

INWARD PERSONAL TRANSFERS 2013



Foreword

This report presents findings of the personal transfers survey of 2013. The survey was the seventh in a series of annual surveys jointly conducted by Bank of Uganda and Uganda Bureau of Statistics. The survey was intended to determine the size of cash and in-kind personal transfers, the characteristics of the transfers, the channels used and the usage of funds received by recipient households.

The survey findings indicated that total personal transfers received in 2013 amounted to US\$931.6 million which is about 3.7 percent of Uganda's GDP. The amount reflects an increase of 2.3 percent compared to the US\$910.32 million estimate of 2012. The slight increase in personal transfers reflects the improved economic prospects of most economies from which the personal transfers are sent compared to the previous year.

Bank of Uganda acknowledges and appreciates the valuable input of its key stakeholders; the public, government agencies, the media and field staff. The public should rest assured that the information compiled through the surveys on personal transfers is used for statistical purposes only, treated in a strictly confidential manner and published in aggregate format.



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Acronyms

BOP	Balance of Payments
BOU	Bank of Uganda
EA	Enumeration Area
GDP	Gross Domestic Product
HH	Household
MTO	Money Transfer Operator
PPS	Probability-Proportional-to-Size
UBOS	Uganda Bureau of Statistics
UNHS	Uganda National Household Survey
EAC	East African Community
AML/CFT	Anti-money laundering and combating terrorism financing

Definitions

Balance of Payments: A statistical statement that systematically summarises, for a given time period, an economy's transactions (inflows and outflows) with the rest of the world.

Commercial Banks: A company licensed under the Financial Institution Act 2004 to carry out financial institution business as its principal business in Uganda.

Enumeration Area: Local council 1 which is also the smallest local government administrative unit.

Household: A group of people who normally live and eat together, usually a family living in the same house or compound.

In-kind personal transfers: Physical items other than cash sent or received by resident households to or from nonresident households.

Money Transfer Operator: A company authorized to engage in money transfer services.

Personal Transfers: Represent household income from foreign economies arising from the temporary or permanent movement of people to those economies. Consist of all current transfers in cash or in kind sent or received by resident households to or from nonresident households.

Rural Area: As gazetted by the Ministry of Local Government.

Remitter: The person who makes a personal transfer (cash or in-kind), usually, a Ugandan living abroad.

Urban Area: As gazetted by the Ministry of Local Government.

Executive Summary

The focus of this Personal Transfers survey was to establish; the size of cash and in-kind personal transfers received, their characteristics, the transfer channels and the usage of these personal transfers by the recipients during the year 2013.

The survey covered a total of 240 Enumeration Areas (EAs) spread across the country selected using a two-stage sampling design where a total of 577 recipient households were interviewed. Enumeration areas were selected using Probability Proportional to Size approach as per the 2002 Population and Housing Census List of Enumeration Areas. Data collection was carried out through interviews of household heads conducted during the months of March and April 2014.

Transfer Channels

Consistent with the survey results of previous years, International Money Transfer Operators (Western Union and Money gram) were the most popular channels as reported by 41.5 percent of the recipient households. Ease of access was a major consideration in the choice of channel as reported by 27.7 percent of the households. However, most households (45.8 percent) indicated that the transfer channels were pre-determined by the remitter.

Survey findings revealed that people living in urbanized areas are more likely to transact through an MTO compared to those living in rural areas.

Total Personal Transfers Received in 2013

Total personal transfers received in 2013 were estimated at US\$931.6 million which is about 3.7 percent of GDP. The amount reflects an increase of 2.3 percent compared to the US\$910.32 million estimate of 2012. In shillings terms, total personal transfers in 2013 were estimated at UGX 2,409 billion. This was an increase of 5.9 percent when compared to the estimate of UGX 2,276 billion of 2012.

The major sources of personal transfers were North America with a share of 30.8 percent, Europe 29.2 percent and Africa with 28.9 percent of total inward personal transfers. Most personal transfers (94.7 percent) were sent to households located in urban areas.

Cash Personal Transfers

Personal transfers received in cash were estimated at US\$789.6 million or 84.8 percent of the total received. Kampala region accounted for the largest share, 72.6 percent of the total cash receipts. About 53.3 percent of recipient households are reported to have received personal transfers once during 2013, while 17.5 percent received twice during the same period.

The fourth quarter (October – December) of the year recorded the highest cash personal transfers inflows of US\$511.2m (or 31.6 percent), followed by the third quarter that registered US\$384.8m (or 23.8 percent).

Overall, 87.3 percent of cash personal transfers were received through formal channels; this was an increase of 3.3 percentage points from the 2012 survey findings which shows continued confidence in the formal channels.

Usage of cash Personal Transfers

The bulk of personal transfer receipts during 2013 were used for consumption (67.8 percent). Generally, household expenses and education were the leading expenditure categories, with about half of the cash received reported to have been spent on items in these categories. Non-consumption expenditures

accounted for 29.4 percent, most of which was spent on business related activities and building works.

Personal Transfers in-kind

Personal transfers in-kind were estimated at US\$141.9 million representing about 15.2 percent of total personal transfers received in 2013. The majority of in-kind transfers consisted of transport and communication items with a value of US\$80.81m (or 56.9 percent) followed by general equipment worth US\$31.3m (or 22.1 percent). Unlike cash personal transfers which were mainly from North America, the bulk of these items were received from Europe US\$75.3m (53.0 percent). North America contributed goods worth US\$32.3m (22.8 percent) while US\$21.4m (15.1 percent) came from Africa.

Conclusion

Personal transfers have more potential for promoting economic development by improving the earnings of the domestic financial sector and by increasing resources to finance economic activities.

At the macro level, personal transfers continued to be an important source of foreign exchange for the country while at the household level, the transfers provided a reliable source of resources for consumption.

Remitting resources through formal sector mechanisms significantly reduces the risks associated with personal transfers, but these channels are also much more costly compared to the informal channels.

PART 1: INTRODUCTION

This inward Personal Transfers 2013 Survey was the seventh annual personal transfers' survey jointly undertaken by Bank of Uganda (BOU) and Uganda Bureau of Statistics (UBOS) to provide a reliable estimate of the annual personal transfers to Uganda. Field activities were conducted in the months of March and April 2014.

Remittances represent a contribution to domestic household income from foreign economies arising from the temporary or permanent movement of individuals to those foreign economies. The two items in the balance of payments that substantially relate to remittances are compensation of employees and personal transfers.

Compensation of employees refers to the income of border, seasonal and other short term workers working in an economy where they are not resident; or those employed by non-resident entities such as embassies, international organizations and nonresident companies; and represents remuneration for provision of labour to the host economy.

Personal transfers on the other hand consist of all "current transfers" in cash or in-kind sent or received by resident households to or from non-resident households. Previously, the term "workers' remittances" was used to describe such "current transfers".

The Personal Transfers survey was aimed at compiling statistics on inward and outward transfers between resident households in Uganda and non-residents during 2013 through various transmission channels.

This chapter highlights global trends and developments, objectives of the study, methodology and challenges faced.

