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Potential of the Tourism Sector

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1.0 INTRODUCTION

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 and players in the tourism ecosystem including the construction sector, manufacturing sector, retail sector, transport and logistics, food services and financial services, among others.

Prior to the pandemic, the Travel and Tourism industry directly contributed 3.3 percent of the total global Gross Domestic Product (GDP) and contributed about \$8.9 trillion to the global GDP in 2019. In Uganda, the tourism sector is a major source of employment, government revenue and foreign exchange earnings. In FY 2018/19, Travel and Tourism was the number one foreign exchange earner in Uganda, generating over US\$ 1.6 billion in foreign exchange, contributing approximately 7.7 percent to GDP and employing close to 700,000 men, women, and youth. Tourist exports amounted to about US\$ 431 million in 2019, representing 6.3 percent of total exports.

Due to the covid-19 pandemic, the country was estimated to have lost up to 1 million foreign tourist arrivals by the end of December 2020, which translated into a loss in foreign exchange earnings of up to US\$ 1.06 billion (UGX 3.91 trillion). However, the sector is steadily recovering with the removal of restrictions put in place to curb the spread of Covid-19. Tourist bookings countrywide tripled in 9 months increasing from 27,542 bookings recorded by end of August 2020 to 83,464 by end March 2021, which was a great leap of recovery from the lowest level of 3,534 tourist bookings in June 2020.

Due to covid-19, there are potential long-term changes in the behaviour of tourists and travelers, as people have become more cautious about travelling. Covid-19 had positive impact on local tourism since it encouraged many Ugandans and regional residents to visit different domestic tourist attractions because they could not travel to other countries – Uganda is the number one source of tourists for countries like Kenya and Rwanda.

The key strengths of Uganda's tourism sector include the unique untapped potential in the form of eco-tourism, bird life, contrasting scenery and substantial game populations; tourism resources that are only modestly exploited and less commercialized; competition among players in the sector is less intense than in other countries; and Uganda has unique attractions can be marketed both as a long-haul destination and as part of a regional package with other East African countries.

2.0 COMPOSITION OF UGANDA'S TOURISM SECTOR

Uganda's tourism sector is mainly based on her natural endowments which include the abundant and diverse wildlife, culture, landscapes, and water bodies. Uganda has favourable climate and rich culture including captivating dances and exquisite cuisines in the different parts of the country. Ugandans are well known for being very friendly, open, and hospitable. The country is strategically located at

the heart of Africa, making it easily accessible to tourists from different African countries. Uganda is only 0.02% of total dry surface of the world but accounts for about 7% and 11% of the known world's mammals and birds respectively. 25 percent of the country's surface area is covered by water including freshwater lakes, crater lakes and rivers, despite being a landlocked country.



Picture of a Traditional Dance



Picture of Owen Falls on the Nile

Uganda has more than 50% of the world's remaining population of mountain gorillas in the world, over 1,060 species of birds which constitute about 11% of the global population of bird species and 50% of Africa's bird species, 345 species of mammals which constitute about 7% of the world's mammal species and 39% of Africa's mammals, 86 species of amphibians which constitute 19% of Africa's Amphibian species, 142 species of reptiles which constitutes 14% of Africa's reptile species, 1,249 species of butterflies, over 600 species of fish and over 5,406 species of flora. However, it is also estimated that between 50% and 60% of Uganda's biodiversity still remains outside protected areas thus neither protected nor well known if at all.



Picture of Snakes



Picture of a Crocodile

Uganda is home to the source of River Nile, which is the longest river in the world, Lake Victoria, which is the largest freshwater lake in Africa, Mountain Rwenzori, also known as the legendary mountains of the moon, which is the only mountain in the world with a snow cap on the equator, and Lake Bunyonyi, a crater lake, which is also the third deepest lake in the world. Uganda has 10 national parks, 12 wildlife reserves, 10 wildlife sanctuaries, 5 community wildlife management areas and 506 central forest reserves, each with unique endowments, attributes, and activities.



