



THE 5TH ANNUAL BANKER'S CONFERENCE DATES: 26TH JULY 2021



THEME: “Bridging financing gaps in the manufacturing, tourism/hospitality and Agri-business sectors to catalyze economic recovery & growth post 2021”

OPENING REMARKS

Protocol.

- The Permanent Secretary Ministry of Tourism & Antiquities.
- The Chairman Uganda Tourism Board.
- The Chairman Uganda Tourism Association
- Our keynote Speaker, distinguished panelists, facilitators & other resource persons here present as well as all sponsors for this conference.
- Representatives from Bank of Uganda.
- Members of the diplomatic corps & development partners here present.
- All representatives of government ministries, departments & agencies.
- Stakeholders from the tourism, hospitality & agri-business sectors as well other private sector players represented here this morning.
- Representatives from the academia, civil society and all professional bodies.
- Directors and Chief Executive Officers of Financial Institutions
- Distinguished Invited Guests On-line, Ladies and Gentlemen.

Welcome

On behalf of the Bankers Association, I welcome you to 2nd day of our 5th series of the Annual Bankers Conference and thank you for honouring our invitation.

Today we will focus on Tourism, Hospitality and Agribusiness and their related value chains.

The Potential in Tourism.

Tourism is one of the largest and fastest growing industries globally and will play a significant role in regaining the socio-economic recovery post the covid-19 pandemic.

Tourism promotes trade and investment and significantly contributes to the development of other sectors including the construction sector, manufacturing sector, retail sector, transport and logistics, food services and financial services, among others.



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The statistics indicating the contribution of the Tourism & hospitality sector in Uganda is well illuminated in our conference magazine and I will not repeat them here.

Uganda’s tourism sector still has unique untapped potential and we are enthusiastic that UTB’s 2021-2025 strategic plan & new brand identity will unlock this potential.

MSMEs are active in all parts of the tourism value chain made up of among others tour operators, transporters, accommodation, restaurants, gift sales, excursions and supporting communities.

The above sectors & their value chains require will require timely/well structured & tailored competitive financing to anchor their recovery or growth as the case may be, especially after the devastating effects of the COVID-19 Pandemic.

Accommodation providers including hotels & ABnB are another part of the chain and vital ingredient for travelers who are looking for a unique travel experience as conveyed via the staff and the property itself

Statistics indicate that approximately **90%** of the hotels are owned by the private sector, out of which approximately **75%** are owned by domestic private players. These statistics point to private sector financing needs.

Direct loan tourism & hospitality sector exposure to financial institutions regulated by BOU currently stands at Ugx 435bn excluding property refurbs & developments separately captured under real estate.

Key identified financing opportunities for private sector players in the Tourism and Hospitality sector include,

- Working capital & medium-term debt support of 24 –48 months to ease the settlement of the debt burden, cushioning the businesses, individuals, and financial institutions during the recovery period.
- Medium term business recovery support of 60 – 72 months to enable the hospitality and tourism industry on a national and regional level including marketing and support materials, staff training and retraining, information.



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- Provision of long-term appropriate financing mechanisms to support the tourism and hospitality sector infrastructure and the related ecosystem.

Challenges

Like all tourism industries around the world, the Uganda Tourism sector was not spared the effects of COVID 19. Uganda had one of the longest lockdowns and as a result, the industry suffered huge financial and physical setbacks.

The Tourism industry has however shown resilience and is getting back on track with future projections promising.

Given that most of the internally generated revenue from the tourism sector is largely reliant on nature-based tourism products, ensuring financial resilience and recovery in the post COVID-19 recovery phase requires private financing of diversification of tourism products. In this regard, private sector credit should target small and medium enterprises complimented by capacity-building for local communities to develop and promote local tourism products.

To this end, special thanks go to UDB and the EU who are providing the tourism facility that has a grant component as well.

Despite the above recovery trend however, the share of the national budget allocated to the tourism sector has however persistently remained low, ranging between 0.1 to 0.6 percent of the total national budget for the last eight years (2014/15 to 2021/22) and has not been in tandem with that of the total national budget over these years. This challenge could constrain or curtail growth sector and limit the otherwise high potential in the sector if not re-visited.

We also believe a review of some of the fiscal policies around the tourism & hospitality sectors especially the numerous taxes & levies in the hotel & other subsectors in the value chain could also go a long way in providing the much-needed relief & serve as an attraction for further investment.

Development partners and civil society organizations are playing a significant role in supporting the sector through tourism related activities including,

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- mobilization of technical and financial resources to support government efforts, in preservation of the resources upon which tourism is based,
- influencing policy development, marketing, public sensitization and awareness about the tourism potential and opportunities,
- research and advocacy for community and capacity enhancement.

Development partner support is however constrained by factors related to implementation modalities, specific conditionalities as well as unavailable implementation capacity in-country. Support constraints could also emanate out of delays in release of counterpart funding from government, lengthy procurement processes, and inadequate harmonization of other programmes to support/compliment the tourism sector.

The above negatively impacts financing Uganda’s tourism sector and as such, it is imperative that integrated planning is undertaken between government, development partners, and private sector players, before projects are identified and later implemented.

Such a framework would ensure that support goes where impact is highest.

Priority areas for financing of Uganda’s tourism sector

The banking & financial sector is however at the center of all these dynamics as providers & enablers of financial flow and is the reason this dialogue is happening.

This session is intended to help us focus on how best, financial sector players and institutions can competitively and sustainably bridge the gap and make available the much-needed financing required to support both recovery & growth of these sectors without compromising the resilience & growth of the banking sector itself.

They priority areas for financing therefore include,

- Financing to increase existing stock and quality of tourism infrastructure including skills development.
- Financing tourism product development and diversification.
- Financing aggressive tourism marketing.
- Financing responsible & sustainable tourism.



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The world has become very environmentally conscious and sustainability issues today impact travelers choices about destinations and where to stay.

Activities that damage the environment attract strong negative sentiments and can typically constraining financing and furthering of projects, however critical & developmental it may be to a country.

At the small & medium sized business levels, environmentally friendly technologies are preferred including say hotels using solar power, conserving water, reducing plastic waste etc. Guests now expect hotels to join the sustainability movement.

Alternative financing options including Green Finance, (Climate Finance), Responsible Banking for Sustainability and other forms of blended financing is the way to go and increasingly being required of financial institutions as well as beneficiary end users to leverage on.

We have in this conference subject experts to discuss all these areas today and we look forward to rich deliberations & recommendations

Conclusion

I wish to conclude by calling upon you all to participate and contribute to enriching this financing conversation so that we unlock the said potential.

Once again, I would like to express my gratitude to all of you participants & partners for honouring our invitation.

Julius Kakeeto
Vice Chairman, Uganda Bankers Association
[26th July 2022](#)