1.1 Global Personal Transfer Flows in 2013

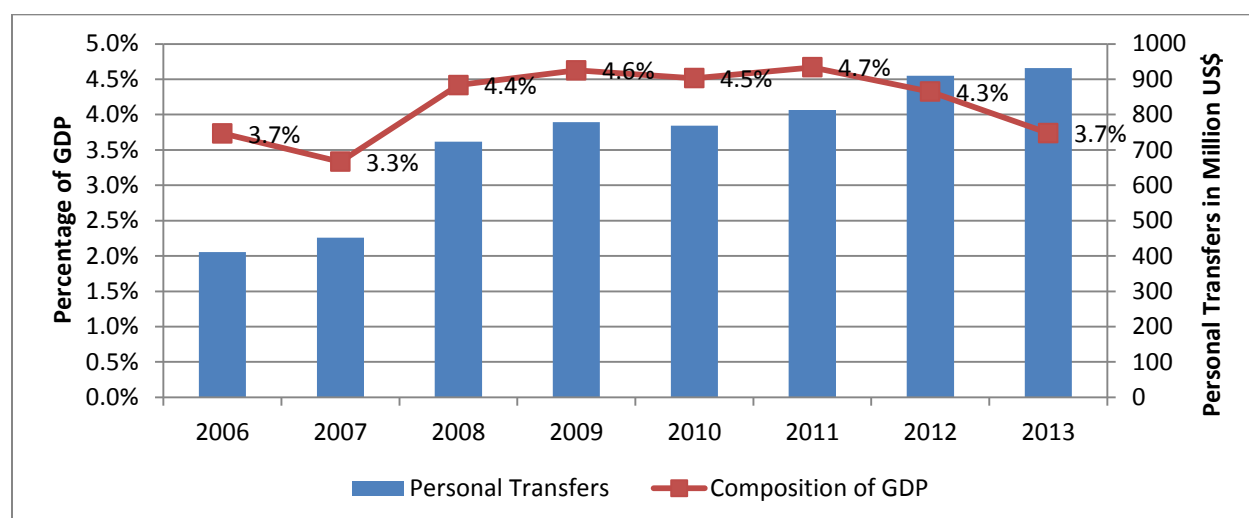
Remittances remain a key source of external resource flows for developing countries, far exceeding the official development assistance and more stable than private debt and portfolio equity flows.

According to the World Bank Migration and Development Brief 22, Remittances to developing countries were estimated at US\$404 billion in 2013, up 3.5 percent compared to 2012. Growth in remittance flows to developing countries is expected to accelerate to an annual average of 8.4 percent over the next three years, raising remittance flows to US\$436 billion in 2014, US\$473 billion in 2015 and US\$516 billion in 2016. The global growth in remittances during 2013 was generally robust in all the regions of the world, except for Latin America and North Africa, where the two largest countries Mexico and Egypt, respectively, recorded a decline in remittance inflows.

Furthermore, the officially recorded remittances flows in Sub-Saharan Africa increased by 3.5 percent in 2013 to US\$32 billion and are expected to increase at annual average rate of 9.0 percent in 2014-17 (*Migration and Development Brief 22*).

As illustrated in Figure 1 below, there was a slight decline in the contribution of personal transfers to Gross Domestic Product (GDP) of 0.6 percent from 4.3 percent in 2012 to 3.7 percent in 2013. Despite this decline; personal transfers continue to constitute a significant source of external financing for Uganda.

Figure 1: Inward personal transfers to Uganda and its composition of GDP



Source: Statistics Department, Bank of Uganda

1.2 Survey Objectives

The overall objective of the survey was to collect data on personal transfers so as to improve the accuracy of Balance of Payments statistics. The survey sought to;

1. Establish an estimate of the total value of personal transfers (inward and outward).
2. Assess various characteristics of personal transfers: Knowledge of the characteristics of personal transfers such as the amounts sent or received, frequency, purpose, seasonality and usage is helpful in designing appropriate policies and in supporting the development of products that suit both the sender and recipients.

1.3 Methodology

The methodology involved the use of questionnaires and direct interviews by enumerators as trained jointly by Bank of Uganda (BOU) and Uganda Bureau of Statistics (UBOS).

The survey covered a total of 240 Enumeration Areas (EAs) spread across the country selected using a two-stage sampling design. At the first stage, primary sampling units (EAs) were selected using Probability Proportional to Size (PPS)¹ as per the 2002 Population and Housing Census List of Enumeration Areas.

The second stage entailed selection of all households within each enumeration area that either received or remitted funds or items in-kind during the household listing exercise.

The sample allocation was distributed into four strata namely; Central Region, Eastern Region, Northern Region and Western Region; and the distribution of the 240 Enumeration Areas among the strata is shown in the Table 1 below.

Table 1: Sample allocation by Stratum

Region	Urban	Rural	Grand Total	Percent
Northern	11	18	29	12.1
Eastern	15	21	36	15.0
Western	20	18	38	15.8
Central	24	17	41	17.1
Kampala	96	-	96	40.0
Grand Total	166	74	240	100

Source: Statistics Department, Bank of Uganda

A training workshop was conducted for all supervisors and interviewers prior to the commencement of personal transfers survey in Kampala². The training workshop addressed both technical and practical aspects of the survey. Areas covered included; balance of payments concepts, listing definitions and concepts, the survey instruments, field practice, editing, and role play. Emphasis was put on finding solutions to challenges experienced during the

¹ The PPS method implies that EAs with bigger number of households stood a higher chance of being selected in the sample.

² The survey team is provided in appendix I

previous survey exercises. The training was facilitated by resource persons from both BOU and UBOS.

A country-wide public awareness and sensitization drive was carried out via the major press print media and through radio announcements. This was done concurrently with the training exercises as per the survey work plan.

A complete listing exercise was done in all selected EAs. It involved recording of all households located within the EA boundaries to establish the number of households in the selected EAs. During the listing exercise, care was taken to record every household as a recipient, remitter or neither of the two. Interviews were conducted with household heads of all recipient and remitting households in the EA. Field activities were conducted during the months of March and April 2014. The main instrument of data collection, the household questionnaire (reflected in appendix IV) was an enhanced version of the instrument used during the survey on personal transfers received in the year 2013. Data was captured using CSPro and analysed using STATA and Excel.

1.4 Challenges

The survey faced some challenges as enumerated below that affected the enumerators that were executing their duties in the field:

- i. Hostile communities; which necessitated the presence of LC chairpersons or local guides at all times.
- ii. Absence of Household heads; majority of the household heads were not available, especially in urban areas, to respond to the filter questions posed at the listing stage and hence required numerous follow-ups.

- iii. Remote Enumeration Areas; There were a number of distant or remote villages in which no recipient and/or sender of remittances was found.
- iv. Transport and Communication; Poor mobile telecommunication network in some areas which made co-ordination difficult with the supervisors and transport fares to some EAs were high.

1.5 Organisation of the Report

The preceding part provided a brief background to the survey. Part 2 presents and discusses the findings while Part 3 summarises the major issues and provides the way forward.

PART 2: FINDINGS AND ANALYSIS

2.0 Introduction

The findings and analysis of the personal transfers in 2013 are presented in this chapter. This chapter presents estimates of total personal transfers both received in cash and in-kind, channels and the usage of cash transfers received.

2.1 Background information

The survey targeted a total of 580 recipient households of which 86.2 percent were located in urban areas and 13.8 percent in the rural areas. On a regional basis, Kampala region contributed the largest share of households (54.3 percent) followed by Central region (16.2 percent) and northern (11.6 percent). (Detailed in Table 2 below)

Table 2: Number of respondent Households by Region

Region	Urban	Rural	Grand Total	Percent
Western	41	9	50	8.6
Eastern	35	19	54	9.3
Northern	45	22	67	11.6
Central	64	30	94	16.2
Kampala	315	0	315	54.3
Grand Total	500	80	580	100

Source: Statistics Department, Bank of Uganda

2.2 Inward Personal Transfers.

The inward personal transfers recipients in 2013 were predominantly based in urban areas (86.7 percent) while the rural areas accounted for only 13.3 percent of all recipient households. This is consistent with previous survey findings which indicated that inward personal transfers are mainly an urban phenomenon.

The distribution of recipient households by region showed that Kampala accounted for 54.6 percent followed by Central (16.3 percent) and Northern (11.6 percent) as broken down in Table 3 below.

