

however, has been pre-conditioned to minimize abuse by money laundering and is only open to foreign students, tourists and migrants with residence permits. Paulo Zambonini³⁵ states that under this service one can only send R30 000 per transaction and not more than R500 000 can be sent by an individual per annum in accordance to the South Africa Reserve Bank directives.

The parties involved in the ABSA Western Union remittance transaction include the remittance sending migrant, the initiating ABSA bank branch as an agent of the Western Union in South Africa with the banking and retail forex systems and the Western Union Agent in Uganda effects remittance payment to the prescribed beneficiary in local currency.

In the ABSA Western Union remittance transfer process, a migrant with all the required information³⁶ goes to the ABSA bank, fills in the Western Union remittance sending form and hand it to over together with the money to the Bank agent who verifies the migrants documentations and informs the migrant of the current exchange rate and transfer fees as per the ABSA bank core system.

The documents and the information provided by the migrants to effect the transaction is then stored in form of hard copy papers and electronic format as required by the Financial Intelligence Center Act (FICA) 38 of 2001. Sanction screening of the funds to be remitted is done before the bank core system sends the remittance information to the Balance of payment (BOP) reporting system of the Reserve Bank.

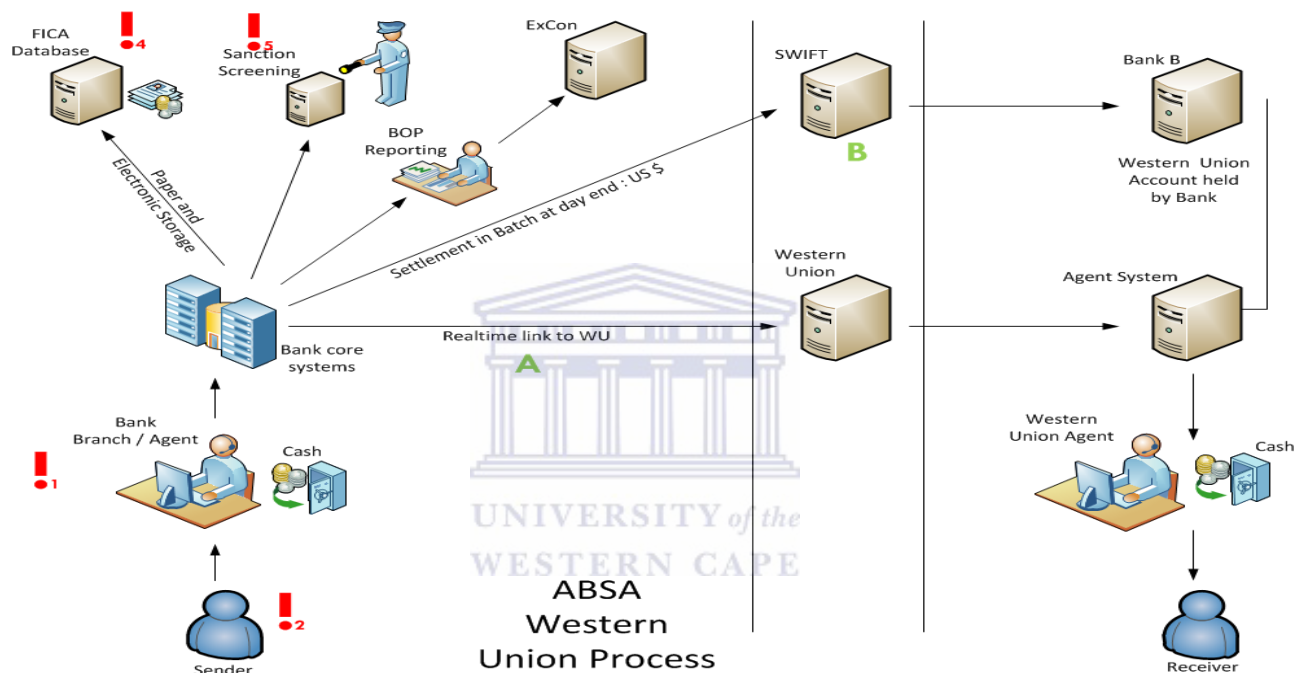
From the ABSA bank core system remittance transfer can be done either via a SWIFT foreign exchange payment system to the bank in Uganda or sent directly through real time link to Western Union system. Remittances sent via SWIFT foreign exchange payment systems are sent to a bank in Uganda, where the Western Union account is held. This is then channeled to the Ugandan Western Union agent system that authorizes the local Western Union agent who has received matching information (as per the transfer questions and the receivers particulars) to hand over the remittance in local currency.

³⁵ Mr. Paulo Zambonini is ABSA Head of Group Innovation and Special Projects 2003 (www.absa.co.za)

³⁶ Senders names, immigration permit, proof of residence, proof of income, telephone number, nature of payment, test question, a signed declaration and the receivers name, address and telephone number.

Remittances sent via the Western Union system are sent directly to the Ugandan Western Union agent system, which also sends the information to the local Western Union agent to dispense the money to the remittance prescribed beneficiary in local currency. Figure 6 below illustrates the ABSA Western Union remittance transfer processes from the time the migrant approaches the Bank to the moment the remittance beneficiary receives the money

Figure 6 ABSA Western Union Remittance Transfer Process



Source: Langhan, et. al, (2011)

In relation to this study, 70 percent of the interviewed respondents indicated that they do not often send or receive via ABSA – Western Union channels, or use electronic money transfer due to regulations imposed by the South African Reserve Bank on cross-border money transfer operators. The use of Western Union has therefore been minimal, largely restricted to migrants with study permits who use it to receive up-keep money from their parents in Uganda and a small number (2%) of naturalized citizens amongst the respondents who use it to pay their siblings fees.

In the period that followed the 2008 global economic meltdown ABSA bank in a bid to increase its clientele base, allowed many foreign national including Ugandans with Department of Home

Affairs certified refugee permits and proof of residence, to open saving accounts in an attempt to get the unbanked migrants Bank with ABSA. This was done following complaints from foreign nationals who wanted to formalize their operation in South Africa by associating with a financial institution with multiple banking products and access to formalized remittances transfer.

The Ugandan community executive in this regard, greatly appreciates ABSA's good will gesture towards getting its members bank accounts to save their hard earned income. However from their own admission, Ugandans still lack awareness of the true benefits of utilizing formal transfer channels when sending money home. This financial education has to be done in partnership between Absa – Western Union and migrant representatives to get more migrants to understand the importance of formalizing their remittance not only for their own economic benefit, but also for the eventual socioeconomic development of their home countries.

4.3.3.1.2 Western Union Partnership with MTN Uganda

According to Khalid Fellahin³⁷, Western Union has also entered another commercial agreement, this time with the MTN Group (a leading Mobile operator in Africa and in the Middle East), to introduce international mobile money transfer services to allow MTN subscribers to send and receive money from around the world using the MTN mobile money accounts. Among the Sub-Saharan countries, Uganda is has one the most successful mobile wallet³⁸ developments with over 1 million MTN mobile money registered users, who send and receive money using Western Union's Multi-channel strategy.

Respondents interviewed indicated that this could be a better way of formalizing remittances as migrants won't have to go to any institutionalized bank or Western Union office but just load money on their mobile money accounts from any MTN vendor as most respondents (75 percent) have MTN mobile lines. Presently, only 15 percent of Ugandan migrants in Cape Town are have access to internet banking and transactional check accounts due to financial regulations.

