenges Encountered

Challenge	Response
Resistance to change	Conducted bilateral consultations and capacity-building to ease concerns.
Capacity disparities	Tailored support for smaller MTOs; collaborated with industry associations (e.g., Forex Bureaus Association).
Data quality issues	Developed detailed compilation notes and validation tools.
Technical integration delays	Encouraged early adoption of APIs and provided interim manual support.
Resource constraints	Leveraged IFAD technical assistance under PRIME Africa.

6.0 Lessons Learned

- Stakeholder engagement is key: Early and continuous consultation helped secure buy-in and smooth the transition.
- Phased implementation works: Starting with a pilot allowed the BoU to test assumptions and refine tools.
- Regional collaboration adds value: Peer learning from the Central Bank of Kenya and National Bank of Rwanda enriched the reform process.
- Technology is a multiplier: Integrating SupTech and APIs will be critical for long-term sustainability.

7.0 Policy Recommendations

For the Bank of Uganda:

- Continue technical support to PSPs and fintechs, especially Tier 3 and 4 institutions.
- Mandate API-based reporting within a defined timeframe to enhance accuracy and reduce compliance costs.
- Use granular data for policymaking in financial inclusion, FX management, and AML/CFT monitoring.
- Expand granular data systems to other sectors (e.g., agriculture, insurance).

For Other Government Agencies:

- Adopt a similar approach in data collection for health, education, agriculture, and SME finance to improve evidence-based policymaking.
- Harmonize definitions across agencies to improve interoperability and national data quality.

For Regional Bodies (EAC, AfDB, etc.):

- Encourage cross-country harmonization of remittance data standards.
- Support capacity building and shared SupTech tools among member states.

8.0 Conclusion

The transition from aggregated to granular remittance data collection is a landmark reform that aligns Uganda with global standards, strengthens financial oversight, and enables more responsive, inclusive policy design. By leveraging technology, stakeholder collaboration, and international partnerships, the Bank of Uganda has created a replicable model for modernizing regulatory returns across sectors. The path forward lies in using this data not only for compliance, but for development impact.

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By leveraging technology, stakeholder collaboration, and international partnerships, the Bank of Uganda has created a replicable model for modernizing regulatory returns across sectors.





**Financing Facility
 for Remittances**

www.ifad.org/remittances
www.RemittancesGateway.org

Remittances and Microfinance Networks



Remittances and microfinance: Serving migrants' families while creating economic opportunities

Of the US\$450 billion that migrant workers send home to developing countries every year, between 30 and 40 per cent goes to rural areas. At the starting point of the migration chain, people leave rural areas to seek opportunities elsewhere due to a lack of opportunities closer to home. Microfinance institutions (MFIs) are uniquely capable of serving the needs of remittance recipients, while reinvesting surplus funds to improve opportunities for the local community.

The Financing Facility for Remittances (FFR) seeks ways to maximize the development impact of the US\$200 billion remitted to rural areas every year and to create jobs that will help reduce the need to migrate. Central to this goal is the reinvestment of remittances in rural areas.

MFIs have a tremendous advantage: they are familiar with their clients' needs, are trusted by their clients and can act as a conduit through which remittances can be saved and reinvested in rural communities. However, their potential is still to be unleashed: the majority of MFIs in high-migration regions do not provide remittance services. Moreover, an average of 30 to 40 per cent of MFI clients in these areas receive remittances from outside the MFI product envelope.

KEY FACTS

... What you might know

- Over 220 million migrants sending over US\$450 billion in remittances
- Remittances to developing countries total three times official development assistance (ODA)
- In most developing countries, remittances exceed foreign direct investment (FDI) inflows

... What you might not know

- From 30 to 40 per cent of remittances go to rural areas
- Over the next five years, cumulative remittances to developing countries will surpass US\$2.5 trillion
- Over the last five years, the microfinance sector has grown at an average rate of 25 to 30 per cent
- In Africa, more than 20 per cent of the people within the reach of MFIs receive remittances; yet MFIs currently represent less than 3 per cent of remittance payers
- Most regulations in Africa and Asia permit only banks to pay remittances
- Mexico alone has almost as many payout locations as the entire African continent; simply bringing MFIs into the market would double the number of payout locations
- Remittances equal around 49 per cent of gross domestic product (GDP) of countries such as Tajikistan and around 25 per cent of GDP of countries such as Cape Verde, Eritrea, Kyrgyzstan, Liberia and Somalia