Table 3: Number of recipient Households by Region

Region	Urban	Rural	Grand Total	Percent
Western	41	7	48	8.3
Eastern	35	18	53	9.2
Northern	45	22	67	11.6
Central	64	30	94	16.3
Kampala	315	0	315	54.6
Grand Total	500	77	577	100

Source: Statistics Department, Bank of Uganda

2.3 Number of Remitters

The findings revealed that most recipient households, 84.6 percent, received personal transfers from one remitter, while 10.6 percent of the households reported receipts from two remitters. The maximum number of remitters reported by a single household was 5. Further details are provided in Table 4 below. The estimated number of remitters during 2013 for the 577 recipient households was 702.

Table 4: Number of remitters by Household

No of remitters	No. of HH	Percent (%)	Total Remitters
1	488	84.6	488
2	61	10.6	122
3	21	3.6	63
4	6	1.0	24
5	1	0.2	5
Total	577	100	702

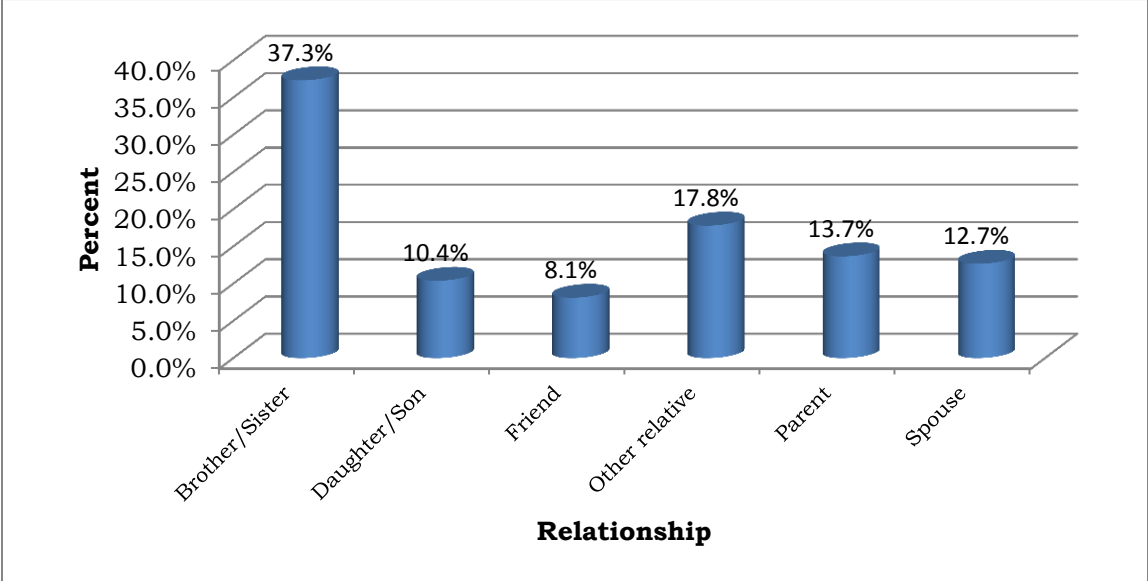
Source: Statistics Department, Bank of Uganda

2.4 Relationships between senders and recipients

Relations between migrants and the household heads play a vital role in the decision to remit. The survey findings showed that most of the remitters (37.3

percent) were siblings of the household head followed by other relatives (17.8 percent) and parents (13.7 percent). Figure 2 below shows the distribution of the household head’s relationship with the remitter.

Figure 2: Household head’s relationship to remitter



Source: Statistics Department, Bank of Uganda

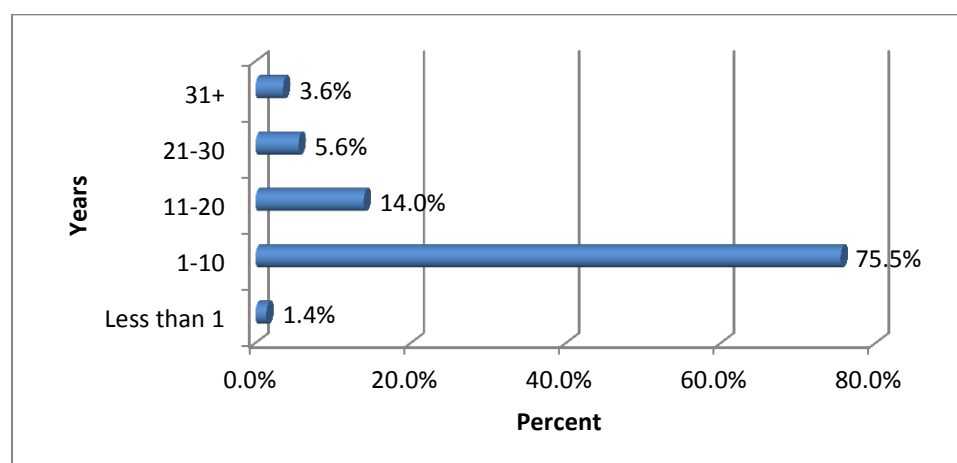
2.5 Profile of Remitters

In this section, the profile of remitters in terms of duration of stay abroad, age, gender, education, marital status and region of residence among others is discussed.

2.5.1 Duration of Remitter’s Stay Abroad

The majority of remitters (75.5 percent) were reported to have lived abroad for a period of 1-10 years while less than 20.0 percent of the remitters had lived abroad for 11-30 years. Less than 2 percent of all remitters are reported to have migrated to their current country of abode in the 12 months preceding the survey as highlighted in Figure 3 below.

Figure 3: Period of stay abroad (in completed years) of the remitters



Source: Statistics Department, Bank of Uganda

2.5.2 Age and Gender of Remitters

The age group 30 - 39 years registered the highest remitters with 37.2 percent followed by the age groups of 40-49 with 23.8 percent and 20-29 with 22.8 percent, respectively.

In respect to gender, male remitters dominated in the various age groups. In the period under review, 65.4 percent of the remitters were male while 34.6 percent were female as shown in Table 5 below.

Table 5: Percentage distribution of remitters by age and gender

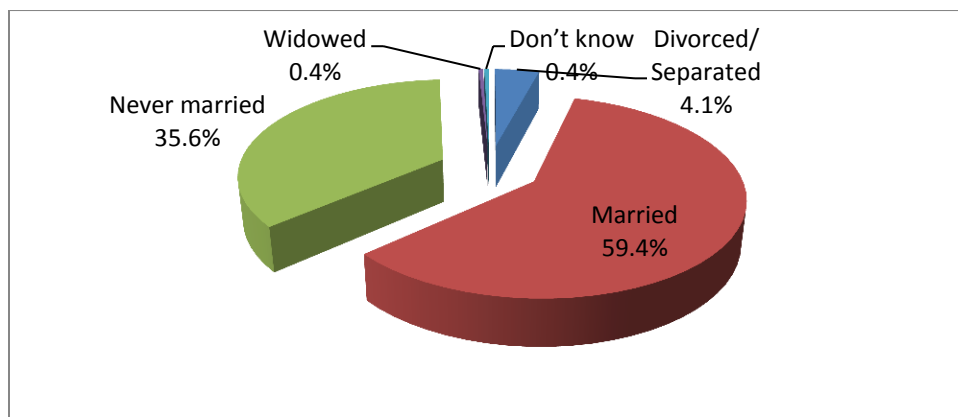
Age in completed years	Sex of sender		Total
	Female	Male	
Less than 20	0.7	1.1	1.9
20-29	8.8	14.0	22.8
30-39	12.7	24.5	37.2
40-49	7.7	16.1	23.8
50-59	3.4	7.1	10.5
60-69	1.3	2.1	3.4
70+	0.0	0.4	0.4
Total	34.6	65.4	100

Source: Statistics Department, Bank of Uganda

2.5.3 Marital Status of the Remitters

The survey findings showed 59.4 percent of the remitters were married (highest percentage), followed by those that had never been married at 35.6 percent as indicated in Figure 4 below.