However, greater use of such remittance transfers could be possible if MTN and Western Union through their representatives were prepared to give training to the unbanked Ugandans living in

³⁷ Khalid Fellahi is the Western Union Global Head of Mobile Transactions services

³⁸ This is another formal, non-bank money transfer channel where funds are electronically deposited into the receiver's virtual mobile wallet

South Africa, on the registration and use of mobile money transfer channel of the Western Union, provided they meet the Reserve Bank criteria.

4.3.3.1.3 Standard Bank Partnership with MoneyGram

Standard Bank of South Africa Limited is one of South Africa's leading banking houses. The Standard Bank Group is ranked among the top four best performing banks in Southern Africa with a particular focus on emerging markets globally. To this effect, according to Sim Tshabalala³⁹ Standard Bank has acquired full or majority stake holding in previously non-performing liberalized commercial Banks across the Sub-Saharan region. In Uganda for example, Standard Bank of South Africa Limited through the Johannesburg Stock Exchange acquired Uganda Commercial Bank in 2002, rooting its presence in every corner of Ugandan cities in rural and urban areas.

To further strengthen its global operations, Standard Bank entered a partnership with MoneyGram a non-bank global leader in international money transfers. Under this partnership Standard Bank provided MoneyGram its financial infrastructure and system of over 1000 branches in Southern Africa. In the same way, MoneyGram allowed Standard Bank to offer a worldwide (agents in 81000 outlets in over 180 countries) Money Transfer service to clients in a faster and more convenient way without the receiver necessarily having to own a bank account.

Of the interviewed respondents 80 percent of Ugandans with no bank accounts, indicated that the reason why they cannot open bank accounts are similar to why they cannot send remittances through formal remittance transfer channels. According to the survey, in both Western Union and MoneyGram, remitters must prove the source of income for the funds being remitted; present their up-dated immigration status with proof of residence as required by the South African Law.

While this is a requirement, frequent remitters among Ugandan migrants working in South Africa are not keen on divulging information concerning their identification and source of

³⁹Sim Tshabalala is the Group CEO of Standard Bank of South Africa Limited

income to commercial banks as required for economic sanction screening by FICA⁴⁰. Over 60 percent of the formally employed Ugandans, according to this study, have private businesses such as bars, taxis, tuck-shops, internet café, saloons, or privately give lectures in private colleges. Proceeds emanating from these side businesses often do not correspond with their officially known income. Therefore, they are rarely banked but rather informally remitted back home to avoid their actual income to reflect on their bank statements.

Generally, formal services, predominantly those offered by banks, are often less accessible and costly (with endless protocol) than informal ones, especially for low-value remittance transactions. The migrant's choice of a remittance transfer channel is often shaped by trust and the user friendliness of the service in relation to the remitter's cultural values as well as the accessibility of the service and the physical proximity of the transfer agent.

4.3.3.2 Informal Money Transfer Systems

Informal money transfer systems have a long history and are an important avenue through which migrant remittances are transferred without any actual money movement from one country to another. Following global migratory patterns especially within the Middle East and around the Great Lakes Region, informal money transfer systems are commonly referred to as Hawala⁴¹, which is Arab word meaning transferring money.

Hawala money transfer is a traditional alternative remittance channel which uses precisely the same systems as used in the formal financial system but operates outside the mainstream formal banking systems. Unlike the formal money transfer systems, transactions between Hawala agents in South Africa and another Hawala agent in Uganda are done without promissory notes. Liabilities are undertaken by a sequence of agreements which ensures that payment to the ultimate recipient is effected. This is basically because the Hawala money transfer system is entirely reliant on trust developed over years.

In South Africa, this system was created out of need to counter the continued exclusion of migrant communities from freely using the main stream transfer channels by formalized financial

⁴⁰The Financial Intelligence Center Act 38 of 2001 established to control money laundering in South Africa

⁴¹ For the purpose of this study Hawala is interchangeably used to mean informal money transfer.

institutions and Westernized Money Transfer Operators (MTO's), Informal money transfer systems started offering transfer services to migrants whose remittance transfers were previously blocked due to the non-existence of recognized financial institution in their home countries, especially in remote areas and because of the domestic South African Reserve Bank cross-border money transfer restriction.

In a usual Hawala transaction, L in South Africa needs to transfer money to a recipient RM in Kampala Uganda. L arranges with a Hawala agent HK in Cape Town to make the transfer. L will usually give HK cash in South African Rand. HK will also allocate a secret password to the transaction which he will give to L. HK has a correspondent relationship with MJ who is in the same location as RM in Uganda.

HK notifies MJ of the funds transfer, directing MJ to pay RM who will provide the password for the transaction to be effected. HK may notify MJ on Face book, or Gmail chart, email or SMS message. Similarly, L will inform RM of the password. RM then collects the remittance from MJ. This leaves a debt owed by HK to MJ. The debts will be netted settled by agreed means or if there are any remittances in the other direction. Settlement will often be by a funds transfer initiated by HK through normal banking channels.

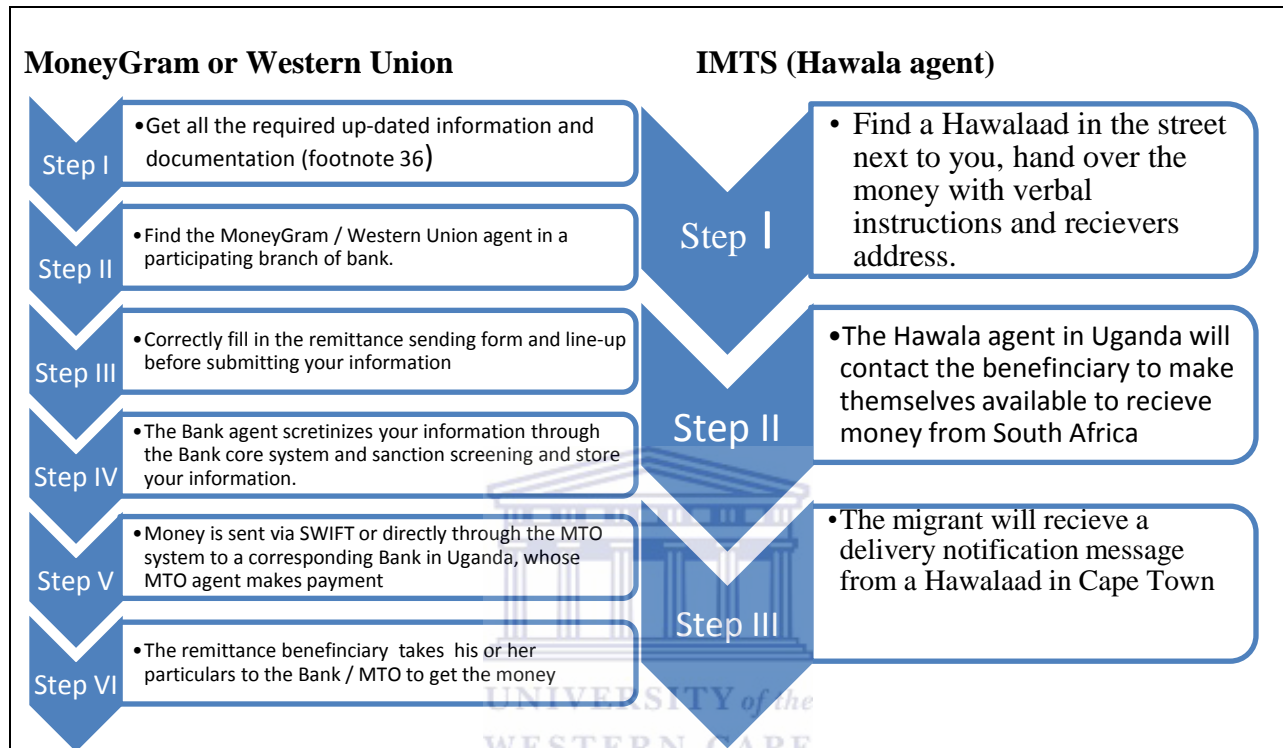
According to the interviews, 85 percent of the Ugandan migrant's in Cape Town send remittances through informal money transfer agents due to their popularity, trust and global connectivity⁴². In South Africa, Hawala money transfer agents are mainly operating in key business cities (such as Johannesburg, Durban, Pretoria and Cape Town) and in Cape Town in commercial centers (of Bellville, Claremont, Wynberg and Cape Town Central Business District) with high migrant population.