Picture of a Crater Lake



Picture of River Nile

Examples of tourism activities in national parks include game drives, nature walks, night walks, forest walks, primate walks, hiking, bird watching, gorilla tracking, boat cruises, entertainment from local communities and indigenous groups of people, among others. Mountains including Mountain Rwenzori and Elgon are available for year-round hiking and mountaineering. The source of the Nile in Jinja is a hub for adventure sports including white water rafting, bungee jumping, kayaking, mountain biking, off-road driving, motor and squad biking, international triathlons, among others. The traditional customs and lifestyles of the different groups of people in Uganda are still alive in several parts of the country, which adds spice and entertainment to the tourist experience for example through spontaneous dancing and music. Tourists can also get souvenirs from several local traditional art pieces and handcrafts which are sold in most villages, along roadsides, at specific tourist curio shops, among other areas.



Picture of White River Rafting on the Nile



Picture of Bungee Jumping on the Nile

3.0 PUBLIC SECTOR, PRIVATE SECTOR AND DEVELOPMENT PARTNERS IN THE TOURISM SECTOR

The tourism sector in Uganda is mainly public sector led and private sector driven, with private sector players also managing several tourist attractions and recreational facilities.

3.1 Public Sector

The sector is coordinated and superintended by the Ministry of Tourism, Wildlife and Antiquities. The implementing Agencies under the ministry include Uganda Tourism Board (UTB) for tourism promotion and marketing, Uganda Wildlife Authority (UWA) for the management of wildlife and wildlife protected areas, Uganda Wildlife Conservation Education Centre (UWEC) for conservation, education and public awareness, Uganda Hotel and Tourism Training Institute (UHTTI) for tourism and hospitality training and Uganda Wildlife Research and Training Institute (UWRTI) for wildlife management training and research. The Ministry also oversees a number of program institutions including Chimpanzee Sanctuary and Wildlife Conservation Trust (CSWCT), Rhino Fund Uganda (RFU) and Bwindi-Mgahinga Conservation Trust (BMCT).

3.2 Private Sector

The Private Sector also plays a key role in the development and management of the tourism sector and is an important entry point in fostering public private sector dialogue, advocacy, and development initiatives for the sector. The Ministry and Agencies coordinate with the private sector through associations including Uganda Tourism Association (UTA), which is the tourism private sector umbrella body.

3.2.1 Key players in the private sector

The private firms involved in the tourism industry are classified into four broad categories;

(a) Tour operators and Travel Agents and other reservation services industry

Tour operators and travel agents play an important function in linking potential tourists to various tourism services within the value chain. Tour operators contribute to destination marketing and bridge the elements of supply side services to those of the consumption or demand side of the business. They provide information about the tour destination and make tour arrangements by organizing the required facilities to the tourist's satisfaction including tour guiding, hotel bookings, ticketing, and transport, among others. In Uganda, there are over 350 registered tour companies and tourist bookings through tour operators grew eleven-fold from about 1,000 bookings to over 11,000 between August 2020 and March 2021.

(b) Hotel and accommodation services

Over 90% of the accommodation services in Uganda are owned by private investors. Uganda has about 6,291 hotels, 97,511 rooms and 103,261 beds and for any hotel to breakeven in Uganda, it must operate at an average of 40% occupancy rate (UHOA, 2020).

(c) Tourism Auxiliary Service Providers

These include producers of promotional materials and examples include Uganda Tourist Board, organizers of international and internal travel markets and trade fairs, local craft shops selling items from the various cultural groups in Uganda, among others.

(d) Airlines and overland transport service providers

Air travel is important for international tourism given that tourism is a leading foreign exchange earner. Overland transport is also key for both international and domestic tourists.

3.3 Development Partners

Development partners and civil society organizations play a significant role in supporting the sector through tourism related activities including mobilization of technical and financial resources to support government efforts, preservation of the resources upon which tourism is based, influencing policy development, marketing, public sensitization and awareness about tourism potential and opportunities, research and advocacy for community and capacity enhancement.

4.0 OPPORTUNITIES FOR PRIVATE INVESTORS

4.1 Tour Operators

International contacts can enable tour operators to market Uganda internationally, support in positioning of its brand so as to attract more tourists and exploit multi-destination packages locally and regionally.

4.2 Water Sports and other related Activities

Given the various water bodies that Uganda has, there is potential to attract tourists to undertake water sports, including luxury boat cruises and boating services, as well as water sports like white water rafting, skiing, and boat racing.

4.3 Accommodation

For hotels in Uganda, the average occupancy rate for the “low-end” accommodation is very high compared to “high-end” accommodation. There are opportunities in the mid-range accommodation facilities and the high-end facilities in the basic tourist circuits. Serviced apartments offer fairly lower accommodation rates for visitors who visit for relatively longer durations, including those in the Visit Friends & Relatives (VFR) category.