Figure 4: Marital Status of remitters

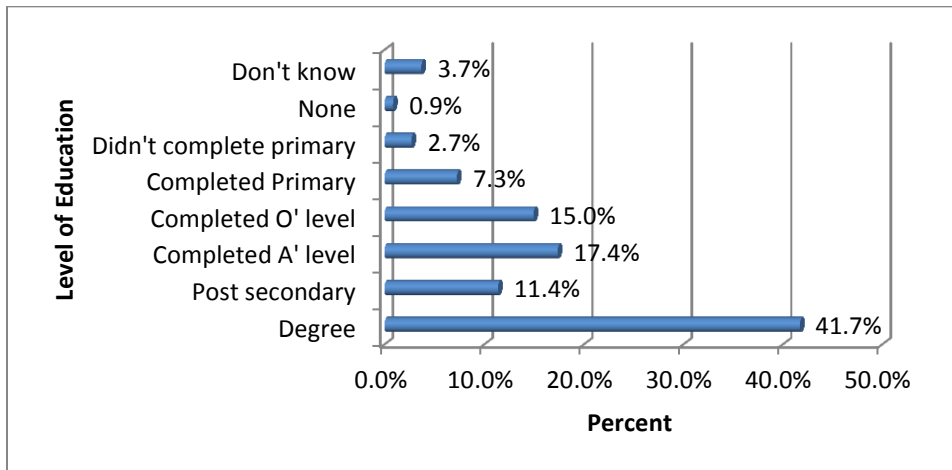


Source: Statistics Department, Bank of Uganda

2.5.4 Level of Education of the Remitters

With regard to the education level, the survey revealed that 70.5 percent of remitters had attained the Uganda Advanced Level of Education certificate or higher qualifications. About 41.7 percent of remitters were graduates with a degree while only a small proportion of remitters (2.7 percent) had not completed primary education as shown in Figure 4 below. These findings amplify previous findings of the brain drain and limited employment opportunities.

Figure 5: Highest level of Education of the Remitter



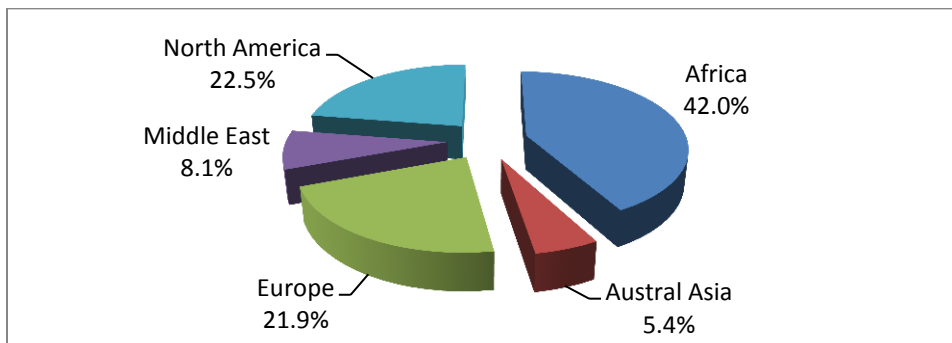
Source: Statistics Department, Bank of Uganda

2.5.5 Region of Residence

The largest proportion of remitters was resident in Africa with 42.0 percent followed by North America with 22.5 percent and Europe with 21.9 percent. The Middle East and Australasia regions had the least number of remitters accounting for only 8.1 percent and 5.4 percent of all remitters respectively.

The distribution of remitters by region is illustrated in Figure 6 below.

Figure 6: Residence of Remitters by region

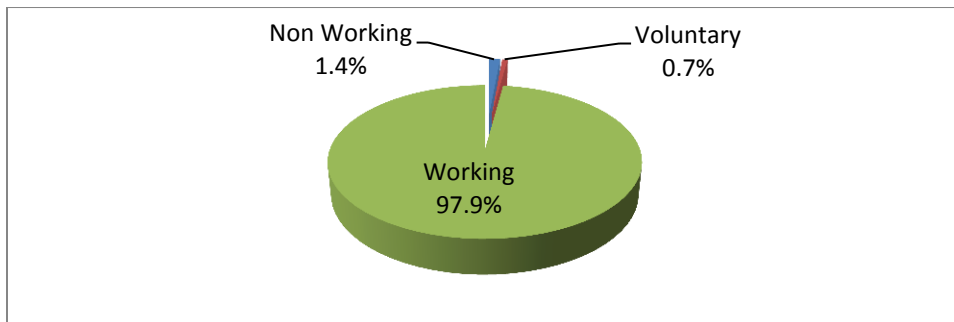


Source: Statistics Department, Bank of Uganda

2.5.6 Labour Status of Remitters

Figure 7 below shows that the majority of remitters, 97.9 percent, were employed and working. A small proportion, 2.1 percent, of remitters was reported not to be engaged in gainful employment.

Figure 7: Labour Status of Remitters



Source: Statistics Department, Bank of Uganda

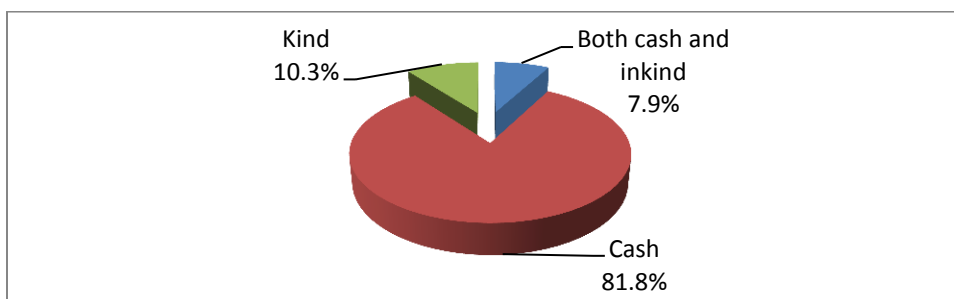
2.6 Personal Transfers received in 2013

This section presents estimates of personal transfer receipts in 2013.

2.6.1 Transfers by Type

The two types of personal transfers reported by the recipient households in the survey were cash and in-kind items. The majority of the recipient households, 81.8 percent, reported having received only cash transfers while 10.3% reported in-kind transfers only. However, 7.9 percent received both cash and in-kind transfers as highlighted in the Figure 8 below.

Figure 8: Type of transfer



Source: Statistics Department, Bank of Uganda

2.7 Cash Transfers

Personal transfers received in cash were estimated at US\$789.6 million or 84.8 percent of the total transfers received in 2013. Kampala and Central regions registered the highest concentration of recipient households accounting for 72.6 percent of total cash transfers as illustrated in Table 6 below.

Table 6: Regional distribution of cash Transfers (million USD)

Region	Settlement			Percent
	Urban	Rural	Grand Total	
Central	56.7	18.2	74.9	9.5
Eastern	29.9	8.2	38.1	4.8
Kampala	573.1	-	573.1	72.6
Northern	33.6	7.1	40.7	5.2
Western	54.2	8.6	62.8	8.0
Grand Total	747.5	42.1	789.6	100
Percent	94.7	5.3	100	

Source: Statistics Department, Bank of Uganda

In line with previous survey findings, personal transfers continued to be an urban phenomenon with 94.7 percent of the total cash receipts received by households residing in urban areas as highlighted in Table 6 above.

2.7.1 Source of Cash Transfers

North America, Africa and Europe were the main sources of cash transfers jointly accounting for 88.4 percent of total cash receipts in 2013. North America registered the largest share of cash transfers with US\$254.2m (or 32.2 percent), followed by Africa with US\$247.3m (or 31.3 percent) and Europe with US\$196.9m (or 24.9 percent) as indicated in Table 7 below.