All in all, the informal money transfer system is preferred due to its speed, willingness to go an extra mile, and the fact that the Hawala agents are not interested in the source of income as opposed to the formal money transfer systems. Transfer requirements (see figure 7 below) by the informal money transfer services (IMTS) are much easier and more user friendly in comparison

⁴² Over 400 branches including 25 States in United States of American, 50 branches in Britain, 12 in Nordic Countries, 50 offices in South Africa, and 20 branches in Uganda.

to the formal transfer operators shown in the ABSA Western Union remittance transfer process in figure 6 above.

Figure 7 Steps to Send Money through MTO's and IMTS



Source: Authors computation, 2011

Although 85 percent of remittances sent to Uganda from South Africa go through informal transfer channels (Hawala, Kyeyo Trans-Dollars and personal courier), the Hawala is the most used transfer channel (57.5%), followed by personal carriers or friends (15%) and the Kyeyo Trans-Dollars agents⁴³ (12.5%). Ten percent of the interviewed Ugandans indicated that they used the international Money Transfer Operators (Western Union and MoneyGram) and 5 percent of the respondents preferred using account-to-account transfers as clearly shown in the Figure 8 below.

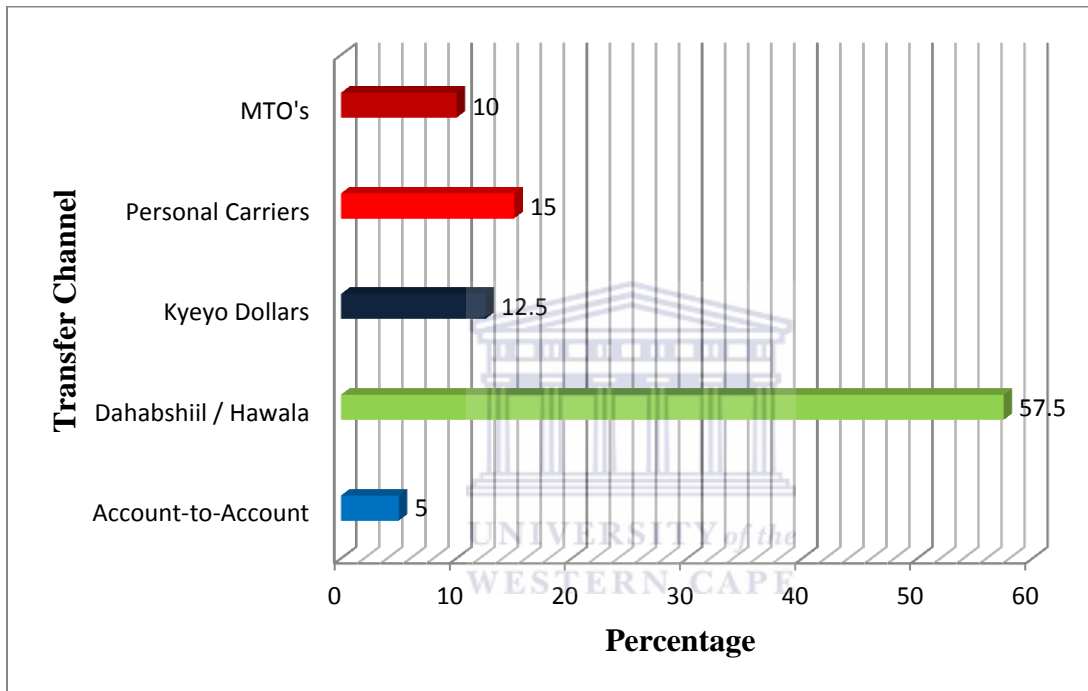
According to Dahabshiil⁴⁴, it was confirmed that in Bellville, Wynberg and the Central Business District of Cape Town, Dahabshiil through its operating Subsidiary Hawala Express Transfers

⁴³ These are Ugandan nationals dealing in cross-boarder remittance transfer operations

⁴⁴Hawala managed office in Bellville

handles over 3000 remittance transactions of US \$500 per month to Uganda alone. This is in excess of R126, 000,000 per annum. Reasons given for the overwhelming use of the Dahabshiil / Hawala are that Hawalaad⁴⁵ go an extra mile in their service provision, when they incorporate free delivery, receiver SMS notification, are better rates for these remittances at no added cost to the sender and receiver.

Figure 8 Preferred Transfer Channels Used by Ugandan Migrants in Cape Town



Source: Data from the survey 2011

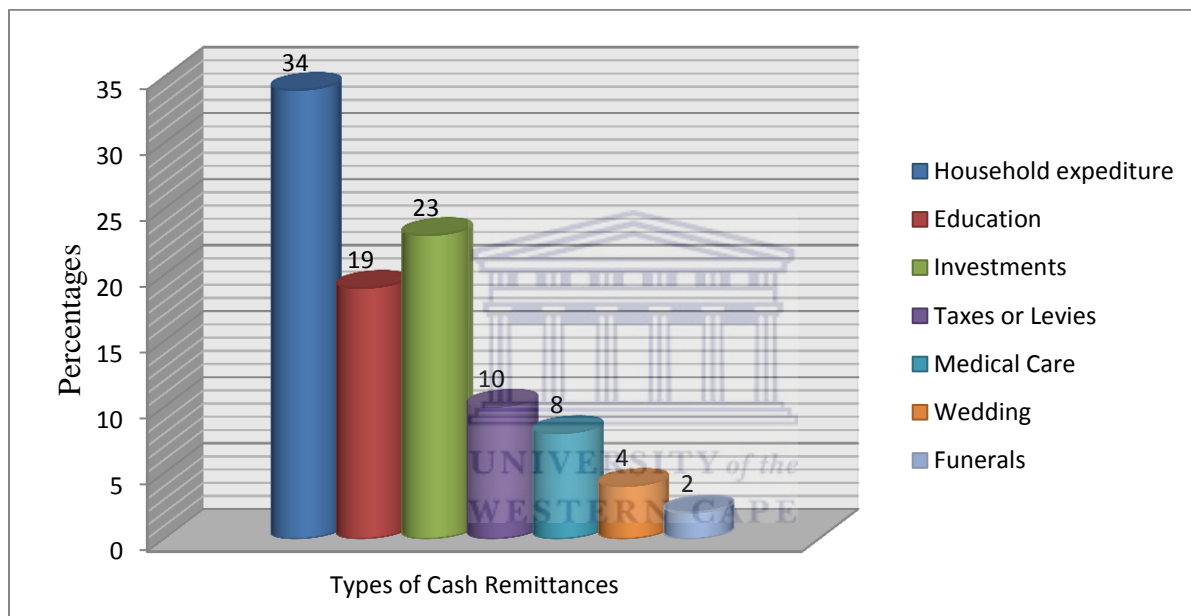
Another factor cited to be influencing the continued use of the Hawala Express Transfer services is the continued state of fear amongst migrants in South Africa especially the fear of what might befall them if and when attacks on foreigners are repeated. This makes them skeptical to have their hard-earned savings Banked or invested to remain in South Africa.

