

Tourism in Uganda: a source of growth and poverty reduction in need of support

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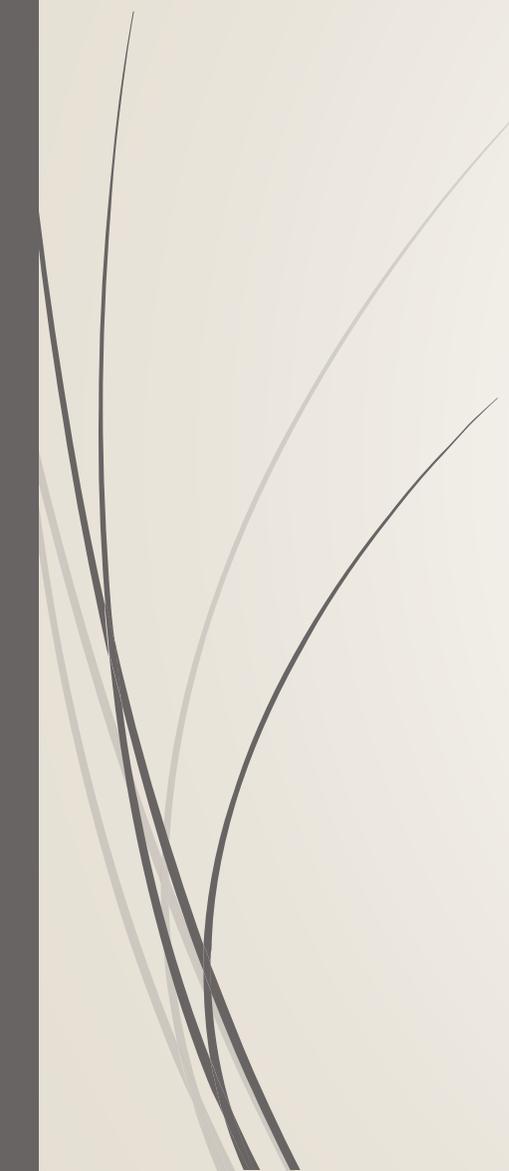


International tourism: a growth sector...

- Tourism is the largest industry in the world and 3rd largest export sector
- Arrivals ↑ □ by 7% globally and by 9% in Africa in 2017 – fastest growing region
- 8 years of steady growth which will continue as incomes ↑ □
- No risk of price decline or fluctuations globally – instead prices likely to ↑ □ as supply cannot increase as fast as demand
- By tapping world market it can grow faster than domestic tourism and drive national growth
- Labour-intensive, both low- and high-skilled
- Good for development of lagging regions
- Africa has absolute advantage in some areas - notably wildlife, culture



But under appreciated ?

