

Remittances hit \$1.6b

By Benon Ojiambo

A way from the traditional exports of gold, coffee, other agricultural products and foreign direct investments, remittances have emerged as one of the major sources of foreign earnings to Uganda.

According to the Bank of Uganda's annual report for the financial year ended June 2025, remittances to Uganda increased to \$1.6b (about sh5.9 trillion) in the period under review, an increase from \$1.4b (about sh5.1 trillion) the previous year.

Remittances are basically money that a country's citizens working abroad send back home.

According to the World Bank, remittances at a macroeconomic level have a counter-cyclical effect, reducing the volatility in growth and helping countries adjust to policy shocks.

At the microeconomic level, the World Bank says, remittances allow poor households to improve children's health and educational outcomes, increase their savings and spend more on consumer durables and human capital.

While the Bank of Uganda's report does not specify the source of Uganda's remittances, a 2023 World Bank report shows that about 40% of remittances originate from the US and the UK, where Ugandan professionals have established themselves in healthcare, finance and education.

Additionally, the Middle East, particularly Saudi Arabia, the United Arab Emirates and Qatar, contributed approximately \$500m (35%) primarily from Ugandans engaged in domestic work, security and construction.

On the other hand, Kenya accounted for \$100m (about 7%), highlighting the growing role of intra-regional migration.

Referencing the 2024 National Population and Housing Census (NPHC) report, the Economic Policy Research Centre (EPRC), in a June 2025 publication, equally said 1.5% of Uganda's 10.6 million households received remittances in the past year.

EPRC further says the 2024 NPHC highlights remittance utilisation, explaining that about 25% of remittances go towards food and daily necessities, 17% to education and the remainder to healthcare, housing and small business investments.

The Bank of Uganda annual report says remittances were important to both Uganda's exchange rate developments and balance of payments.

The report says despite the heightened global uncertainty, particularly in the second half of the year, the Ugandan shilling strengthened against the US dollar, appreciating by an average of 2.7% over financial year 2024/25.