⁴⁵ Hawalaad is a money transfer agent of the Hawala Express working on behalf of the Dahabshiil establishments.

4.4 INTENDED USE OF REMITTANCES FROM UGANDANS IN CAPE TOWN

This section explores the perceptions of remittance sender on the intended use of remittances. Ugandan interviewed in this study indicated various intended use of the remittances that they send home. These included among others the acquisition of land, their family's well-fare, extra income, investments in shares, real estate, education and access to better schools (see Figure 9 below).

Figure 9 Intended Use of Remittances from Cape Town to Uganda



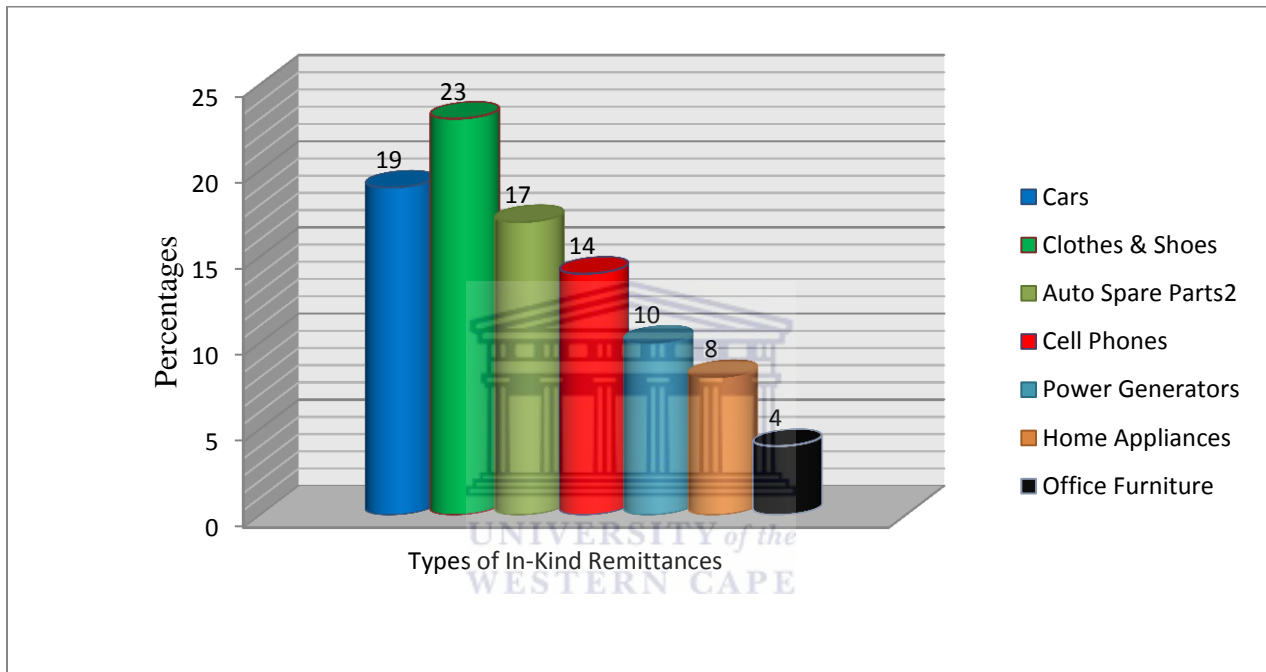
Source: Authors Computation 2011

Looking at the intended use of remittances shown in figure 9 above, it is clear that over 67 percent of migrant cash remittances from Cape Town are altruistically motivated as they seek to improve the lives of those left behind (household expenditure 34%, education 19%, medical care 8%, weddings 4% and funerals 2%). In relation to self-interest theoretical motives only 23 percent of the total cash remittance was invested and 10 percent was used to pay taxes or levies imposed on in-kind goods by the Uganda Revenue Authority.

Although the composition of in-kind items sent by migrants from Cape Town to Uganda showed a general inclination towards consumption goods (Cars, Electronics, Cell phones, Clothes, Shoes

and Furniture) sent by migrants, there is however an increasing shift in the mind set of migrants from sending consumption driven remittances towards sending productive equipment (agricultural equipment, power generators, commercial trucks, stationary, toilet paper making machines and so many others) to support economic activities in their communities in Uganda (figure 10 below).

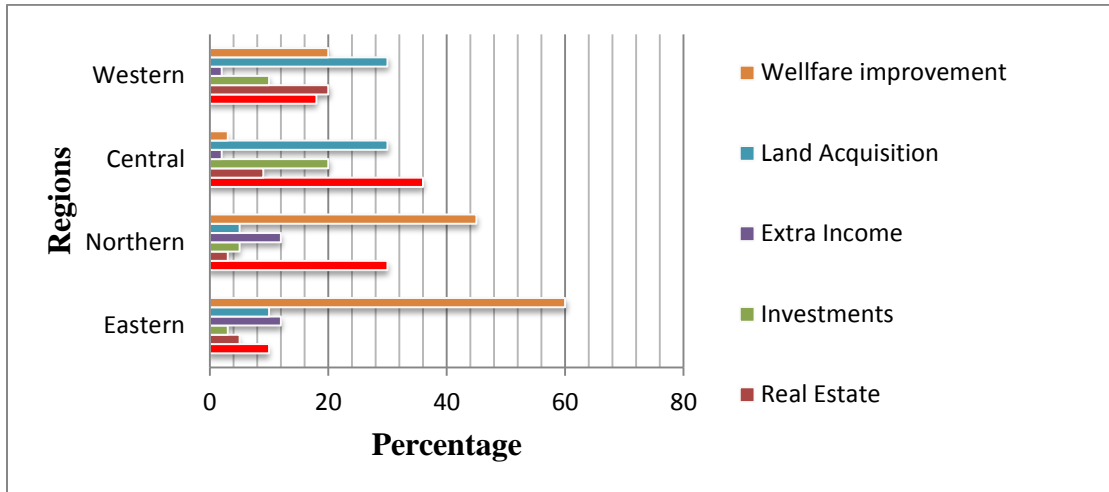
Figure 10 Types of In-Kind Remittances from South Africa to Uganda



Source: Authors Computation 2011

The intended use of remittances sent by Ugandans differs by region of origin. Ugandans from impoverished regions, Eastern and Northern Uganda, send 60% and 45 % respectively, to improve their family’s well-fare as opposed to those from the more developed Central and Western region whose focus is more towards capacitating their relative with education (supplementing governments primary and secondary universal education efforts), investment in shares, real estate and the acquisition of commercial land in key urban and strategic Oil regions (see figure 11 below).

Figure 11 Percentages of the Intended Use of Remittances by Region in Uganda



Source: Authors Computation of the survey data 2011

4.5 REMITTANCE DECISION

This section explores perceptions on the decision remit patterns among the interviewed Ugandans in this study. Among the married respondents in this study, the decision to remit is usually taken by the family head that is often responsible for the entire family's well-being. Sixty percent of married women seek permission from their husbands before remitting.