4.4 Conferences and Incentives Travel sector

To diversify Uganda’s tourist appeal, the non-resource-based tourist market which is growing significantly should be targeted. On average, business travelers stay twice as long and spend three times as much as regular tourists, according to several studies. Uganda is constrained by lack of adequate facilities in terms of accommodation and exhibition, which are opportunities for investors to tap into including establishing event planning operations to run the major international conferences and events. The Meetings, Incentives, Conventions and Exhibitions (MICE) Industry is an important and growing segment of the tourism sector with great potential.

4.5 National Park Concessions

The National Parks still have various untapped long-term concessions including rehabilitation of existing tourist facilities and properties; and the construction of new ones including rest camps and lodges inside the parks.

5.0 FACTORS ENABLING GROWTH OF THE TOURISM SECTOR IN UGANDA

5.1 Tourism Campaigns

Campaigns are intended to boost tourism in and enable the linkages between travel agents, tour operators, hoteliers, destination managers and other service providers in the tourism business e.g., Pearl of African Tourism Expo (POATE 2021). Local tourism promotional drives for example “Take on the Pearl” campaign, “Pearl of Africa talent star search” and “Tulambule” (let’s explore) campaign” have also created awareness about several tourist destinations in Uganda and promoted domestic tourism.

5.2 Opportunistic Achievements

Some of the opportunistic achievements include performances of athletes like Joshua Cheptegei and Moses Kipsiro whose excellence at the Olympics gave Uganda recognition, visibility and also increased her media profile internationally. Visits of iconic figures for example Akon, a global music star and social media kingpins Emirati and Vlogger Khalid Al Ameri, among others increased social media and internet awareness about Uganda.

5.3 New Tourist Products and Protection of Cultural Heritage Sites

Development of new tourist products and protection of cultural heritage sites is instrumental to the tourism sector. The construction and renovation of regional museums for example Mugaba Palace and processing land titles for a number of heritage sites which include Bukwa, Nyabusosi, Napak, Moroto, Kafir, Kasonko, Mpumudde, Kigezi site, Lyingo landing site, Lamogi/Guruguru (Amuru), Lotuturu (Lamwor), Bishop Hannington Kyando, Buvuma Island, Mutanda caves, Fort Thurston Bukaleeba and Mauta hill in Mayuge has supported this development.

5.4 Infrastructure Development

Several roads leading to tourism sites have been constructed and rehabilitated, improving and increasing access by tourists. Infrastructure in terms of accommodation and facilities has also been developed including a “floating restaurant” at the Uganda Wildlife Conservation Education Centre (UWEC). Improvement of infrastructure has also been done at academic institutions intended for capacity building in the tourism sector for example Uganda Hotel and Tourism Training Institute (UHTTI) and Uganda Wildlife Research and Training Institute (UWRTI).

6.0 GOVERNMENT'S ROLE IN BOOSTING THE TOURISM SECTOR IN UGANDA

Government support, investment and commitment is instrumental in the development of the Tourism sector in Uganda. Below are expectations of the support from government that will further the development of the tourism sector in the medium term:

Government Intervention	Details to the Intervention
Provision of Tax and fees Waivers	Several taxes and fees are paid by tourism businesses including VAT, PAYE, income tax, property rights taxes, trading license fees, hotel taxes, among others. It is necessary to review these taxes and provide tax relief and holidays in this period of recovery.
Intensify marketing	Maintaining international advertising campaigns is very crucial for marketing and promoting the Tourism Industry in Uganda including on social media and international media in key markets including China, USA, UK, and Europe, among others.
Diversify tourism products	There is need to boost domestic tourism and encourage Ugandans to tour their country as well as diversify the tourism products, tap into other opportunities besides wildlife and thus expand the product range.
Provision of low interest rate funding	Low interest terms loans are crucial especially for tourism enterprises during this period of recovery
Restoration of traveler confidence	It is important to continue to restore traveler confidence and stimulate demand, for despite the fact that travel and tourism has resumed, tourists and travelers are still skeptical.
Infrastructural development	This includes roads, internet fiber, electricity, backbone network and other accommodation facilities, are key to encourage tourism since they reduce travel time, make the tours comfortable and enjoyable, and grant easy access to the tourism sites.

