



# **MFS AFRICA**

**MFS AFRICA : ENABLING, SCALING AND LEVERAGING DIGITAL INTERNATIONAL REMITTANCES TO THE GAMBIA, GHANA, KENYA, SENEGAL AND UGANDA**

***NATIONAL REMITTANCES STAKEHOLDER NETWORK: UGANDA***

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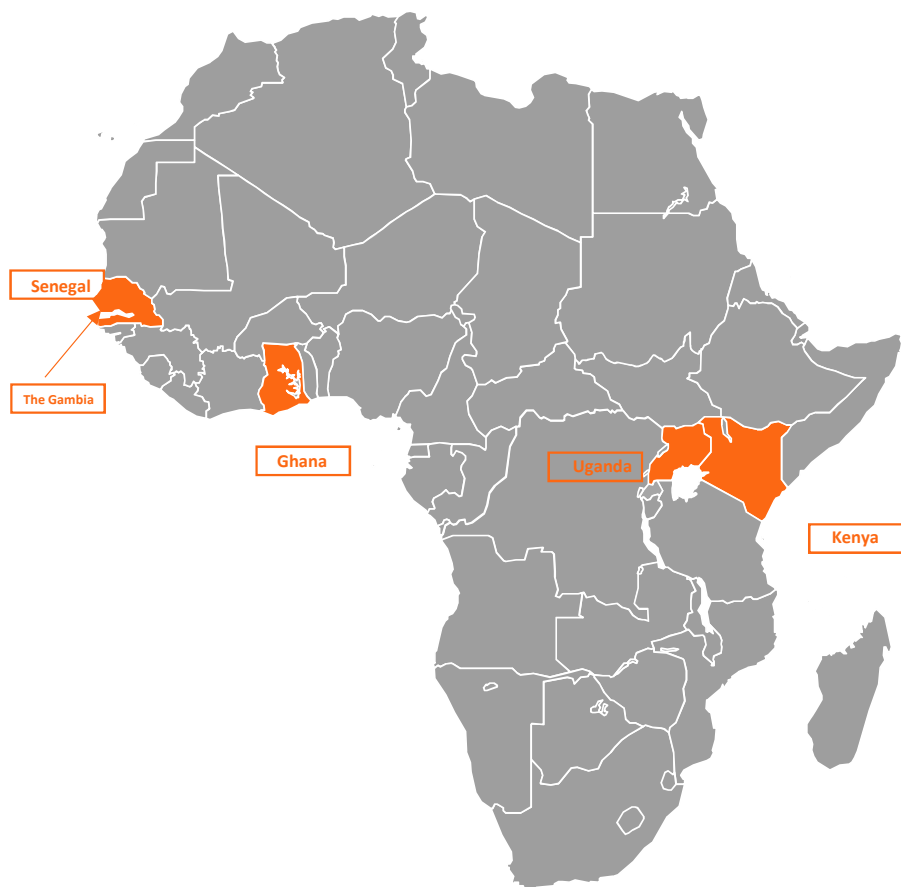
**Project overview**

**Expect results**

**Country Focus:  
Uganda**

**Hospital Cash  
Embedded Insurance  
(Rwanda-Uganda)**

# GRANT CONTEXT



MFS AFRICA

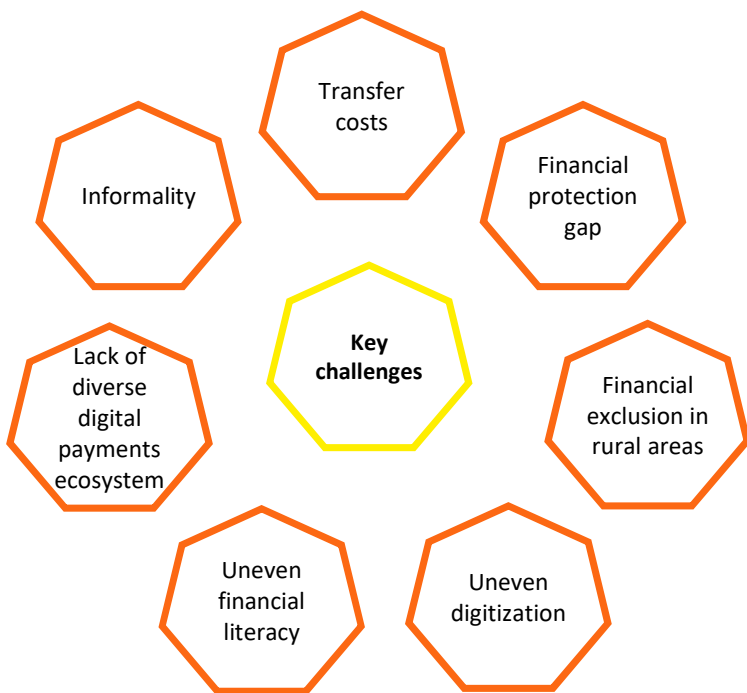
**Remittances are critical in the fight against poverty.** Over 200 million migrants currently send remittances to 800 million family members in low- and middle-income countries (LMICs). Despite the COVID-19 crisis' crippling economic effects, remittance flows to LMICs proved resilient and quickly rebounded after a sharp decline at the start of the crisis. Remittances to LMICs had reached US\$540 billion by the end of 2020, only 1.6 percent less than the US\$548 billion seen in 2019.