FFR projects in the field

In Ethiopia, the FFR has funded an innovative initiative with Oxfam Novib. By working in close cooperation with Microfinance International Corporation (MFIC) and the Association of Ethiopian Microfinance Institutions (AEMFI), the FFR has supported integration of money transfer systems within the USA-Ethiopia corridor. Together, these agencies have introduced the use of ARIAS, an online, real-time remittance processing system, accessible through the Internet and standard personal computers, with no need to invest in additional hardware or software. ARIAS is enabling over 1,000 Ethiopian immigrants in the United States to receive consumer or business loans. Transnational loans provided through ARIAS specifically target home purchase/improvement and strengthen remittance recipients' economic capacity.

Along the same lines, the International Network of Alternative Financial Institutions (INAFI) is empowering remittance recipients in Senegal to set up a low-cost, user-owned remittance service, supported by local MFIs. The project established a Mutual Development Fund (MDF) named "the Senegalese Migrant Development Fund". The Fund has been agreed upon by the stakeholders as a not-for-profit entity and recently started to collect money which will be subsequently used by the community in Senegal to carry out development initiatives and invest in new economic opportunities.

The FFR supports and promotes the development of market niches for local MFIs, as in the case of the Cameroon Cooperative Credit Union League Limited (CamCCUL), an MFI constituting the apex body of the credit union movement in Cameroon. CamCCUL's affiliates operate throughout the country, with 70 per cent located in rural areas. The FFR has supported CamCCUL in massively promoting its electronic cash transfer system named "Telecash" through any existing formal and informal channels (e.g. radio programmes and advertisements in local dialects and sensitization meetings in credit unions, churches, village markets and other public places), and the production and

distribution of marketing materials, including flyers, hangers and posters. As a result, the cost of sending and receiving money in 24 rural localities served by CamCCUL has decreased by 17 per cent on average, with US\$1.8 million having been sent or received during the 18-month life of the project. Some 80 per cent of targeted localities had never been connected to a money transfer system before. As a direct consequence, the loan portfolio held by CamCCUL increased by about US\$120,000 during the project, and the increase is projected to reach more than US\$240,000 in the next five years.



Financing Facility for Remittances

The Financing Facility for Remittances (FFR) is a US\$28 million, multi-donor facility, administered by the International Fund for Agricultural Development (IFAD), a specialized agency of the United Nations dedicated to the eradication of rural poverty. The FFR has been working since 2006 with the goal of increasing the development impact of remittances and enabling poor rural households to advance on the road to financial independence. The FFR cofinances development projects in close collaboration with public, private and civil society partners. Furthermore, it acts as an information broker to facilitate the dissemination, replication and scaling up of remittance-related best practices.



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PRIME AFRICA

Platform for **R**emittances, **I**nteractions and
Migrants' **E**ntrepreneurship in Africa



Improving the management of remittances
 and their use for development impact in Africa

Implemented by



Financing Facility
 for Remittances

In support of:



PRIME AFRICA

BACKGROUND

AT A GLANCE

● **AMOUNT AND DURATION**

EUR 15.1 million over 2019-2024

● **WHERE**

The programme focuses on the African remittance market and its intra-African and European corridors, promoting specific activities in 7 selected countries (Ghana, Kenya, Morocco, Senegal, South Africa, The Gambia, and Uganda).

● **PARTNERS**

Public, private and civil society entities, such as regulators, financial service providers (mobile network operators, microfinance institutions, postal networks, fintechs), money transfer operators and diaspora groups, among others.

● **BENEFICIARIES**

African migrants, their families back home and communities of origin

● **GOALS**

– **Reduced remittance transfer costs** from Europe to and within Africa
– **Enhanced financial inclusion** through remittance-linked financial services

Remittance markets in Africa

Today, **1 billion people** – one out of seven people on Earth – are involved in either sending or receiving international remittances. In 2021 alone, **over half a trillion US\$** in international remittances were sent by over 200 million migrants to 800 million family members back in low- and middle-income countries.

Nowhere is the impact of this phenomenon greater than in Africa, with around **US\$95 billion** sent by African migrants around the world. Remittances are a **crucial financial inflow** for Africa and a **vital source of income** for millions of families, allowing them to reach **“their own Sustainable Development Goals”**: fight poverty and improve access to nutrition, health, education, as well as support savings and access to credit, accompanying them on the road of financial independence.