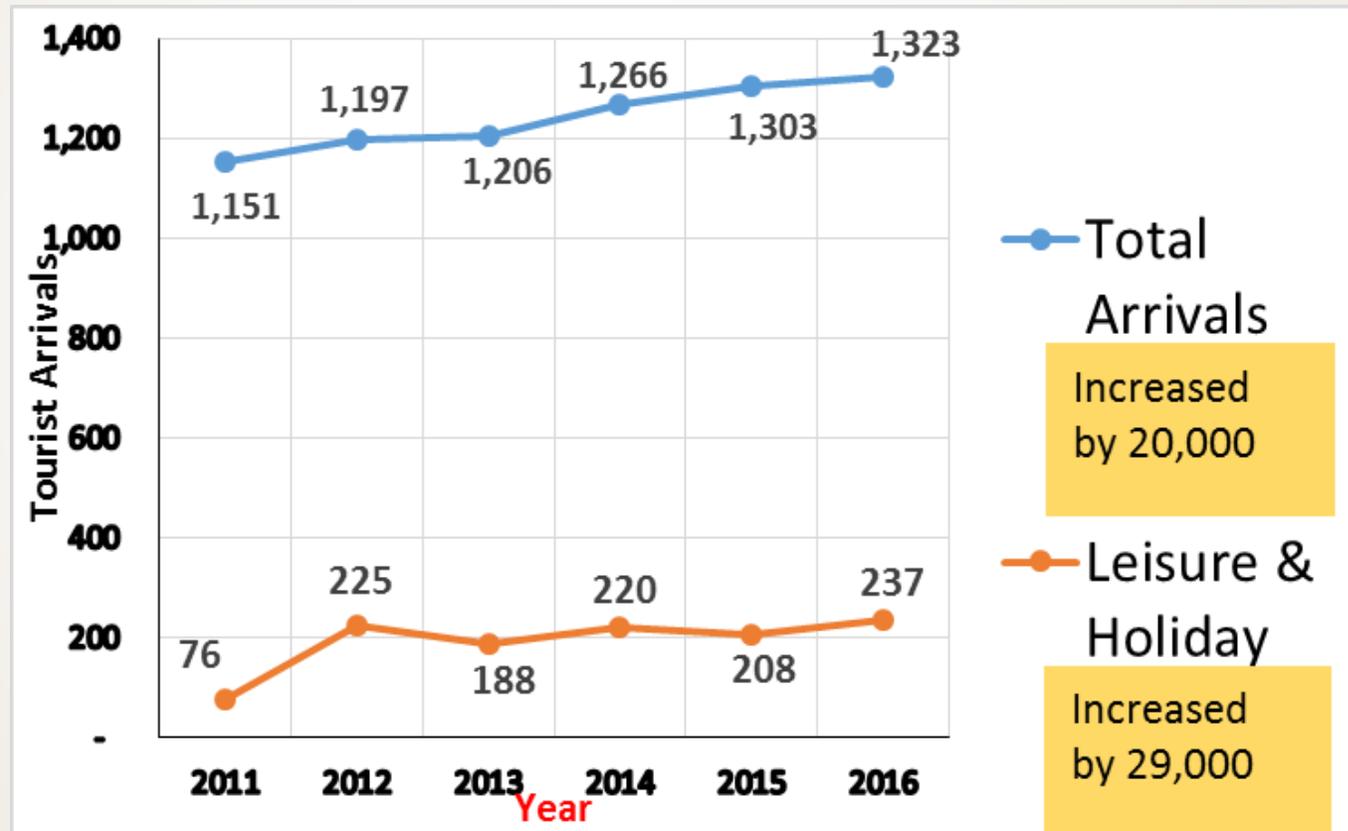
- Often neglected with inadequate political or financial support
 - Is this really an industry ?
 - Difficult to measure - often not even listed with other exports
 - Difficult to manage – many different actors involved, some in informal sector
 - Sometimes dependent on foreign inputs and companies so leakages seem high
 - Optics may look bad – rich foreigners served by poor nationals
 - Impact on values, culture and environment can be negative
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Role of tourism in Uganda

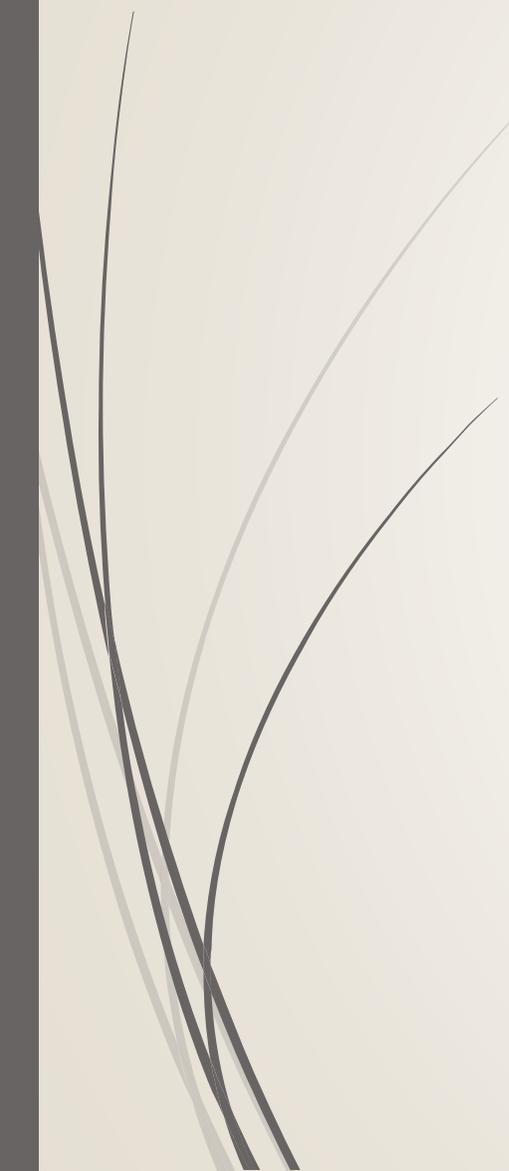
- ▶ Great potential given wildlife, scenery, weather, people
 - ▶ Mountain gorillas are rare asset
- ▶ Already no. 1 export; US\$1.2 bil., vs. coffee US\$400m
 - ▶ Even net earnings substantially higher
 - ▶ Just leisure tourism: about US\$ 670m
- ▶ Creating jobs: 200,000 - 500,000
- ▶ 5 - 10% of GDP
- ▶ Supports development in isolated parts of the country
- ▶ Not hindered by land-locked nature of Uganda
 - ▶ Problem for commodity or manufacture exports