Since International remittances represent a huge source of income for Africans and their economy, it's not surprise that for countries like **The Gambia**, remittances represents almost **65% of their GDP** in 2021. On the other hand, **Ghana, Kenya, Uganda and Senegal** have remittances equating to **5.9%, 3%, 2.8% and 10% of their respective GDPs**

Despite falling remittance transfer costs in recent years, the African remittance market remains the most expensive, with an average transfer cost (to and within Africa) of 7.83% of the send amount (Q4 2021), compared to the global average of 6.0%. (Q4 2021). Reduced to at least 3% by 2030, migrant families in Africa would receive an additional \$5 billion per year.

The five countries included in this grant ; The Gambia, Ghana, Kenya, Senegal and Uganda) were selected by IFAD's Financing facility for Remittances (FFR). Upon conducting a diagnostics check on each country, the FFR assessed such as consumer protection, market participation, the presence of e-money IMT. Ultimately it was determined that across the board there was a need : for in-person and cash-based financial service alternatives, as well as the need to accelerate financial service digitalization as a key lever for fostering long-term recovery and resilience to future shocks.

# PROJECT OVERVIEW



**MFS AFRICA**



## Project budget

MFS Africa was awarded € 1.2M for the implementation of the project.

## Why MFS Africa?

The model of intervention lies on the hub nature of MFS Africa which interconnects online remittance platforms from main sending countries to Africa and mobile money providers with a large footprint within Africa, resulting in the coverage of 800 bilateral corridors to and within Africa. Making these systems interoperable, MFS Africa fosters the development of end-to-end digital remittances, more cost-effective than cash-based methods, while mutualizing the cost of establishing partnerships and integration among participants



## Where?

The project will be implemented in relevant remittances corridors between the EU and African sending countries, and the five selected receiving African countries. Please see slide.

## IMPLEMENTATION PERIOD

Two years from the 29<sup>th</sup> of August 2022

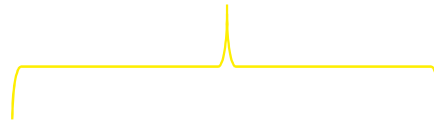


# PROJECT OVERVIEW (CONTINUED)

## GOAL AND GRANT OBJECTIVES

### GOAL:

To enhance the financial resilience and economic empowerment of remittance recipients through cost-effective digital channeling and safeguarding of remittances flows.



**Objective 1:** Enable low-cost and formal end-to-end digital remittance solution(s) that extend the reach of formal remittances to African diasporas from the five selected countries and their families back home, focusing on the rural unserved population

**Objective 2:** Promote greater use of formal and digital channels to send international remittances in selected European and African corridors through customer awareness and financial education.

**Objective 3:** Enhance financial resilience of remittance families, by linking insurance with remittances to cover senders against unexpected shocks and ensure consistent remittances flows to their families back home.

**Objective 4:** Generate lessons for the implementation of enhanced digital remittance transfer services and embedded insurance products.