Africa is also the continent where remittances can be maximized the most, particularly in rural areas, either at market level or in the way families leverage these flows.

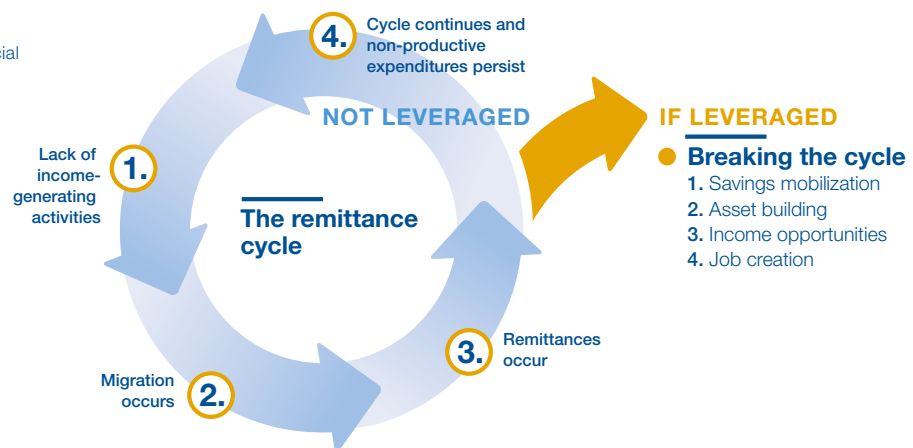
Although transaction costs have fallen over the last years, the African remittance market remains the **most expensive**, with an average transfer cost (to and within Africa) of

7.83 per cent against the global average of the current 4 per cent. Reduction to at least 3 per cent by 2030 as per SDG target 10.c would lead to an **additional US\$5 billion** per year being received into the hands of migrant families in Africa.

Most remittances received in Africa cover daily needs, with a significant amount (25 per cent) available for savings or investment. Bringing these funds into the formal financial system can dramatically increase their impact. In fact, with better **financial education** and a broader range of **financial services** to choose from, remittance recipients are empowered to make financial choices that can advance them towards financial resilience.

In light of the above, PRIME Africa aims to address these development opportunities by financing and supporting innovations, partnerships and replicable/scalable products that promote cheap and fast remittance transfers. By helping maximize the impact of remittances for millions of families, PRIME Africa is contributing to foster local economic opportunities in the migrant workers' countries of origin.

PRIME Africa's theory of change



In support of:

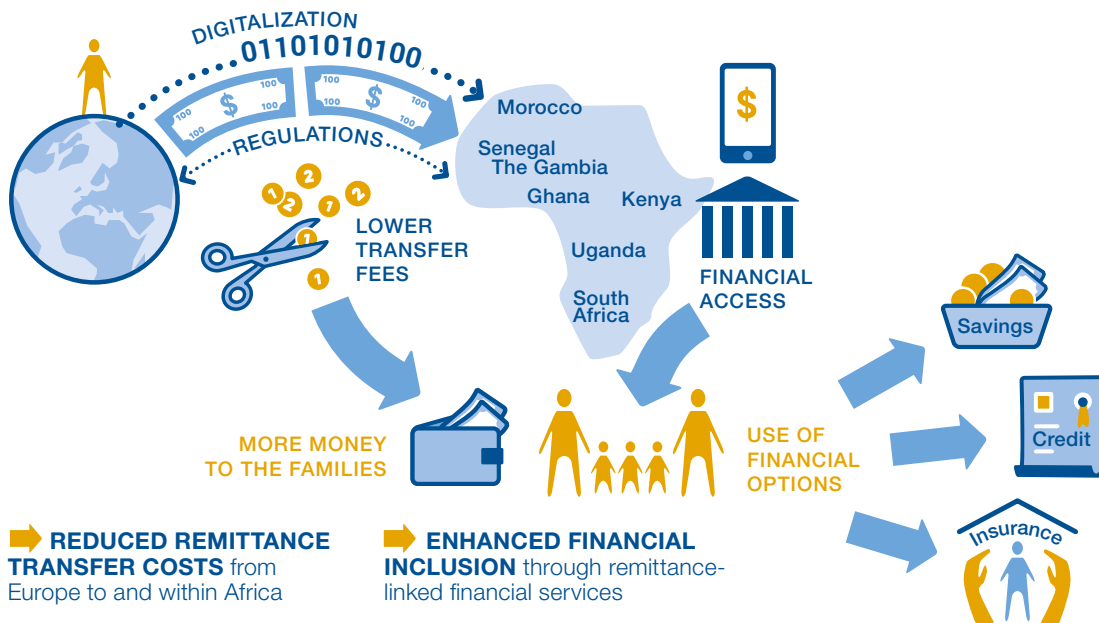


SDG 10.c: by 2030, reduce to less than 3% the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5%.