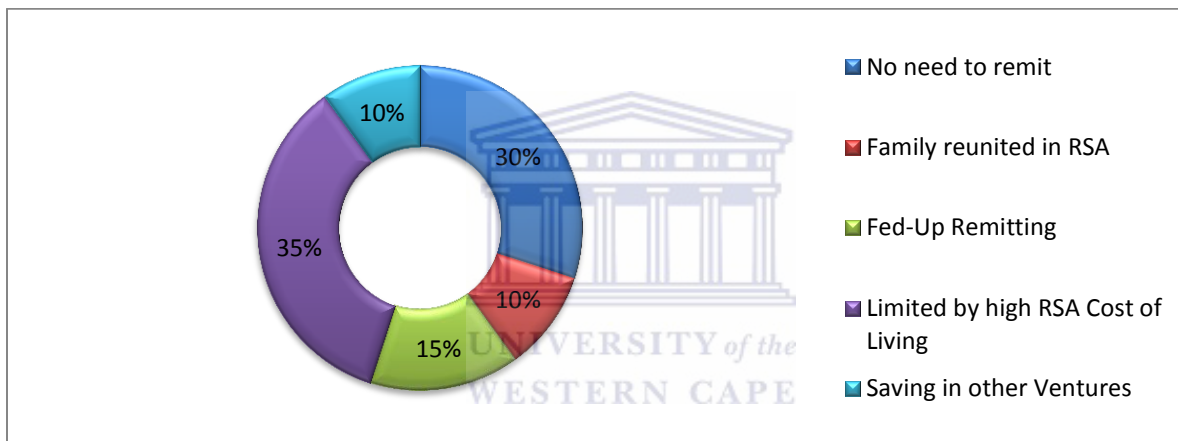
However, according to the council of elders, for working men with children outside the present marriage, it is not necessary to consult their present wives, this might be wrongly misinterpreted as maintaining past relationships for which their wives will never agree to and that's why they unilateral take decisions, in the best interest of all concerned. This clearly shows the existence of gender imbalances against women, among the interviewed male Ugandans living in Cape Town.

This however, does not mean that always a man has to be the one to decide, as more than half of the 16 percent of the interviewed respondents that are co-habiting are controlled by women who are the bread winners. Most individuals in co-habiting relationships that have children from previous relationships unilaterally decide to remit without consulting their partners since their children's general up-keep in Uganda is their own responsibility.

Although 75 percent of the Ugandan migrant workforce remits to assist their relatives back home, about 25 percent are still categorized as non-remitting Ugandans. Key reasons for non-remitting according to interviewed respondents include belonging to well-off families in Uganda who do not need to receive remittances to support their life styles.

Another reason for non-remitting is closely associated to the migrant’s financial capability to remit. 40 percent of these non-remitters cited the ever increasing cost of living (Housing rental, oil prices, Taxes, Telecommunication, and Food prices) in South Africa which made them financially unable to remit. Others indicated different reasons as shown in figure 12 below.

Figure 12 Reasons for not remitting



Source: Survey 2011

4.6 SUMMARY

In conclusion, this survey has in many ways afforded the researcher an opportunity to clearly estimate and systematically define migrants’ remittance and the socioeconomic determinants from the perspective of Ugandans in Cape Town. The research findings revealed that Ugandan remitters are largely self-employed males between the ages of 24 – 35 years, who have stayed in South Africa for more than 5 years, working in South Africa’s informal sector.

The relations within the household such as gender expectations may simultaneously affect the motivations to remit. This research also reveals that cash and in-kind remittances from Ugandan men are meant for long term family benefit (Such as; university tuition, commercial trucks,

Power Generators, Agricultural equipment's, Spare Parts, and Small Scale toilet paper manufacturing plants). Of the interviewed respondents in this study, 80 percent of men indicated that reason to remit is to improve the overall macro-family general outlook (number of properties owned) with the intension of contributing to the building or maintaining the family legacy within their community.

In contrast this research reveals that women tend to send a higher amount of their income, even though they generally earn less than men. Among the interviewed Ugandans in Cape Town, women usually send money more frequently and for longer periods of time than their male counterparts. Remittances from Ugandan women in Cape Town are mostly sent for consumption smoothening of the household expenditure (school uniform, medical bills, food, rent, funeral, clothes and transport) and to improve specified relatives that require assistance to improve their lives at a micro-family level. This is viewed in the analysis of the perceptions of migrants intended use of remittances as shown in figure 9 above.

The research also reveals that most Ugandan migrants make far more use of informal money transfer service providers (such as Dahabshiil, Olympics Express, Hawala express transfers and Kyeyo Trans-dollar agents) than the formal transfer operators. This is due to the strict cross boarder money transfer regulations put in place by the South African Reserve Bank through the Financial Intelligence Center Act 38 of 2001, which controls all formal financial institutions and money transfer operators.

The level of education has a great influence on the type of job (formal or informal) a migrant might get while in Cape Town but does not have a significant impact on determining remittances sent home. More than 70 percent of educated Ugandans remit far less than the less educated. This because most of them are tied in the viscous

Finally, the research reveals that Ugandan migrants are determined to work towards the improvement and development of their relatives in particular and the country in general. Ugandans are patriotically altruistic, culturally rooted and systematically programmed to respect and honor efforts placed in them by their families and country during their up-bring. This seems to be driving force of most Ugandans I have interviewed in this study.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

The purpose of this chapter is to synthesis the main research findings by highlighting the major points of the study as discussed in the preceding chapters. It also provides possible areas for future research as well as policy recommendations to increase migrant's remittances and their usage for the socioeconomic development of Uganda and its economy at large.

5.2 SUMMARY OF FINDINGS

This section will be focused on key findings of this study with regard to the determinants of migrant remittances. These include altruism, self-interest, the socioeconomic status of the migrant, the influence of the South African financial regulatory framework, the impact of informal transfer channels.

5.1.1 Altruism

Findings from the survey carried in this study indicate that 60 percent of the remittance senders are altruistically motivated. With the ever hardening migration regulations in South Africa, migrants have started to altruistically remit with the sole purpose of assisting their relatives to save remittances in order to sustain their livelihoods without necessarily basing their future consumption on future remittances. This is evident in the Ugandan remittance patterns and intended use. Although a large fraction of altruistic remittances are aimed at smoothing consumption needs, more than 40 percent of consumption expenditure is spent on accessing good education and health care which is an investment to benefit remittance receivers in the long run.

Time after migration is noted in this study to negatively affect migrants altruistic remittances as time, age and the newly started families create more responsibilities for migrants to concentrate on their families in South Africa rather than on relatives left behind. This is common among migrants in range of 34 – 44 age groups whose close relatives through family reunions programs joined them in South Africa.

In respect to the implicit contractual agreement carried out prior to migration, this study clearly indicate that migrant remittances (invested or consumed through payment of school fees) as part of the family strategy provides long-term benefit beyond daily consumption to guarantee the families future development. The desire to improve their relatives community standard of living through altruistic in-kind remittances have seen many migrants support improvements in the levels of their community library, schools, clinics, wells and access roads, in preparation for their eventual return. The rise in remittance during long period of droughts, festive sessions, declining economic times, further confirms that remittances from Ugandan migrants are indeed, altruistically motivated.