# SELECTED CORRIDOR MATRIX

Table 1 - Multi-corridor matrix						
African receiving countries		The Gambia	Ghana	Kenya	Senegal	Uganda
European sending countries						
Germany	Pay-in partner	X	X	X		
	Pay-out partner	X	X	X		
Italy	Pay-in partner	X	X		X	
	Pay-out partner	X	X		X	
The Netherlands	Pay-in partner		X			
	Pay-out partner		X			
Spain	Pay-in partner	X			X	
	Pay-out partner	X			X	
Sweden	Pay-in partner	X				X
	Pay-out partner	X				X
African sending countries						
The Gambia	Pay-in partner				X	
	Pay-out partner				X	
Rwanda	Pay-in partner					X
	Pay-out partner					X

# EXPECTED OUTCOMES



**Outcome 1: Shifting from cash-based transactions to end-to-end digital remittances at a lower cost.** Thus, creating 111,800 new remittance senders and recipients.



**Outcome 2: Improving Financial Inclusion in Rural Gambia.**  
Extend the reach of international remittances in rural areas in The Gambia with 350 newly trained agents



**Outcome 3a: Product launch of MTO-enabled insurance embedded product providing a safety net for at least 9,400 remittance senders in the Germany and Italy**

**Outcome 3b: MNO-enabled insurance product enhanced to reach 11,500 new policy holders in the Rwanda-Uganda corridor.**



**Outcome 4: Lessons learned and insights analysed and disseminated through two knowledge products.**

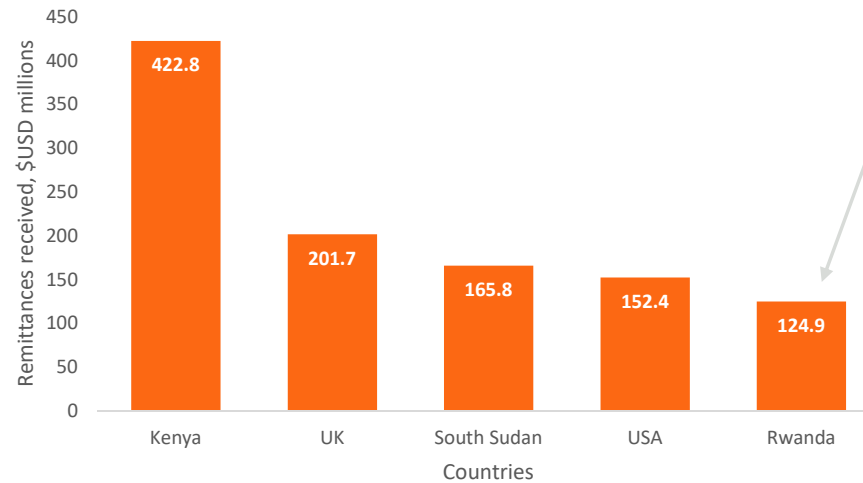


# COUNTRY FOCUS: UGANDA

## Fast facts:

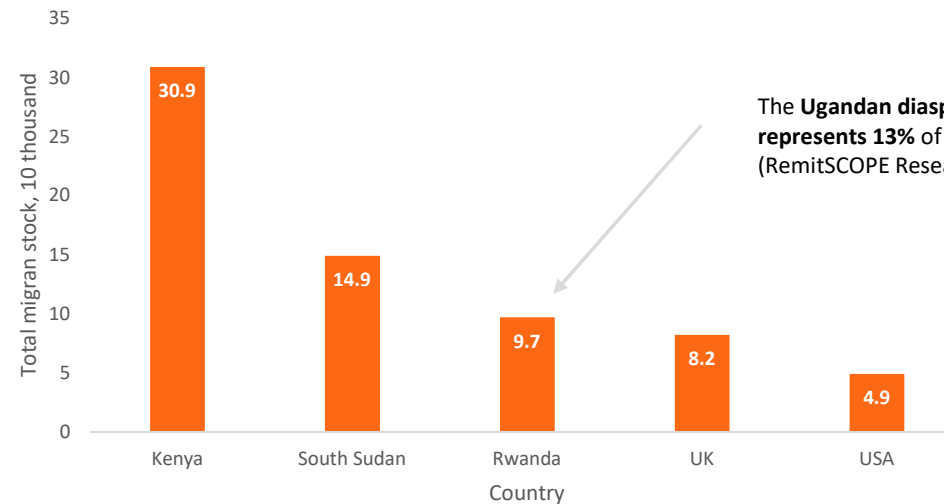
- Volume of remittances in 2020 reached USD \$1,4 billion (World Bank, 2020)
- Average price of remittances to send USD \$200 is 11%.
- Financial inclusion rates: 78% of adults have an account at a financial institution, incl. mobile money (FinScope, 2018)

Top 5 remittance value inflows into Uganda



It is not surprise that Intra-African remittance inflows represent the majority of inflows (approximately 67%). While Uganda receives higher volumes of remittances from Kenya and South Sudan, **the Ugandan diaspora in Rwanda represents approximately 10% of remittance contribution.**

Top 5 main host countries for the Ugandan Diaspora



The **Ugandan diaspora in Rwanda represents 13%** of total diaspora worldwide (RemitSCOPE Research 2021).