Objective 19: Create conditions for migrants and diasporas to fully contribute to sustainable development in all countries
Objective 20: Promote faster, safer and cheaper transfer of remittances and foster financial inclusion of migrants.

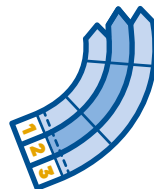
GOALS



ACTIVITIES



● **Address the data gap**
 Strategic market data allow for further market depth and width, and targeted capacity building to key stakeholders for remittance data creation and use.



● **Increase market competition**
 Expand access to remittances through close cooperation with public and private sectors, and additionally reduce significantly direct and indirect costs, and spur market competition.



● **Support an enabling environment**
 Coherent national regulatory frameworks in both sending and receiving countries can foster competition in remittance corridors and enable safe, cheap and fast transfers.



● **Finance and promote business models linking remittances and financial services**
 Co-finance and promote innovative, replicable and scalable business models and technologies that link remittances to financial services, towards greater financial inclusion.



● **Finance scalable innovations and related capacity**
 Collaboration mechanisms in place among central banks, regulatory bodies, the private sector and diaspora communities in sending and receiving countries; and strengthened capacity to adapt and scale up best practices within an operational framework that allows cooperation among partners.

PRIME AFRICA

GUIDING PRINCIPLES

● **Innovation**

Innovation is at the core of PRIME Africa. The programme identifies, applies and promotes a range of both innovative products and business models.



● **Partnerships for success**

PRIME Africa benefits from partnerships with **public, private, and civil-society** actors, to enhance its impact and raise further awareness on the importance of leveraging remittances in Africa.



● **Country-level impact**

PRIME Africa is carrying out targeted initiatives in the selected countries with the full involvement of key partners, to leverage local resources and institutionalize core achievements for project sustainability.



● **Scaling-up approach**

PRIME Africa focuses on leveraging its achievements and impact in the target countries to promote policy changes, mobilize additional resources and enhance partnerships to bring the results to scale.



International Fund for Agricultural Development (IFAD)

IFAD has invested in rural people for 40 years, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, IFAD has provided US\$20.2 billion in grants and low-interest loans to projects that have reached about 476 million people. IFAD is an international financial institution and a specialized United Nations agency based in Rome – the UN's food and agriculture hub.



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Financing Facility for Remittances (FFR)

IFAD's multi-donor Financing Facility for Remittances (FFR) aims to maximize the impact of remittances on development and promote diaspora engagement in their countries of origin. Through advocacy, innovative projects and partnerships, initiatives promoted by the FFR have contributed to a raised awareness on the link between remittances and development, and its transformative impact in rural areas. The FFR is supported by the European Commission, the Government of Luxembourg and the Ministry of Foreign Affairs and Cooperation of Spain. The Facility's portfolio includes 60 projects in more than 40 countries across the developing world.

For more information, visit:
www.ifad.org/remittances
www.RemittancesGateway.org

FFR STEERING COMMITTEE





Financing Policy Brief Series – Recommendations for FfD4

The role of remittances and diaspora investments in financing the SDGs

The **International Fund for Agricultural Development (IFAD)** and the **International Organization for Migration (IOM)** have jointly developed this Policy Brief on unlocking the full potential of remittances and diaspora investment for Member States' consideration in preparation for the FfD4.

Key messages

- Migrants' remittances are a major source of private finance for LMICs, surpassing foreign direct investment (FDI) and official development assistance (ODA). In 2023, remittances to LMICs amounted to approximately \$656 billion and are projected to reach \$5 trillion cumulatively by 2030.
- Beyond remittances, migrants also invest back home and contribute substantial human and financial capital in the form of skills and networks into their countries of origin.
- Remittances and diaspora investments significantly benefit rural areas and less developed countries by bridging financing gaps for millions of households. These funds help lift people out of poverty, improve health and nutrition, and keep children in school, all development goals. They also enable people to acquire assets, start businesses and strengthen their livelihoods, and enhance resilience to climate-related challenges.
- **Unlocking Full Potential:** Despite their importance, the full potential of remittances and diaspora investment for sustainable development remain unrealised. Enhanced international support and strategic commitment could harness these financial flows to address long-term goals, significantly advancing the Sustainable Development Goals (SDGs).