Table 7: Source of Cash Transfers

Region	Amount(US\$ Million)	Percent
Africa	247.3	31.3
Australasia	50.3	6.4
Europe	196.9	24.9
Middle East	40.9	5.2
North America	254.2	32.2
Grand Total	789.6	100

Source: Statistics Department, Bank of Uganda

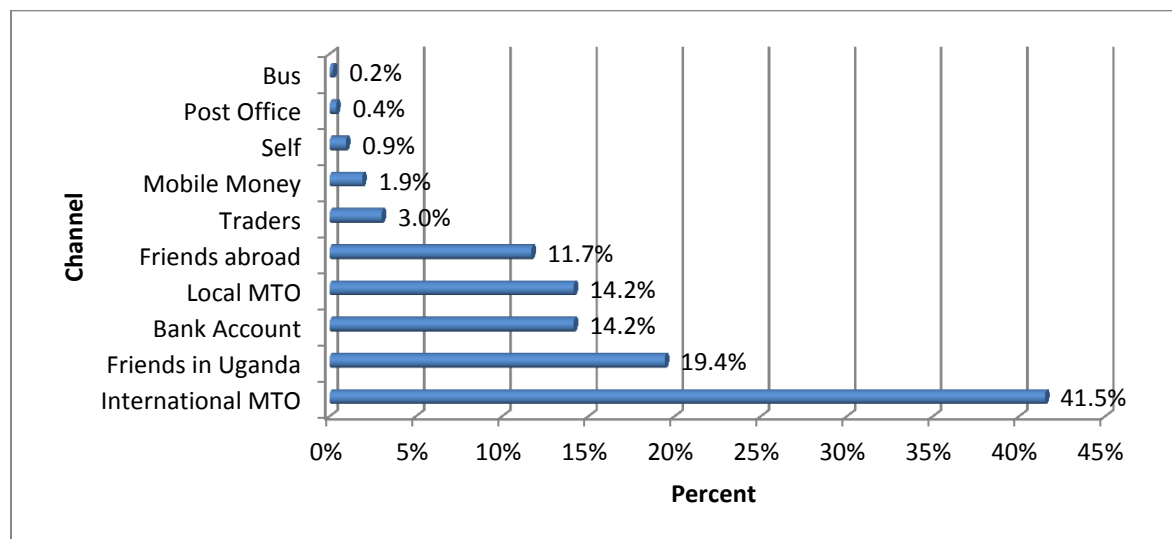
2.7.2 Cash Transfer Channels by Households

Formal and informal channels are the options through which cash transfers were channeled to households. The formal channels include; Money Transfers Operators (MTOs), Local and International banks and post office; while all other channels are considered informal include friends, relatives and traders/shopping outlets.

As shown in Figure 9 below, the majority of the households (70.3 percent) used the formal channels, dominated by International MTOs with 41.5 percent followed by both bank accounts and local MTOs both reported at 14.2 percent of recipient households. The informal channels usage was reported by 29.7 percent of the recipients with the main channel being friends, both in Uganda, with 19.4 percent and abroad with 11.7 percent.

Cash transfers through the formal channels dropped from 77.3 percent in 2012 to 70.3 percent in 2013.

Figure 9: Use of Cash transfer Channel by Household



Source: Statistics Department, Bank of Uganda

2.7.3 Cash Transfer Channels by Value

Cash transfer channels by value increased by 3.0 percent from 84.2 percent in 2012 to 87.2 percent in 2013.

The distribution of cash transfers channels by value showed that 87.2 percent of total transfers were through the formal sector of which the largest contributor was International MTOs valued at US\$465.1m (or 58.9 percent). This was followed by banks at US\$114.8m (or 14.5 percent) and Local MTOs with US\$ 106.9 (or 13.5 percent). The detailed breakdown on the distribution of use of cash transfers through formal and informal channels is shown in Table 8 below.

Table 8: Use of Cash transfers channel by Value

Chanel	Amount(US\$ Million)	Percent
International MTO	465.1	58.9
Bank Account	114.8	14.5
Local MTO	106.9	13.5
Friends in Uganda	61.1	7.7
Friends abroad	23.4	2.9
Traders	10.7	1.4
Mobile Money	3.7	0.5
Post Office	2.6	0.3
Self	0.9	0.1
Bus	0.5	0.1
Total	789.6	100

Source: Statistics Department, Bank of Uganda

2.7.4 Reason for Using Channel

The majority of the recipient households (45.8 percent) reported that the remitter decided the transfer channel. The other major reasons advanced for the choice of one channel over the other were ease of access and favorable transaction charges as shown in Table 9 below.

Table 9: Reason for use of Channel

Channel	Reason for use (%)						Grand Total
	Easy Access	Favorable exchange rate	Favorable transaction charges	Prompt Services	Security/safety	Sender's Choice	
International MTO	11.5	0.9	12.1	1.9	1.5	13.6	41.5
Friends in Uganda	4.2	0	2.8	0.2	0.2	12.1	19.4
Local MTO	3.8	0	3.2	0.2	0.2	6.8	14.2
Bank	3.8	0	4.5	0.4	1.7	3.8	14.2
Friends Abroad	2.1	0.2	1.3	0	0.8	7.4	11.7
Mobile money	1.5	0	0	0	0	0.4	1.9
Traders	0.8	0	0.8	0	0	1.5	3.0
Post Office	0	0	0.2	0	0.2	0	0.4
Bus	0	0	0	0	0	0.2	0.2
Self	0.2	0	0.4	0	0.2	0.2	0.9
Grand Total	27.7	1.1	25.3	2.6	4.7	45.8	

Source: Statistics Department, Bank of Uganda

2.7.5 Level of satisfaction with the channels

The various channels through which recipient households received personal transfers were rated to ascertain respondents' level of satisfaction with the service. Overall, the majority of recipient households (81.7 percent) were very satisfied with the channels used. However, about 4.1 percent of the recipient households expressed some level of dissatisfaction with the channels. The ratings of satisfaction in the various channels are shown in Table 10 below.

Table 10: Rating of transfer Channels

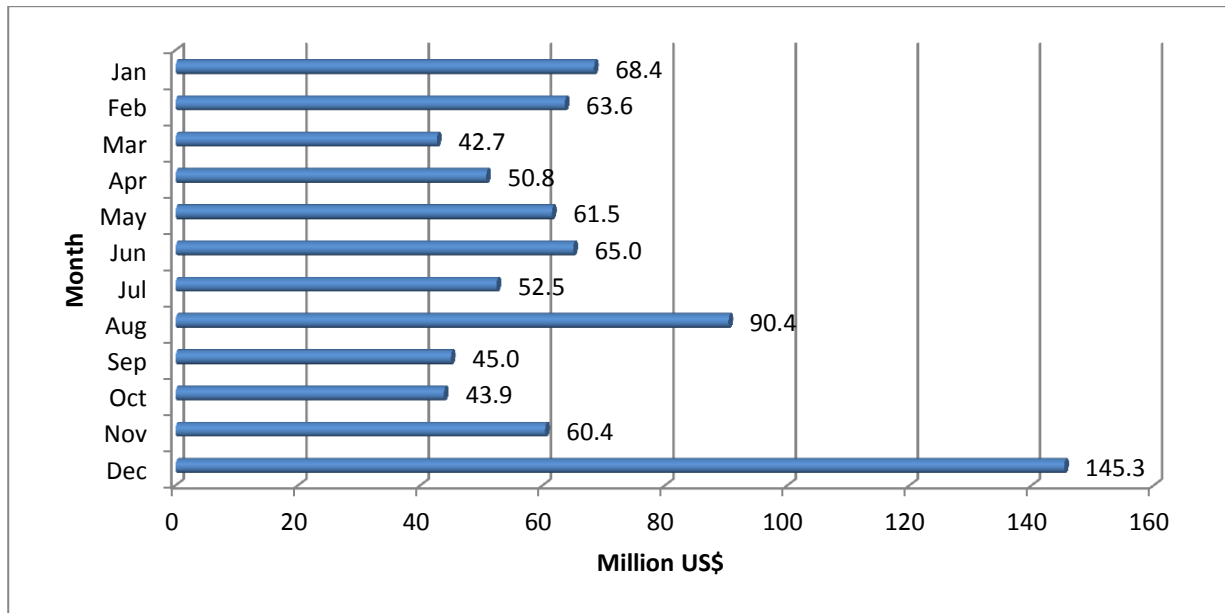
Channel	Satisfaction (%)				Grand Total
	Very dissatisfied	Somewhat dissatisfied	Somewhat satisfied	Very satisfied	
International MTO	0.4	0.2	7.7	33.2	41.5
Friends in Uganda	0.0	0.8	5.5	13.2	19.4
Local MTO	0.0	0.2	3.2	10.8	14.2
Bank	0.2	0.4	1.5	12.1	14.2
Friends Abroad	0.4	0.9	1.9	8.5	11.7
Mobile money	0.0	0.2	0.6	1.1	1.9
Traders	0.4	0.2	0.9	1.5	3.0
Post Office	0.0	0.0	0.2	0.2	0.4
Bus	0.0	0.0	0.0	0.2	0.2
Self	0.0	0.0	0.0	0.9	0.9
Grand Total	1.3	2.8	21.5	81.7	