5.1.2 Self-interest

The desire for improving the lives of those left behind has been replaced in some cases by self-interest motives to send remittances, where the migrant's individual future ambitions surpass their families' immediate needs. This fact is collaborated by the continued investments by individual migrants in ventures that guarantee their own future well-being. Forty percent of the interviewed Ugandans indicated that they went for further education, bought land, expanded family estates, and invested in share capital to increase their individual portfolios within their families with the hope of family inheritance.

Based on their nation's centrality within the Great Lakes Region, Ugandans in South Africa have been exposed to opportunities to seriously take full advantage of the growing economic potential that Uganda holds, by remitting to invest in a wide range of businesses from general merchandize, transportation, real-estate, and acquiring prime land in rural and urban areas. Since their migration, many of them have managed to move themselves from the lower income group to middle class motivated by self-interest. The Ugandan migrant stock in South Africa has competitively driven high, self-interest motivated remittances in the race for possession of prime property in Uganda.

5.1.3 Migrant's socioeconomic status

The migrant's income is one of the most influential socioeconomic characteristics, critical in determining their remittances. Ugandans in Cape Town earn from a variety of jobs in search for

a better livelihood. While the educated work in formal government departments and private sectors, the biggest proportions of Ugandans work informally and others are self-employed. Although migrants are structurally barred from participating fully in the main stream economy due to their migration status, through their community social networks they gain access to revolving funds to start up their own businesses at an interest rate far lower than the official market rate. This is confirmed to be their main comparative advantage they hold over nationals in running successful informal businesses in South Africa.

A substantial amount of the income earned is therefore used to finance their soft loans, assist other upcoming businesses, pay for their life-style with the balance informally remitted in line with their family's contractual agreements, and the level of need for money for consumption and investment purposes. Although Ugandans working in the formal sector have all access to financial products given by commercial banks, 60 percent of what is remitted to Uganda is sent by Ugandans working informal sector. In the nutshell, the migrant's propensity to remit greatly depends on their social economic status in South Africa.

5.1.4 South African Financial Regulatory framework

Financial institutions participating in cross-border money transfers include two of the top five commercial banks working in partnership with two international Money transfer operators in South Africa. Absa Bank works in close partnership with Western Union while Standard Bank works in partnership with MoneyGram. Both banks provide cross boarder money transfer services to Ugandans using correspondent commercial banks in Uganda.

Although these banks independently choose to work in partnership with international MTO's, they work in terms of the South African laws instituted by the South African Reserve Bank Financial Intelligence Center Act 38 of 2001. These laws mandate all financial institutions to know their clients Identity, passport number, and source of income and proof of residence including their physical addresses. This is said to be one of the deterring factor that limits Ugandans without proper documentations, access to financial services including money transfer through formal channels.

5.1.5 Informal Money Transfer Services

Due to the imperfections in the financial institutions and formalized money transfer operations, informal money transfer services were created out of need to counter the exclusion of migrant communities from using the main stream transfer channels. In Cape Town and South Africa at large Dahabshiil is the largest Hawala express money transfer followed by Olympics express. Between these two Hawala networks, Ugandans transfer money to their relatives at a reasonable price with limited questions plus delivery to the receiving household in Uganda.

In terms of flexibility the Kyeyo Trans-dollars and other Hawala networks are by far more reliable, trusted and offers a better rate than any financial institution and money transfer operator in South Africa. These networks are simultaneously financed, managed and controlled by Ugandans (Kyeyo Trans-dollars) and Somalian (all Hawala networks) nationals with more than 15 years banking and accounting experience from top global investment trusts.

5.2 RECOMMENDATIONS

This section provides possible and implementable options and recommendations which can be taken to increase migrant remittance transfer in terms of volumes and usage of formal transfer channels as required by both host and remittance receiving economies. These includes efforts to strengthen bilateral cooperation between Uganda and South Africa, initiating incentives to Ugandan migrant's to formalize remittance transfers, granting MTO's preferential access to Bank of Uganda settlement systems and the inclusion of migration and remittance in Uganda's National Development Policy.

5.2.1 Strengthening Bilateral Cooperation between Uganda and South Africa

As discussed in previous chapters, the flows of migrant remittances through formal channels are often associated with high transactional costs, and restriction on cross-border financial transactions. Such problems can only be addressed through an active policy dialog under the memorandum of understanding between governments to improve for example the connectivity of their payment systems to reduce transactional costs. Issues in these policy dialogs should further be raised in bilateral cooperation negotiations between Uganda and South African Government.

While South African companies occupy 8 of the 14 best performing companies (MTN, Eskom, Game, Shoprite, South Africa Airways, Nile Breweries, Multichoice, Coca Cola and others) in Uganda, there is no Ugandan company given access to operate freely in South Africa. While there over 6000 products proudly made in South Africa in Ugandan Supermarkets, there is less than 3 Ugandan products in South African Chain of stores.

This has rendered our people unemployed and when they choose to move to South Africa the country considered as their trading partner, there not given the same preferential treatment and opportunity. To change this situation, South Africa through the department of trade and investment should clear some Ugandan finished products such as processed coffee, Tea and sugar to enter the South African market, not only for purposes of balancing trade and investment between countries, but also to provide employment to the Ugandans through value added enterprises based in Uganda.

This is attributed to the absence of strong bilateral cooperation negotiations, in which Ugandan migrants, having lived and professionally worked for over 15 years, feel they should participate in the formation of the co-development initiatives aimed at migrant's business development. This would have improved, Uganda's Trade agreements and opportunities thereby unlocking many Trade opportunities for Ugandans and improving their economic status and position in the South African economy.

In South Africa, the Ugandan Community Association, an umbrella under which most Ugandans belong, is presently in talks with relevant authorities lobbying to strengthen bilateral cooperation between South African and Ugandan governments and companies. This, according to the Central executive committee of the Ugandan community association⁴⁶, would improve the present systems and regulations in the South Africa and Uganda Remittance Corridor, thereby increasing the volume of formalized remittances from Cape Town to the remittance receiving households in Uganda.

⁴⁶MatovuBashil, Mr. Mukasa Richard, Mr. Kabisi Henry, Salongo Baker Ssebuliba, Salongo Hassan Kalule.

5.2.2 Proposed Incentives to Formalize Remittance Transfer

To minimize the continued growth in informal remittance transfers, authorities in both Uganda and South Africa needs to embark on the sensitization campaigns aimed at addressing economic and structural weakness that exists while spreading the importance of formalizing remittance transfers for the socioeconomic development of their country.

This survey provides an insight into the development potential of migrant remittance flows and highlights the need for the implementation of adequate incentives for migrants to use formal transfer channels. Respondents were in total support for the establishment of special category of deposit accounts, Tax breaks, fund-matching schemes and the private sector involvement and believe that this will go a long way in persuading more Ugandan migrants to remit using formal channels.

5.2.2.1 Special Category Deposit Account

Through discussions with different respondents during the interviews, the issues of how to save migrants money raised many questions of who should migrants trust with their hard earned income? In an attempt to address this problem, many respondents proposed the establishment of special category of deposit accounts with reputable financial institutions like the Development Finance Company of Uganda limited (DFCU).

Migrants believe that by having a long-term fixed deposit account with the DFCU, they could benefit from a variety of the Bank's products and services. Some of these special deposit accounts could give migrants mortgage finance at preferential interest rates. Based on the amount remitted and deposited in their accounts, financial institutions would give migrants loans to be part of the ownership of the booming real estate business and will make migrants feel appreciated and motivated enough to remit more.