But slow growth and far below potential





Total numbers are misleading

- ▶ 1.4m international “tourists” (2014) does not represent the true tourism industry
 - ▶ Half are informal traders who cross the border for only a day or two
 - ▶ Many others are visiting family or friends, coming for education or on business trips
 - ▶ Only leisure tourists and those coming for conferences and meetings are really susceptible to independent growth which can be stimulated by policy and investment
 - ▶ Leisure tourists = 20% of international arrivals, vs 75% in Kenya and Tanzania
 - ▶ Number of leisure tourist nights spent would be more useful but not measured
 - ▶ Spending by leisure tourists would be even better – need regular surveys
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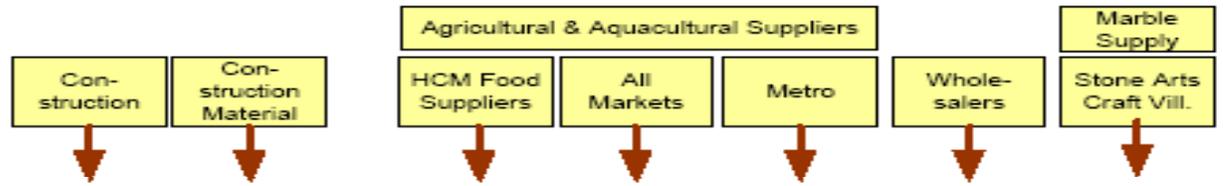
Current status of tourism

- ▶ Total leisure arrivals in 2017 ?
- ▶ Average stay of 2 weeks for leisure tourists is promising
 - ▶ Not just coming for gorillas like Rwanda
- ▶ Jump in leisure tourists in 2017 thanks to increase in gorilla trekking fees in Rwanda
 - ▶ One-time boost which will not lead to steady growth
- ▶ Gorilla trekking permits – 33% unsold in 2017/18, but fully booked in July 2018
- ▶ Tourists per day per km² in national parks is 10x greater in Kenya and South Africa
- ▶ Losing market share in key European market

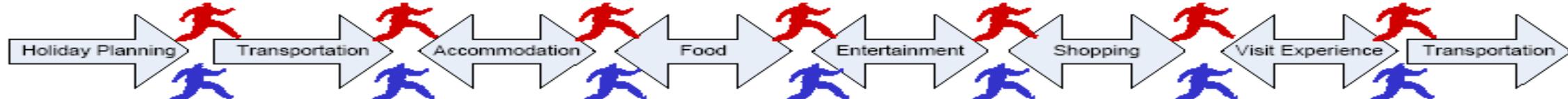
Key:

-  Domestic Tourist
-  International Tourist

Non-Tourism Sectors



Tourists

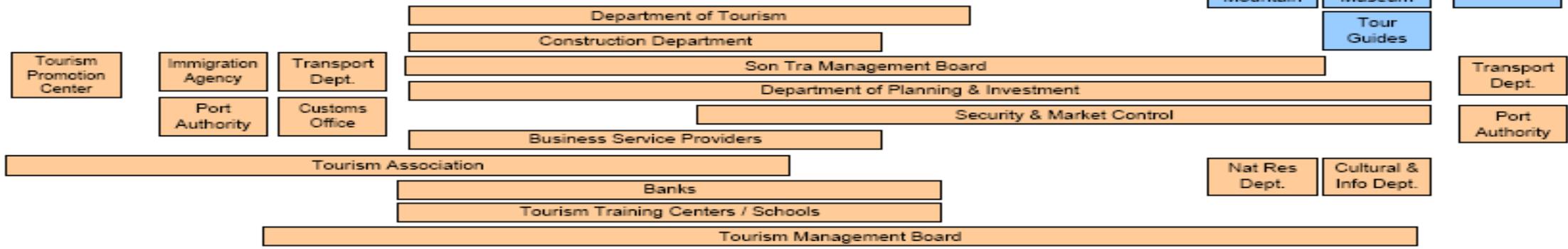


TOUR OPERATORS

Direct Service Providers

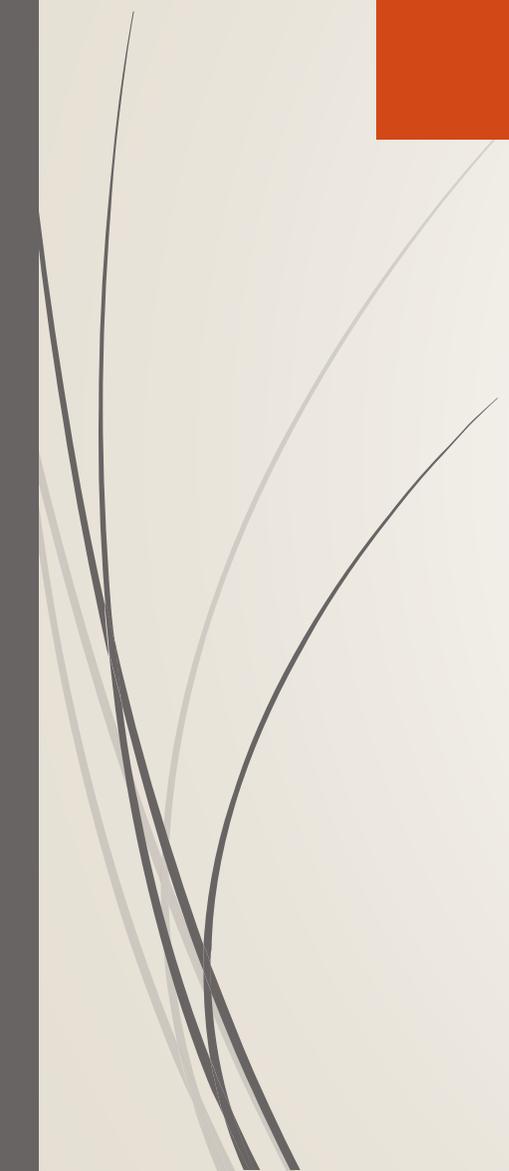


Support Institutions





Addressing Supply Side

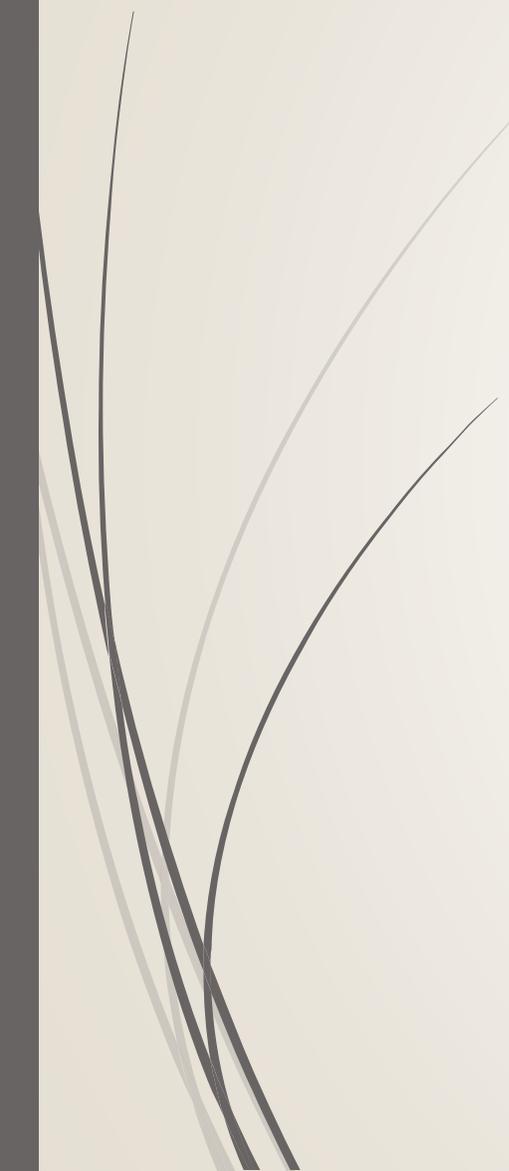


Uganda's Tourism Product

- ▶ Product range is very narrow - largely concentrated on wildlife.
 - ▶ Uganda's cultural and historical heritage resources are in a latent state while others are being destroyed.
 - ▶ Mountain-based tourism potential immense – Rwenzori Mts vs Kilimanjaro
 - ▶ Other natural features (Equator, Rift Value loop etc) with huge potential
 - ▶ Tourism on lakes together with diverse avian life is underdeveloped.
 - ▶ Also applies to Uganda's entertainment sector
- ▶ Wildlife stocks are static or declining due to poaching, climate change effects, human-wildlife conflicts, invasion of alien species.
- ▶ Bwindi > 50% of park revenues – others not covering costs
- ▶ MICE segment not fully developed (Meetings, Incentives, Conferences, Exhibitions)
 - ▶ Need larger conference center (Indian financing) and dedicated Bureau



Uganda's Tourism Product

- ▶ Limited government support for investment in the sector: no incentives for people interested in developing specific products
 - ▶ No realistic work plans and budgets for tourism product development at the local government level.
 - ▶ Highly centralized, based in Kampala, limiting information sharing to other regions to facilitate opportunity recognition, creativity, innovation and product development – clusters entry point
 - ▶ Lack of a tourism investment fund for local investors
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Quality assurance