Problem statement

The unmet potential of remittances and diaspora economic contributions to address shortfalls in development finance in Low- and Middle-Income Countries (LMICs).

Developing countries face annual shortfalls of up \$4 trillion in financing their own development. Remittances and diaspora economic contributions can go some way in addressing this. Remittances to LMICs through *formal* channels were estimated at \$656 billion in 2023 for forecast to reach \$671 billion in 2024, larger than both FDI and ODA flows combined¹. Remittances and diaspora investments already fund the attainment of the sustainable development goals (SDGs). These contributions lift people out of poverty, and pay for food, medical and education expenses. They are invested in the local community, creating

¹ World Bank estimates. These figures do not consider informal channels, which would exponentially increase the amounts.

decent jobs and driving economic growth. Each of these is a Sustainable Development Goal. Yet, this role is largely unheralded in the financing for development discourse.

To address this, and realize **the full potential of these resources addressing financing for development shortfalls**, several key challenges that require targeted interventions and policy improvements have been identified:

1. **Low rates of financial and digital inclusion and literacy** amongst migrants and their families impede their ability to take advantage of cheaper, safer and faster remittance services as well as their ability to invest back home. This is particularly the case for more vulnerable groups such as women, youth or those living in rural areas. It pushes them to use cash or informal methods for sending money back home which are more expensive and less safe and impedes their ability to access linked financial services such as savings, credit, insurance or investment products.
2. The lack of an **enabling regulatory environment** also impedes financial inclusion and uptake of remittances and investment. Anti money laundering (AML) and combating the financing of terrorism (CFT) legislation is often misaligned over different jurisdictions and imply onerous compliance procedures. Often banks do not take a risk-based approach to such regulations, in contradiction with Financial Action Task Force recommendations, leaving money transfer organizations (MTOs) derisked and without bank accounts. Similarly, central banks do not have tiered account regulations that would permit those with incomplete documentation to open low value accounts. Finally, a lack of competition on certain corridors results in expensive remittance pricing.²
3. **Lack of financial sector depth including underdeveloped payment systems:** The lack of financial sector depth also impedes the ability to invest as well as linking remittances to deeper financial services. This includes payment systems infrastructure where a lack of international interoperability increases the friction of sending remittances across borders. Even where the financial sector is more developed, a lack of incentives or blended finance to crowd in investment from the diaspora impedes the development impact of this economic capital.
4. **Inadequate data and analysis:** Current systems for collecting and analyzing remittance and diaspora investment data are underdeveloped. This lack of comprehensive information hampers the ability of policymakers and private sector actors to make informed decisions and design effective interventions that could leverage these funds for greater development impact.

Policy solutions

To **fully harness the potential of remittances and diaspora investments in LMICs**, a comprehensive approach is required. Governments and international organizations need to renew and expand their commitments by implementing the following key policy actions:

1. **Enhancing financial and digital inclusion:**

² All the factors in this section push up the costs of remittances. Although there has been progress on remittance costs, a 30% reduction in the global average cost over the past 10 years, they remain more than twice the SDG 10.c target of 3% and three times the target for more vulnerable countries such as landlocked developing countries (LLDCs).

- Implement targeted financial literacy programs for migrants and their families, focusing on vulnerable groups such as women, youth, and those in rural areas. These programs should educate them on the benefits of using formal remittance channels and linked financial services like savings, credit, insurance, and investment products. These programs can be extended to diaspora investors and local entrepreneurs to enhance the effectiveness and sustainability of investment opportunities.
- Promote digital inclusion by providing access to affordable and reliable internet services and digital tools. This can help migrants and their families take advantage of cheaper, safer, and faster remittance services and would promote access to digital financial services, including in rural areas.

2. Strengthen remittance, and diaspora investment data collection and analysis:

- Develop and implement robust systems for collecting and analyzing remittance and diaspora investment data which will inform more effective policy-making and private sector strategies.