Further still, Government could also mediate talks with financial institutions to provide migrants financial products, such as deposit and saving accounts in foreign currency (US Dollars or South African Rands) an aspect that gives comfort and trust in their savings as their money is kept in market friendly world currencies.

The multiplier effects of these migrant's long-term deposit accounts would be very beneficial to the whole economy at large as small and medium enterprises would gain access to soft loans to further fuel economic activities (farmers, retailers, transporters, education, health import and export) without necessarily wasting the migrant's hard-earned income. This will motivate more migrants to remit more through formal transfer channels with confidence to their local financial institution, while they work and live overseas.

5.2.2.2 Targeted Tax Break

In any given economy, Tax breaks constitute an important instrument to encourage migrants to send cash and in-kind remittances home through formal channels. Most interviewed respondents acknowledged the importance of increasing their economies tax base in achieving macro and microeconomic development of Uganda. However, Ugandans in Cape Town strongly believe that they should be exempted from paying import tax on capital goods and on large sums of money transferred through formal channels for investment purposes.

While India offers exemptions of interest income from income tax, other countries like Sri Lanka offers its foreign nationals the opportunity to purchase land at a preferential price set to impress and encourage formal transfers. Ugandans too believes if this was to be done, more migrants would feel the need to invest without fear of being over taxed. This should however be done carefully to avoid abuse of this offer by non-migrants. One should have supporting documentation from the Executive committee of the Ugandan Community in South Africa and a letter from the Ugandan High Commission from Pretoria to prove that he / she has been in South Africa for a given period of time, and have in his/her possession concrete investment plans approved by the Uganda Investment Authority before being exempted from paying taxes.

5.2.2.3 Migrant Fund Matching Schemes

The National Resistance Movement Government of Uganda under the stewardship of President Yoweri Museveni Kaguta introduced cost-sharing initiatives as a way to encourage Ugandans to take part in nation building. This started in tertiary institutions where students were required to pay a third of their tuition and the other two thirds were covered by the ministry of education. Likewise, respondents in this survey suggested fund matching schemes where government would

provide \$2 dollars for every \$1 dollar remitted to finance infrastructural projects in rural areas like Schools, public Hospitals, local police stations, libraries roads and community centers, and construction and renovations.

Fund matching schemes could also work where a migrant that is currently working in the medical field in South Africa after retiring invests in a clinic to service remote rural communities. In this case, government should subsidize staff salaries and guarantee duty free importation of medical supplies including ambulance. This would encourage many patriotically spirited Ugandans to engage in individual and collective remittance to improve Uganda's socioeconomic development.

5.2.3 Granting MTO's preferential access to Bank of Uganda clearing and settlements systems

In a bid to gradually increase remittance volumes transferred through formal channels, Money Transfer Operators should be granted preferential monitored access to Bank of Uganda clearing and settlement systems, as a way of reducing remittance fees by cutting off the influence of corresponding commercial banks, whose high transaction costs discourages potential remitters from sending money through formal channels in the first place.

The benefit from this win-win strategy would increase remittances volumes as it would be cheaper to transfer formally, and the receiver's standard of living would improve as more money will be paid out of the same transaction. Also, the Government through policy formulation and direction will plan with a high degree of informed oversight of institutions delivering remittances in Uganda for benefit of all.

Presently, money transfer operators in Uganda are monitored by their corresponding commercial banks, whose effectiveness in enforcing total adherence to Bank of Uganda regulatory framework is compromised by their emphasis on competition with other commercial bank rates. Thus, centralizing the function of oversight of institutions delivering remittance would be more effective and efficient under the able stewardship the Governor of the Bank of Uganda.

5.2.4 Inclusion of Migration and Remittance in Development Policy and Planning

Following examples from South East-Asia and findings from this survey, it is recommended that the inclusion of migration in Uganda's development policy and planning as a way to further encourage emigration of the skilled youth with remittances accumulation as a primary motivation. Further still, once there settled in their host cities, Uganda through its High Commission, should as part of its bi-lateral cooperation foster ways to assist Ugandan businesses in South Africa with strategic small business development and partnership facilitation in form of workshops, recommendations and starting capital popularly known as 'entandikwa', as an incentive to kick-start their businesses.

While this is true, Ugandan Universities on average produces over 4000 qualified scarce skills college teachers, 200 Surgeons, 500 physicians, 400 Pharmacists, 3500 lawyers and about 1000 accountants per annum and it is evident from the type of degree completed that the economy is not capacitated enough to employ all of them and parents, too, have no money left to finance their emigration abroad. Chances of our non-qualified nationals to get meaningful connections in legitimate high income businesses would rise with the increase in the number of professional nationals in the economy.

Given the above situation therefore, one expects our government to focus its poverty reduction programs towards the facilitation the skilled youthful population with access to migration opportunities in economies with skills deficits. This would in turn provide an enabling environment where Ugandans would have a comparative advantage over other competing nationalities in South Africa.

5.3 ISSUES FOR FURTHER RESEARCH

Due to the secretive nature of migrants in a foreign country, the researcher could not get access to critical information such as the income, education, distance to main urban centers and demographic characteristic of the remittance receiving households. Ideally, a study of migration, remittance and development would be based on information from both the migrants and the remittance receiving household. Therefore, research in future would integrate information that would throw more insight into migration, remittances and development.

5.4 CONCLUSION

Remittances have traditionally been part of the culture of Ugandans as it is in other African countries. Based on this study, the Ugandan social experience points to the fact that the families are bound together naturally and as such sharing one's resources amongst members of the family is culturally mandatory. The rise in remittance during long period of droughts, festive sessions, declining economic times, further confirms that remittances from Ugandan migrants are indeed, patriotically altruistic, culturally rooted and systematically programmed to respect and honor efforts placed in them by their families and country during their up-bring. This seems to be the driving force of most Ugandans I have interviewed in this study.

It is still important that researchers continue to investigate issues around the role of migration in development. This could help to inform policymakers of ways to increase the benefit of remittances and structure necessary interventions that may include Diaspora's to positively contribute to the economic and social development of their home countries. This in my view could be managed through mutual interactions between the migrant communities, host and home countries authorities in enabling transnational entrepreneurship, strengthening the capacity of migrants to engage in development projects that uplift their home economies.

In the Ugandan society, to care is to share. Sending remittances is just one way Ugandans in Cape Town show their loyalty to those that made them who they are and an investment in those who will help them in future. To the poor with a relative abroad, migrant remittances are the only accessible form of development finance to revitalize their socioeconomic development, in the absence of government-led initiatives to reduce poverty. Through remittances sent via formal and informal channels, the Ugandan migrant's contributions to the national economy should be acknowledged and accorded a platform in policy formulation particularly, on issues pertaining to poverty, migration and remittance in the national development policy planning of Uganda.

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APPENDIX 1 QUESTIONNAIRE

Introduction: Good day. My name is Richard Mukasa from the Institute for Social Development in the School of Government at the University of the Western Cape Bellville Cape Town in South Africa. I am carrying out a survey on the determinants of migrant remittances with specific focus on the Ugandan community in Cape Town. You have been randomly selected to participate in this study and you should rest assured that the information given in this interview will be handled with utmost confidentiality and is only to be used for the purpose of this study. This interview will only last for 25 minutes.