- ▶ Weak enforcement of the regulations on quality of facilities
- ▶ Coordination for implementation of quality standards among the different stakeholders is inadequate - guides, drivers, crafts sellers, restaurant owners, water based tourism, etc
- ▶ Limited awareness of quality guidelines and standards by both the public and private sectors.
- ▶ Inadequate capacity, human and financial to enforce implementation of quality standards in the sector
- ▶ Poor customer service a serious threat to Uganda's tourism competitiveness

Tourism Human Resources

- ▶ Limited level of tourism skills throughout value chain - managerial, technical, operational and in key supporting functions both in government and private sector.
- ▶ No coordinated skills development by value chain nodes- **yet all nodal actors impact the tourists' experience.**
- ▶ Dominated by SMEs and family-owned businesses employing unskilled family members at low pay, thus compromising quality visitor experiences
- ▶ Weak capacity in terms of instructional infrastructure, training manpower and the human capital of the trainers in the available tourism and hospitality training institutions.
- ▶ Working conditions are in general poor, leading to high labor turnover in the sector.
- ▶ Limited investment in skills development of existing workforce by the private sector
- ▶ Tourism education and training is fragmented across a multiplicity of stakeholders (Ministry of Tourism, Wildlife and Antiquities, Ministry of Education and Sports, Ministry of Gender, Labour and Social Development, National Council of Higher Education, Uganda Tourism Board, Education and Training institutions, Tourism Industry Employers with limited coordination- **quality issues**