3. Promote harmonized regulatory frameworks and payment system infrastructure:

- Advocate for harmonizing AML/CFT regulations across jurisdictions. Encourage banks to adopt a risk-based approach to these regulations, in line with Financial Action Task Force recommendations, to prevent the de-risking of money transfer organizations (MTOs) and low-value cross-border transfers.
- Introduce tiered account regulations that allow individuals with incomplete documentation to open low-value accounts.
- Permit non-banks to process remittances to facilitate lower-cost digital providers entering the market.

4. Improve financial sector depth:

- Encourage the adoption of remittance-linked financial services such as credit, savings, and insurance which can provide additional financial security and opportunities for recipients and investors.
- Invest in payment system infrastructure and adoption of ISO 20022 messaging standards to facilitate interoperability at international, regional and domestic level as per recommendations in the G20 roadmap for cross-border payments.

5. Engage with the diaspora:

- Ensure the provision of safe and regular pathways to support financial and digital inclusion of migrants and help fuller economic integration.
- Develop diaspora engagement strategies that look to harness diaspora contributions to development including investment. Involve them in design and decision-making processes to help build trust and ensure sustainability. Mainstream diaspora involvement across all policy areas that impact on them to help reduce bureaucratic and logistical barriers to their development.

- Create finance mechanisms to crowd in investment from the diaspora. This can involve public-private partnerships blended finance, first loss mechanisms, guarantee funds and fiscal incentives.

By addressing these areas, the donor community and policymakers can create an environment that maximizes the benefits of remittances and diaspora investments, reduces costs and supports sustainable development, climate resilience and economic stability in LMICs.

Specific recommendations for FFD4

Remittances and diaspora investments are a vital source of external finance and a significant contributor to the SDGs. Remittances and diaspora investments are forecast to continue to grow due to predicted increases in human mobility. Meanwhile high remittance costs and incomplete policies negate the positive impact that these flows have on financing sustainable development. To fully harness their potential, Member States should:

- Acknowledge the critical role of the diaspora in financing the SDGs in LMICs particularly with regard to remittances and investment. Ensure that remittances and diaspora investment are explicitly covered in the FFD4 thematic discussions and outcome document, including its monitoring and evaluation framework, and also a dedicated section within the next iteration of the Financing for Sustainable Development Report (FSDR).
- Call for the widespread access to formal, cost-effective, and secure remittance services in the FFD4 outcome document and in the monitoring and evaluation frameworks that follow, with a focus on promoting and implementing supportive regulatory frameworks, advancements in payment systems, and digital solutions - especially in rural areas.
- Ensure that the FFD4 outcome document calls for the promotion of competitive remittance market conditions, the adoption of risk-based KYC/CDD approaches, and improved financial inclusion, emphasizing the need for expanded remittance-linked financial services and enhanced digital and financial literacy, particularly for women. Additionally, the document should highlight the importance of providing pre-departure training for migrants.
- Call for the promotion of competitive market conditions, risk-based KYC/CDD approaches, improved financial inclusion, expanded remittance-linked financial services and enhanced digital and financial literacy, particularly for women, and pre-departure training for migrants.
- Enhance the diaspora's capacity to support development in their home countries by, among others, identifying and removing investment barriers, creating supportive investment environments, raising awareness and building capacity within the diaspora to mobilize, and facilitating the creation of investment vehicles and mechanisms that offer technical and financial support to diaspora investors.

75-word summary of the brief for the website

Remittances and diaspora investments are a major source of external private finance crucial for achieving SDGs, but their full potential remains largely untapped.

Member States should acknowledge their potential and renew and expand their commitments to maximize their impact to development, ensuring access to formal, affordable, and secure remittance services through supportive regulations, improved payment systems, digital solutions, and promoting financial inclusion for both migrants and their families back home.

At the same time, Member States should facilitate and support diaspora investments to homeland SMEs by creating diaspora engagement strategies and supportive environments, capacity-building for diaspora members, involve them in policy development, remove investment barriers, and provide adequate mechanisms to crowd in their investment.

LETTER OF THE DAY

Uganda's diaspora sent \$1.42 billion last year. How are we protecting this lifeline?

In 2024, Uganda received an estimated \$1.42 billion in diaspora remittances, placing these inflows among the country's top sources of foreign exchange.

But behind these numbers are millions of Ugandans who work, sacrifice, and send money home—often at great personal cost.