Source: Statistics Department, Bank of Uganda

2.7.6 Flow Pattern of Cash Transfers.

Respondents were asked to declare the month of the year in which cash transfers were received for purposes of tracking the monthly patterns of personal transfers. The months with the highest cash transfers were December and August with US\$145.3m and US\$90.4m respectively. August coincides with the beginning of the third term for primary and secondary schools and first semester for most tertiary institutions while December is the festive season. This could explain why the two months had the highest transfers. The average monthly cash receipts were estimated at US\$65.8m. Notably, the months of January, February, May, June and November also recorded high inflows exceeding US\$60m.

Figure 10: Cash Transfers by Month

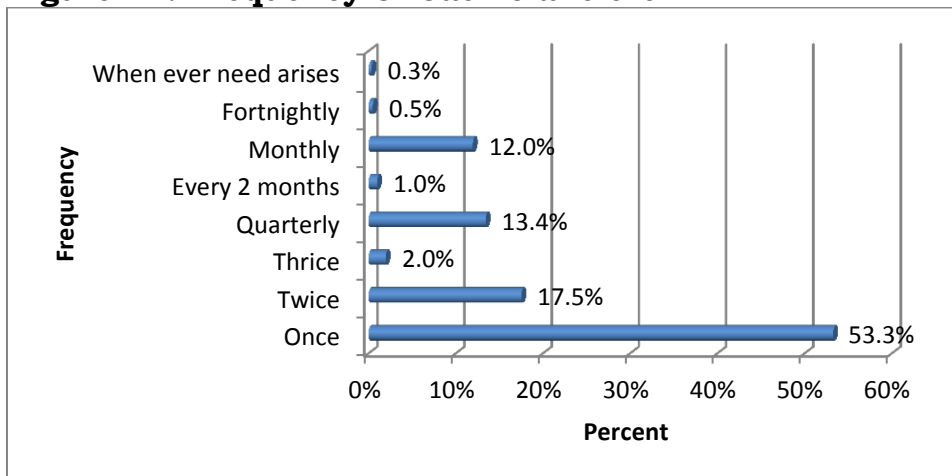


Source: Statistics Department, Bank of Uganda

2.7.7 Frequency of Cash Transfers

Recipient households were asked to indicate how often they received cash transfers in the year 2013. The majority of households, 53.3 percent, received funds only once in the year, while 17.5 percent received twice in a year. One out of every four households (25.4 percent) received cash transfers at fairly regular intervals i.e. monthly or quarterly.

Figure 11: Frequency of Cash transfers



Source: Statistics Department, Bank of Uganda

2.7.8 Use of Cash Transfers

The use of cash transfers was grouped into three main expenditure categories namely consumption, non-consumption and transfer to other household.

The bulk of personal transfer receipts during 2013 were used for consumption (67.8 percent). Generally, household expenses (US\$232.4m) and education (US\$216.1m) were the most common expenditure categories, with about half of the cash received reported to have been spent on items in these groups. Non-consumption expenditures accounted for 29.4 percent, most of which was spent on business related activities (US\$11.5m) and building works (US\$9.8m), respectively.

The summary of the expenditure analysis is shown in Table 11 below.

Table 11: Use of Cash Transfer (Value)

Use	Amount (Million US\$)	Percent
Consumption	535.1	67.8
General Household Expenses	232.4	29.4
Education	216.1	27.4
Health	53.2	6.7
Social functions	33.3	4.2
Non Consumption	232.2	29.4
Building works	77.6	9.8
Business	90.9	11.5
Land Purchase	51.1	6.5
Farming	11.4	1.4
Savings	1.2	0.1
Transfer to other Household	22.3	2.8
Other Rural Household	12.6	1.6
Other urban Household	9.7	1.2
Totals	789.6	100

Source: Statistics Department, Bank of Uganda

2.8 Personal Transfers in-kind

Households that received items in-kind were asked to declare the items indicating the quantities, the estimated value and description.

Total in-kind transfers for 2013 from the survey returns were estimated at US\$141.9m. This was a decline of 18.3 percent from the estimated US\$167.9m in 2012.

2.8.1 Personal Transfers in-kind by Category and Source Region

The in-kind personal transfers in 2013 were broadly categorized under 5 items namely clothing and foot wear, food, general equipment, household and personal items, transport and communication.

The majority of in-kind items originated from Europe US\$75.3m (or 53.0 percent) followed by North America and Africa with US\$32.3m (or 22.8 percent) and US\$21.4m (or 15.1 percent), respectively.

In addition, the bulk of in-kind personal transfers items were in the category of transport and communication estimated at US\$80.8m (or 56.9 percent) followed by general equipment valued at US\$31.3m (or 22.1 percent) and clothing & foot wear worth US\$25.9m (or 18.2 percent), respectively.

Further break down of in-kind transfers is provided in Table 12 below.

Table 12: In kind Transfers by Category and Source region (Value)

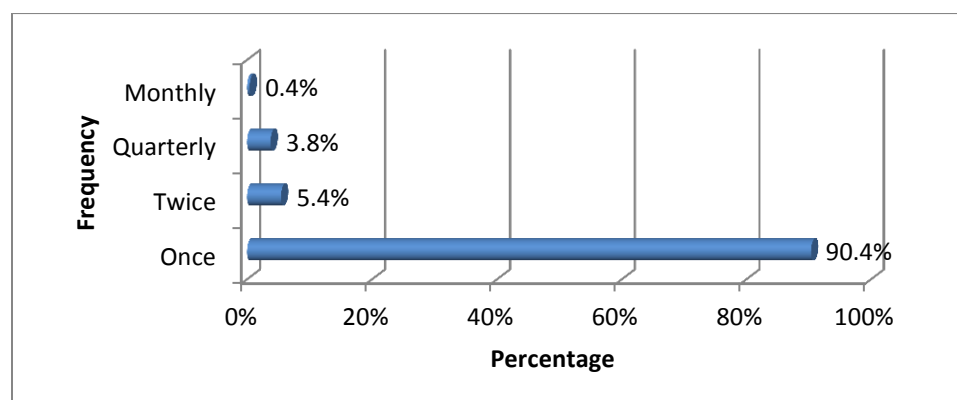
Category of items	Region					Grand Total	Percent
	Africa	Australasia	Europe	Middle East	North America		
Clothing and foot wear	4.2	1.3	9.7	0.9	9.8	25.9	18.2
Food	0.4	-	0.1	-	0.1	0.6	0.4
General equipment	8.1	2.1	8.9	4.5	7.8	31.3	22.1
Household and personal items	0.4	0.1	1.5	0.4	1.3	3.4	2.4
Transport and communication	8.3	1.3	55.4	2.3	13.5	80.8	56.9
Grand Total	21.4	4.8	75.3	8.1	32.3	141.9	100
Percent	15.1	3.4	53.0	5.7	22.8	100	

Source: Statistics Department, Bank of Uganda

2.8.2 Frequency of in-kind transfers

For most households (90.4 percent), in-kind items were received only once during the year, as shown in Figure 12 below.