7.0 CHALLENGES AND CONSTRAINTS OF THE TOURISM SECTOR

Despite its potential, the tourism sector is constrained and challenged severally. Removal or management of these constraints will ensure that the potential of the sector is harnessed and that the expected role of the tourism sector in national development, employment, improvement in livelihoods is realized.

Below are the challenges and constraints of the tourism sector,

Challenges & Constraints	Details of the Challenges & Constraints
Tourism marketing and promotion	<ul style="list-style-type: none"> ▪ The country needs to invest more appropriately and extensively in promoting tourism. The CEO of UTA in meeting parliament asked that government needs to invest more in the promotion of tourism. He advised that whilst Kenya invests USD 30mn in marketing tourism, Rwanda invests over USD 40mn whilst Uganda invests USD 2mn annually in the promotion of tourism.
Tourism product development and Maintenance thereof	<ul style="list-style-type: none"> ▪ Decline in wildlife stocks due to poaching, climate change effects, human-wildlife conflicts, massive invasion of alien species, etc. ▪ Underdeveloped tourism on Uganda's large water bodies, diverse avian life, and entertainment sector. ▪ Delivery of tourism products by fragmented service providers, making it expensive. ▪ Lack of a region-specific tourism investment fund & limited support, incentives, work plans & budgets for investment in the sector. ▪ Limited information sharing to facilitate opportunity recognition and product development especially in rural areas.
Tourism human resource development	<ul style="list-style-type: none"> ▪ Low level of tourism skills throughout the national tourism value chain. ▪ Domination of the sector by SMEs and family-owned businesses employing unskilled family members at low pay, compromising quality visitor experiences. ▪ Tourism education and training are fragmented across various stakeholders with weak instructional infrastructure.
Tourism financing	<ul style="list-style-type: none"> ▪ Gross underfunding of the sector's core activities compared to the major competing countries resulting into limited destination marketing, limited product development, weak human capital development and undermined conservation efforts
Tourism statistics	<ul style="list-style-type: none"> ▪ There is a need for more investment in tourism research and studies to enable reliable, consistent, and appropriate data and information on Uganda's tourism sector, tourism related businesses and tourism markets.
Quality assurance	<ul style="list-style-type: none"> ▪ Weak enforcement of the regulations and quality standard in the sector. ▪ Limited awareness on the quality guidelines and standards by both the public and private sector.

Coordination, governance, and leadership	<ul style="list-style-type: none"> ▪ Tourism resource management and prioritization at district level is influenced by the district councilors, who are not sensitive to tourism needs due to limited awareness and knowledge of tourism. ▪ District Commercial officers are inadequately facilitated to undertake tourism development activities.
Infrastructure development	<ul style="list-style-type: none"> ▪ Poor road access to and between some of the key tourist sites. ▪ Shortage of affordable quality accommodation capacity in and around National Parks and other sites. ▪ Inadequate supply of energy, water, ICT in key tourism sites. ▪ Lack of tourist stopover facilities. ▪ Single international air access route to Uganda (Entebbe) which limits tourism.
Private sector development	<ul style="list-style-type: none"> ▪ Fragmented and weak private sector to effectively harness the potential. ▪ Limited access to affordable credit financing for investment ▪ Investors in the tourism sector lack adequate technical guidance on investment guidelines for facilities.
Heritage conservation	<ul style="list-style-type: none"> ▪ Limited institutional capacity to manage wildlife conflicts and limited training and research in natural heritage monitoring, management and conservation leading to human wildlife conflicts and degradation of cultural heritage sites. ▪ Increasing population and the competing land uses are increasingly threatening heritage resources both within and outside protected areas e.g., construction of HEP dams, oil, and gas exploration. ▪ Weak laws and or inadequate implementation of the existing laws to conserve the heritage resources.

8.0 CONCLUSION

The potential of the tourism sector in Uganda is very large supported by the natural resources available in the country. NDP III articulates the importance of the tourism sector in Uganda as being important for increasing forex earnings, creating jobs and alleviating poverty. The aspiration of Agenda 2030 is to devise and implement policies to promote sustainable tourism which creates jobs, promotes local culture and products. Further, the goal of NDP III as it relates to tourism is to increase Uganda's attractiveness as a preferred tourism destination.

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