As diaspora communities grow and evolve, so should our national strategies to protect, empower, and maximise their contributions. The question now is: Are we ready?

Cost of sending money home.

Many Ugandans abroad are caught in an economic balancing act. They face:

Rising costs of living in host countries like the US, Canada, and the UK, immigration and visa uncertainties, emotional and financial strain from unregulated "projects" back home, and a lack of trustworthy, formal investment channels

Despite these challenges, they continue to send money—supporting everything from school fees and health emergencies to home construction and entrepreneurship.

But this comes at a cost. And now, a new threat is looming.

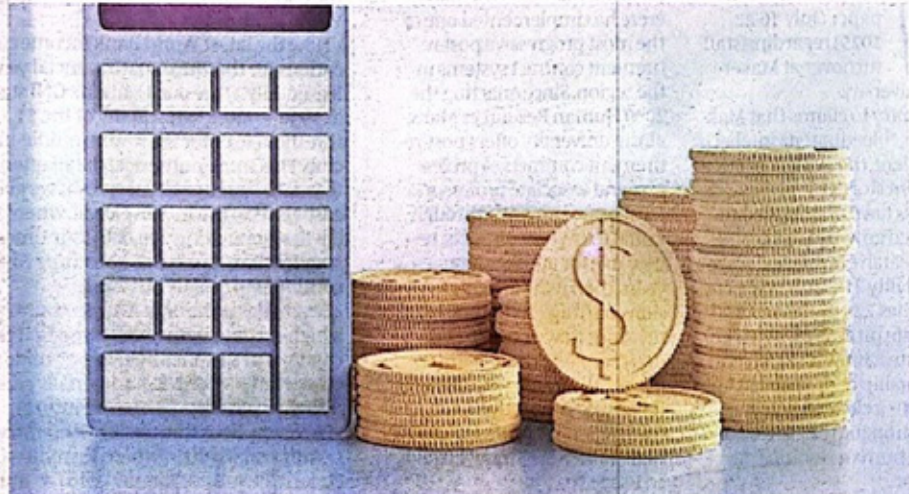
The "Trump tax" and its implications

US President Donald Trump's recent proposal to tax all outbound remittances by 10 percent. It is a potential policy shift that could affect millions.

If implemented, this tax would:

Reduce the amount Ugandans abroad can send home, increase the cost of remitting, trigger a ripple effect, lowering Uganda's remittance inflow.

It would also impact household welfare and national foreign exchange reserves.



We must ask: What is Uganda doing now to counteract such global shifts?

Are we making the most of diaspora contributions?

It's time for a national conversation. The diaspora's value to Uganda extends far beyond money. We need to ask:

How much of this \$1.42b is invested productively?

How can the government facilitate safe, regulated investment options?

Do we offer legal, financial, or institutional support to diaspora investors?

What frameworks exist to engage diaspora professionals in national planning?

Currently, the diaspora desk under the Ministry of Foreign Affairs operates, but its reach must go beyond ceremonial roles. A whole-of-government approach is urgently needed.

The way forward

Establish a national diaspora investment strategy, create structured investment platforms—such as diaspora bonds, SME funding pools, and co-op-

erative housing schemes—underpinned by transparency and security.

Develop a legal framework for diaspora engagement.

Enact legislation that recognises diaspora contributions and guarantees rights, protections, and tax incentives for diaspora investors.

Appoint leaders who understand the diaspora experience.

Government appointments on diaspora matters must be merit-based and reflect lived diaspora realities.

This includes appointing advisors and envoys who have actually lived, worked, and invested abroad.

Create a returnee reintegration plan.

The government should support Ugandans returning home with tools to reintegrate, invest, and contribute—such as tax holidays, land access, and streamlined registration for businesses.

Government should give diaspora professionals and entrepreneurs a formal seat at the table across key sectors like trade,

tourism, ICT, health, and education.

Protect remittances as a strategic asset: Establish policy safeguards and contingency planning in the event of geopolitical shifts, like remittance taxation or migrant labour restrictions in host countries.

As Uganda positions itself for Vision 2040 and beyond, we cannot afford to treat the diaspora as a passive income stream.

We must institutionalise their participation, respect their journey, and give them agency in shaping the country they continue to support from afar.

Your Excellency, this is a call for deliberate inclusion. Appoint leaders who understand the nuances, speak the language of the diaspora, and are willing to champion their cause with authenticity and accountability.

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