Personal details: Could you please tell me more information about yourself

1	Respondents Number:					
2	Sex:	Male		Female		
3	Age:	18 - 25	26 - 33	34 - 41	42 - 49	50 - over
4	Place birth:	Central Uganda	Eastern Uganda	Northern Uganda	Western Uganda	
5	Marital Status:	Single	Married	Separated	Divorced	
6	Education Level completed:	Primary	Secondary	Tertiary/University	Postgraduate	

Questions about your Migration to South Africa - Could you tell me more about reasons for migration and your current migration status?

7	What were your reasons for migration from Uganda?	Economic hardships	Political reasons	Further Education	Family reunion
8	Why did you choose South Africa as your destination country and Cape Town as the City of Residence ?	Perceived economic greener pastures	Better protection for asylum seekers	Access to African best Universities	Better social services
9	Did you come straight from Uganda to South	Yes	No	Which country	No answer

	Africa?							
10	What form of Transport did you use coming to S. Africa?	Air	Sea	Rail	Road			
11	How did you come here?	As a Professional	As a Student	As a Refugee	As a Visitor			
12	Who funded your migration ?	Individual Funds	Family Funds	Loan from Friends	Resettlement			
13	Who did you come with?	Alone	Friends	Family	Agent			
14	How Long have you been staying in Cape Town?	6 month – 3 years	4years – 7years	8years – 10 years	Over 10years			
15	What is	Citize	Permanen	Temporar	Work	Study	Refugee	Undocumente

your current migration status in South Africa?	n	t	y	Permi	Permit	Permit	d
	Residence	Residence	Residence	t			

Questions about your Household Composition – Could you let me know about your family situation here in South Africa?


16	Which of these family situations corresponds with your personal situation?	No Spouse no Kids	Have a Spouse but no Children	Have a Spouse and Children	Have a Child but separated
17	Where do your Spouse stay?	Cape Town	Uganda	I don't know	No answer
18	How many Children do you have?	No Children	1 – 2 children	3 – 4 children	No answer
19	In which Country do your Children under 15 years stay?	South Africa	Uganda	Mine are older	No answer

20	What is your relationship with people in your Household in Cape Town?	Spouse	Children	Sister	Brother	Parents	Friends	In-Laws	Workers

Questions about your Economic Status – Could you tell me about your economic status in Cape Town as well that of those in your household?

21	How many people in your household are economically active?	1	2	3	All of Us			
22	Are you personally employed?	Yes			No			
23	What form of Employment?	Formally Employed		Informally Employed		Self-Employed		
24	If formally employed what Kind	Accountant	Doctor / Nurse	Administrator / Manager	Lawyer	Lecturer / Teachers	Hospitality	Pilot / Engineer

	of work?							
25	If informally employed, what kind of work?	Street Vendor	Tax Driver	Car Wash	Waiter	DJ	Shop Attendant	Money Transfer
26	If Self-Employed	College Owner	Shop Owner	General Consultant	Café Owner	Property Broker	General Exporter	Saloon Owner
27	What is your Annual Income? (in RSA Rands)	Less than R35000		R70000 +/-	R70001-R140000		R150000 and Over	
28	Do you pay Income Tax?	Yes		No		No answer		
29	Do you have a Bank Account in South Africa?	Yes			No			
30	If Yes in	ABSA Bank		Standard	Ned Bank	FNB		Post Bank

	which Bank?		Bank			
31	If No, Why don't you have a Bank Account?	Don't have a Valid Passport	No Proof of Residence	No Money	I don't trust Banks	Keep it in my stock
32	Do you have a Home, Car mortgage or a Personal loan in South Africa	Yes		No		
						

Questions about Remittances to Uganda – Could you tell me more about your household remittance sending behavior?

33	Do you send remittances?	Yes			No			I don't know	
34	If Yes, what purpose	Medic al expen	Consumpt ion Smoothen	Educatio n	Loan Repaym ent	Land	Investm ent	Fune ral	Wedding

	was the money sent for?	ses	ing						
35	If not, Why?	Paying off my home mortgage and a loan in South Africa	All my family is here	Saving through insurance policies, retirement plans	I don't trust my people any more	Don't have money			
36	Who decides to send remittances home in your Household?	Myself	Spouse	Children	Parents	All of us			
37	To whom do you send Remittance to in Uganda?	Spouse	Children	Parents	Siblings	Uncles/Aunts	Friends	Organizations	

38	Why do you only send to this person?	Trusted	Near to the receiving centre		He manages my businesses			Has a Bank Account	
39	What motivates your remittance behaviour?	Altruistic reasons	Self-interest	Income differentials	Insurance motive	Cost of Transfer	Respect of Family Agreement	Investment Climate in Uganda	Incentive Programs in Uganda
40	Which Ugandan organization do you belong to?	Ugandan Community-Agalya'wamu		Ugandan Professional association		Ugandan Students Association		None	
41	Why do you belong to this particular organization?								

Questions on Remittance Transfer Channels – Tell me about remittance transfer channels that are in use in Cape Town

42	Which form of	Formal Transfer Channels	Informal Transfer Channels
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	Transfer Channels do you often use?							
43	What's your best Formal Transfer Channel you have used?	Account-to-Account Transfer	Western Union	Moneygram	Telegraphic Transfer			
44	What are your reasons for using formal transfer Channels?	Its Legal	It's the only choice	I have a Bank Account	Receiver preference		Its straight forward	
45	What are the informal Transfer channels you have used before?	Hawala Transfer	Express	Kyeyo Dollars	Hand Carried		In-Kind Transfer	
46	What are your reasons for using informal transfer channel?	Its Cheaper	Faster and Simpler	Reliable and deliver for free	Culturally Trusted	Receivers preference	Better Rate	No formal channel
47	How much do you often remit	R10000 – R20000		R30K - R60K	R70000 - R140000		R150000 - over	

	to Uganda per year?							
48	How Often do you remit?	Frequently	Once in a while	When am asked	Monthly			
49	Which transfer channels do consider the fastest and cost efficient?	Bank Transfers	Formal MTO's	Mobile Transfer	Hawala Express	Hand carried	Kyeyo dollar	Telegraphic Transfer
50	Which Transfer Channel do you consider expensive?	Bank Transfers	Formal MTO's	Mobile Transfers	Hawala Express	Hand Carried	Kyeyo Dollars	
51	What can be done to get informal remitters to send their remittances through formal channels?	Financial literacy	Open Bank Account	Relax transfer restrictions	Reduce transfer costs			

Questions on Transnational Living – Relations between migrants and remittance receivers in Uganda

52	Do you or someone in your household have a Bank account in Uganda?	Yes			No			
53	In which Bank is that Account?	African Bank	Nile Bank	Orient Bank	Crane Bank	StanbicBank	Barclays Bank	Standard Chartered
54	Do you or any one in your household have a mortgage or loan being financed in Uganda?	Yes			No		I don't know	
55	For what purpose was this loan?	Home Finance		Buy Land	Business		Personal Loan	

56	Do you or someone in your household have businesses that require him / her to travel Home often?	Yes		No			I don't know	
57	What kinds of business are in?	Farming	General Merchandize	Tours and Travel	Real Estate	Car Importer	Exporter	General Suppler
58	If you don't have business right now, do you intend to open up one in the next coming years?	Yes		No			I don't know	
59	In which	Uganda		South Africa			I don't know	

	country do you intend to do it in?			
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Concluding question – Do you think there is anything important in relation to this study that I have left out? Is there anything that you would like to ask me? Thank you for your patience and participation in this study. I wish you all the best and pleasant day.