Figure 12: Frequency of in-kind transfers



Source: Statistics Department, Bank of Uganda

2.8.3 Channels used

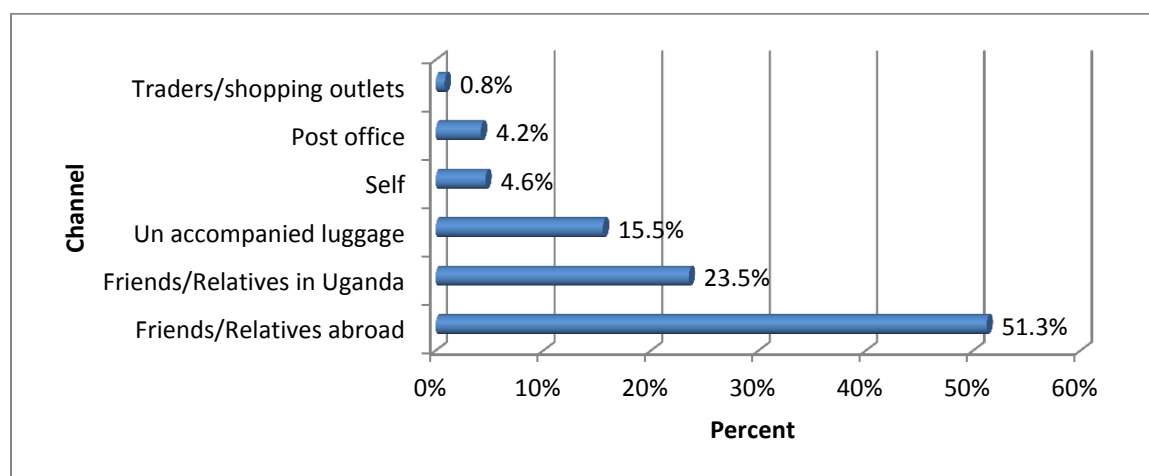
Channels through which recipient households received in-kind transfers were classified into six (6) categories listed as follows; friends/relatives abroad,

friends/relatives in Uganda, unaccompanied luggage, self, post office and traders/shopping outlets.

The most used channel for in-kind transfers was friends/relatives abroad with 51.3 percent followed by friends/relatives in Uganda with 23.5 percent and unaccompanied luggage with 15.5 percent as illustrated in Figure 13 below.

The breakdown of channels used for in-kind transfers is shown in Figure 13 below.

Figure 13: Channels used for in-kind transfers



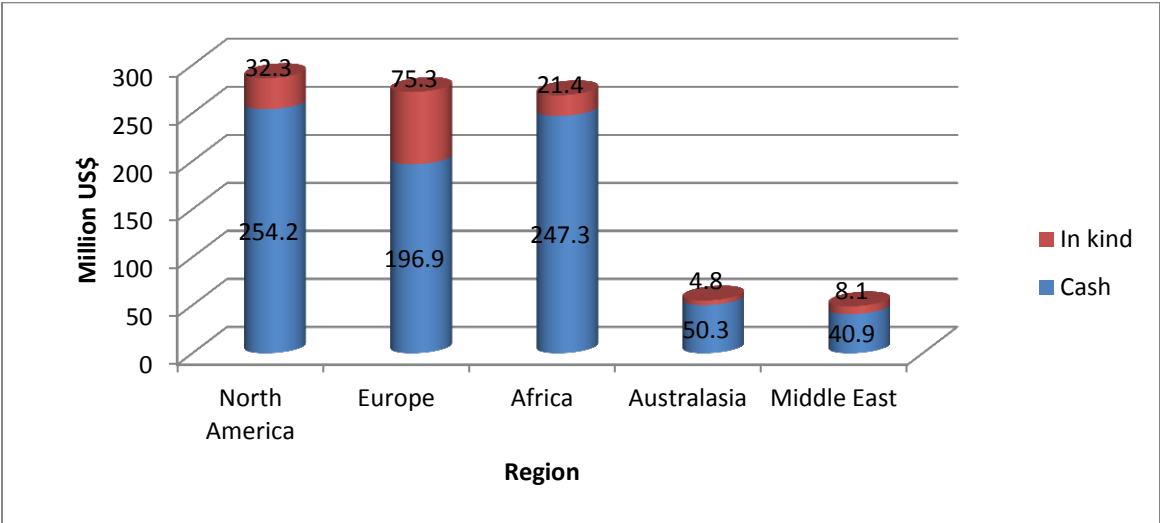
Source: Statistics Department, Bank of Uganda

2.9 Total Personal Transfers

The total personal transfers as shown in Figure 14 below comprised of cash transfers and in-kind transfers. Total personal transfers received in 2013 were estimated at US\$931.6 million which is about 3.7 percent of GDP. The amount reflects an increase of 2.3 percent compared to the US\$910.3 million estimate of 2012.

North America was the major source of transfers accounting for US\$286.5m or 30.8 percent followed by Europe and Africa with US\$272.2m (29.2 percent) and US\$268.8m (28.9 percent), respectively.

Figure 14: Total Personal Transfers



Source: Statistics Department, Bank of Uganda

PART 3: SUMMARY AND CONCLUSION

3.1 Summary of Findings

Personal transfers received in 2013 reflected a slight increment of 2.3 percent compared to the US\$910.3 million estimate of 2012. The general characteristics of personal transfers remained largely unchanged from what was registered in previous survey findings i.e. mainly received in cash; the biggest share went to urban areas, and were received by households mostly once during the year. The cash personal transfers flow pattern remained the same with highs during the festive periods and start of academic terms.

However there was a drop in the share of personal transfers from Africa and Europe in favor of North America, Australasia and Middle East. This could be attributed to better economic conditions in these regions compared to Europe and Africa. In order of priority, personal transfers were mainly used for general household expenditure, education, business and health expenses. Consistent with the previous years' survey findings, personal transfers in kind were mainly in transport and communication and general equipment. Remitters were youthful, educated and mostly male.

The 2013 survey also re-affirms earlier findings that personal transfers are mainly sent through international MTOs. While most of the remitters make the choice of the transfer channel, the majority of the recipient households are satisfied with the choice. Preference for channels was mainly driven by ease of access.

3.2 Conclusion

A large segment of the remitting population uses the formal channels however a minority is still using informal channels which is mainly attributed to legal and institutional factors impeding their ability to do so such as lack of proper identification.

The use of cash transfers for consumption decreased from 80.8 percent in 2012 to 67.8 percent in 2013. The decrease in consumption expenditure was in favor of an increase in non-consumption expenditure on Building works, Business and Purchase of land. The non-consumption usage increased from 16.9 percent in 2012 to 29.4 percent in 2013 implying the recipient households are investing more of the personal transfers in income generating activities.

From the survey findings, Personal transfers constitute an important source of funding for investment and generate a multiplier effect on consumer spending. Hence policies should be put in place to ease the transmission of personal transfers through official channels and also to reduce the cost.