# COUNTRY FOCUS: UGANDA CORRIDORS

## Fast facts:

### Sweden to Uganda

- ✓ Sweden has the largest Uganda diaspora in the EU
- ✓ USD 13.1million in digital remittances was sent from Sweden to Uganda in 2018 (World bank, 2018)

### Rwanda to Uganda:

- ✓ Rwanda is home to the third largest Ugandan diaspora, with over 100,000 Ugandans residing

## Grant activities per corridor

### Sweden to Uganda:

- Key Partners: Paysend (Pay-in) and MTN Uganda (Pay-out)
- The main activity for this corridor is to facilitate customer and diaspora awareness and education on the digital international remittances products available in Sweden.
- The project will involve a “Push and Pull” strategy where Paysend in Sweden will build awareness of their remittance to the Uganda diaspora, mainly through digital channels.
- MTN Uganda will build customer awareness by incentivizing recipients with free airtime promotions and SMS messaging.

### Rwanda to Uganda:

- One of the only 2 intra-African corridors in the project.
- Key partners: MTN Rwanda (Pay-in) and MTN Uganda (Pay-out).
- The main activity for this corridor is to facilitate customer and diaspora awareness and education on the mobile money product available to the Uganda diaspora.
- The project will involve a “Push and Pull” strategy where the MTN entities will build awareness of their remittance product to Ugandan senders.
- MTN Uganda will build customer awareness by incentivizing recipients with free airtime promotions and SMS messaging.
- In addition, the project will enhance the existing embedded insurance product (next slide)

# GIVEN THE HIGH FINANCIAL INCLUSION RATE IN UGANDA, THE MARKET HAS BEEN RIPE FOR EMBEDDED INSURANCE OPTIONS TO SUPPLEMENT BASIC MNO PRODUCTS

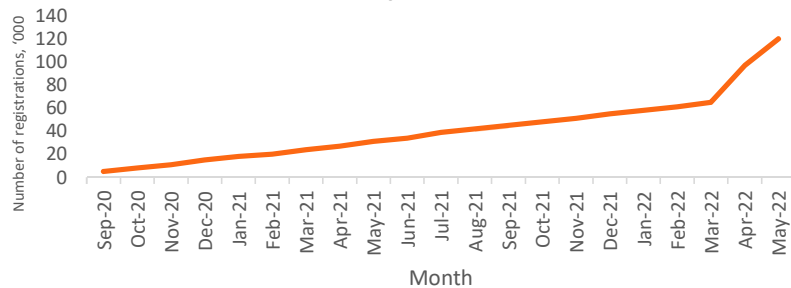
IN PARTNERSHIP WITH MFS AFRICA AND MTN RWANDA, INCLUSIVITY SOLUTIONS HAS LAUNCHED AN EMBEDDED INSURANCE PRODUCT PILOT FOR THE RWANDA-UGANDA CORRIDOR. THE IFAD GRANT PROJECTS SEEKS TO ENHANCE THE PRODUCT.

## Pilot summary: HOSPITAL CASH



Partners

Cumulative customer registrations of the Hospital Cash product



Source: Inclusivity Solutions, 2022

- The pilot launched in September 2020
- **Hospital Cash** is a loyalty-based product offered to **senders** in Rwanda
- **Coverage:** hospitalisation – in the event the sender is hospitalised for 3 or more consecutive nights
- **Three levels of coverage** depending on the monthly remittances sent
- Customers get qualified with the basic cover if they send at least one remittance per month, and they can double or triple their coverage by sending more than a certain threshold per month
- **Claims** are paid to the sender

**17% average rate of growth per month for cumulative customer registrations**

A woman with dark hair, wearing a blue denim shirt, is smiling and looking down at a smartphone she is holding with both hands. The background is a blurred indoor setting with a window. The text "THANK YOU!" is overlaid on the left side of the image in a bold, yellow, sans-serif font.

**THANK YOU!**



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