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Appendices

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Appendix II: Social-Demographic Characteristics of Household heads

Characteristic	Percent		
	Female	Male	Total
Age in complete Years			
>20	0.5	1.0	1.4
20-29	16.7	18.4	35.1
30-39	11.3	14.8	26.1
40-49	6.8	9.3	16.1
50-59	4.3	7.9	12.2
60-69	1.6	4.0	5.6
70+	1.1	2.3	3.4
Total	42.4	57.6	100
Highest Level of Education			
Attended Primary but did not complete	4.8	3.7	8.5
Completed A' level	5.0	8.2	13.2
Completed O' level	8.5	11.1	19.6
Completed Primary	7.9	6.1	14.0
Degree and above	7.4	18.7	26.1
Don't know	0.2	0.5	0.6
None	3.4	1.6	5.0
Post secondary	5.2	7.7	12.9
Total	42.4	57.6	100
Activity Status			
Employer/ Own Account Worker	24.6	32.9	57.5
Full Time student	1.4	1.4	2.9
Not working and not looking work	5.8	1.3	7.1
Others (specify)	1.1	0.6	1.8
Paid Employee	8.2	21.1	29.3
Unpaid Family worker	1.1	0.3	1.4
Total	42.4	57.6	100
Level of monthly Income			
N/A	7.9	3.7	11.6
Less Than Shs. 100,000	6.3	3.1	9.3
Shs. 100,000 - 299,000	8.5	12.9	21.4
Shs. 300,000 - 499,000	10.6	14.0	24.6
Shs. 500,000 - 699,000	4.0	7.1	11.1
Shs. 700,000 - 899,000	2.3	6.9	9.2
Shs. 900,000 and Above	2.7	10.0	12.7
Total	42.4	57.6	100

Appendix III: Up-rating Methodology

Background

The 2013 survey results were used to obtain estimates for both cash and in-kind transfers received during 2013. The computation of total transfers was derived as the sum of both cash and in kind transfers. The estimation procedures described below uses data from various sources namely; the current survey, the survey on inward personal transfers 2012 and the most recent Statistical Abstract 2012. The up-rating methodology and key assumptions are presented in the sections that follow.

Step 1: Computing average in kind transfers receipts per household (HH)

Respondents were asked to provide details on the type, quantity and market price of items received in kind. For cases where the respondents didn't know the price of the items, it was imputed based on similar items in the CPI for 2013. For the products that were not in the CPI, imputations were made based on local knowledge of current market prices with respective adjustments to reflect possible prices during 2013.

The data was then used to compute the value of the goods received by multiplying the quantities reported and the derived prices. For respondents who did not report quantities, it was assumed that they received only one item, (i.e. quantity = 1). With the valuation for the in kind transfers derived, a total of all in kind transfers was obtained and using a count of all respondent households to the question on in kind transfers, the average transfers were obtained. From the sample, total in kind transfers received by reporting households amounted to UGX 80,335,800. The count of all households that reported having received in kind transfers during the year was derived as 112.

The average for in kind transfers was estimated as UGX 717,284. (See Table 1).

Table 1. Survey Estimates for In kind Transfers Receipts in 2013

Number of in kind transfers recipients from the sample (HHs)	112
Total in kind receipts from the sample (UGX)	80,335,800
Average in kind transfers per household (UGX)	717,284

Step 2: Computing average cash transfers receipts per household

Based on the data provided by the sample, all responses on cash transfers were summed up to obtain total cash received during 2013. Total cash transfers received by reporting households amounted to UGX 1,612,008,119. In addition, a count of all households that reported having received cash transfers during the year was derived as 528. The average cash transfers received per household during 2013 was computed as UGX 3,053,046 (see Table 2).

Table 2. Survey estimates for cash transfers receipts in 2013

Number of cash transfers recipients from the sample (HHs)	528
Total cash receipts from the sample (UGX)	1,612,008,119
average cash transfers per household (UGX)	3,053,046

Step 3: Deriving the number of recipient households

To estimate the population for 2013, the mid-year total population for 2013 of 35,400,000 according to UBOS was used.

Assuming an average household size of 5³ would imply that the number of households in 2013 was about 7,080,000 households (derived as total estimated population at the end of 2013 divided by the average household size)

³ The average household size used of 5 based on results from the Uganda National Household Survey 2009/10.

as at the end of 2013. This result provides a growth rate in the number of households between 2012 and 2013 of 3.7 percent. Subsequently, applying this growth rate to the 2012 estimates for households receiving cash and in kind transfers provided the 2013 estimates of 512,383 and 191,933 households, respectively (see Table 3).

Table 3: Estimates for recipient households- Cash and in kind transfers in 2013

Population estimate – end-year 2013	35,400,000	
Average household size	5	
Estimated number of households	7,080,000	
Estimated number of households in 2012	6,826,240	
Estimated number of households growth rate	3.7 percent	
	Cash	In kind
Estimated number of recipient households in 2012	494,018	185,054
Estimated number of recipient households in 2013	512,383	191,933

Having derived the average cash and in kind transfers received per household during 2013 from the survey, and the estimated number of households that received transfers during 2013 as described above, total transfer estimates were computed as follows.

Step 4: Computing transfers for household head

Cash transfers were computed as the product of the average cash transfers received per household and the estimate of all cash transfer recipient households.

Similarly, in kind transfers were computed as the product of the average value of in kind transfers received per household and the estimate of all in kind

transfers recipient households. The totals in Uganda shillings were converted to USD using the average exchange rate for 2013 (see Table 4)

Table 4: Grossed up estimates for Cash and in-kind transfers in 2013- Household Head

	Cash transfers	In kind transfers
Estimated number of recipient households	512,383	191,933
Average transfers per household	3,053,046	717,284
Total transfers received (UGX)	1,564,327,859,347	137,670,624,185
Average exchange rate for 2013 ⁴	2,587	2,587
Total transfers received by Household head(USD)	604,713,714	53,218,585

Step 5: Computing transfers for other recipients in the Households

Respondents were asked to provide details on the number of other recipients of cash and in kind transfers during 2013 within the household.

Overall, there were 67 cash recipient households which had other recipients amounting to 104. Similarly 36 in kind recipient households also reported 82 other recipients. Using this information, the average number of other recipients in each household that had more than one recipient was computed as 2, for cash and in kind transfers. The proportions of households with other recipients in the population for 2013 were estimated as 20% and 73% for cash and in kind recipients respectively. These proportions were applied to the estimated number of recipient households in the population to arrive at an estimate of households in the population with other recipients. These estimates were then used to derive the number of other recipients in the population using the average number of other recipients per household. Finally, the estimate for transfers received by other recipients was computed as the product of the

⁴ The exchange rate used is derived from applying quarterly average exchange rates to the quarterly distribution of the cash personal transfers received.

average cash or in kind transfers received by each household and the estimated number of other recipients for each category of transfers. (See Table 5).

Table 5: Grossed up estimates for other recipients of cash and in kind transfers in 2013-Other Recipient Household members

	Cash transfers	In kind transfers
Number Households with other recipients	67	36
Number of recipients in household	104	82
Average of recipients per household	2	2
Estimated proportion of HHs with other recipients	20%	73%
Average received per person in the household ⁵	3,053,046	717,284
Estimated number of other recipients	156,658	320,079
Total transfers received by other recipients (UGX)	478,283,868,349	229,587,618,308
Average exchange rate for 2013	2,587	2,587
Total transfers received by other recipients (USD)	184,887,594	88,750,437

Step 6: Computing total transfers

The total transfers were computed as a sum of the transfers for household head and transfers for Other recipients.

Table 6: Grossed up estimates for total transfers (cash and in kind) in 2013

	Cash transfers	In kind transfers
Transfers received by household head (UGX)	1,564,327,859,347	137,670,624,185
Transfers received by other recipients (UGX)	478,283,868,349	229,587,618,308
Total transfers received (UGX)	2,042,611,727,696	367,258,242,493
Average exchange rate for 2013	2,587	2,587
Total transfers received (USD)	789,601,308	141,969,022

The total transfers from the estimates amounted to **UGX 2,4909,869,970,188** or **USD 931,570,330**.

⁵ It was assumed that each recipient received on average an equal amount the household head.