Coordination, governance and leadership

- ▶ Tourism management and development is not yet adequately decentralized to the regions.
 - ▶ Tourism management responsibilities are dispersed across many government departments and agencies, leading to overlap, underutilization of resources, and inefficiencies.
 - ▶ 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 supported to undertake tourism development activities
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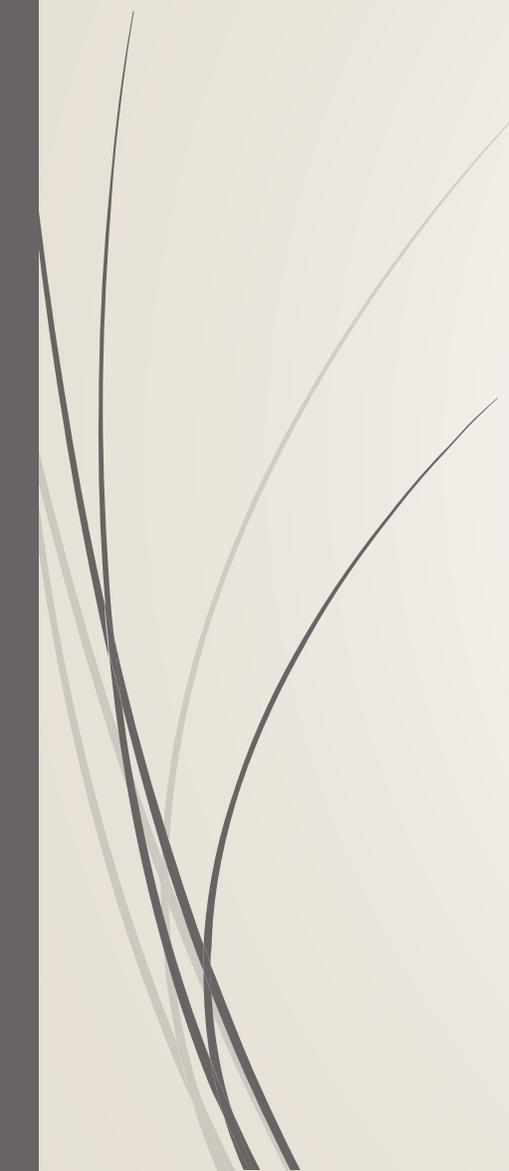


Destination access and Infrastructure

- ▶ Poor road access to and between some of the key tourist zones
 - ▶ **Tourism Road improvement - Lip Service**
 - ▶ Kihikihi- Butogota-Buhoma; Kabale- Lake Bunyonyi; Kisoro- Mgahinga; Kisoro- Nkuringo- Muko; All RMNP access Roads; Masindi- Murchison- Pachwachi; Hoima- Biso- Murchison; Butogota- Katunguru; Sironko- Nakapipirit through Pian Upe; Sanga- MLMNP
- ▶ Limited budget and quality accommodation capacity in and around National Parks - affecting domestic tourism and budget travelers
- ▶ Inadequate supply of energy, water, ICT in key tourism sites – poor internet network in most parks
- ▶ Lack of well-maintained airstrips close to the main National Parks and tourism zones
- ▶ Limited tourist stopover facilities
- ▶ Limited and costly international air access

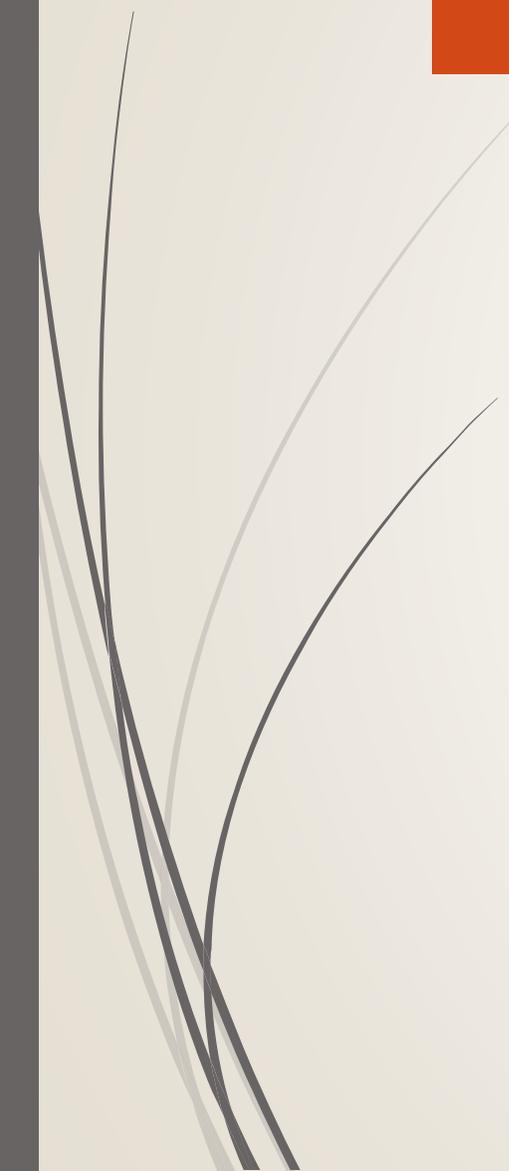


Private sector development

- ▶ Inadequate private sector institutional and human resource capacity to initiate significant tourism development.
 - ▶ Fragmented and too weak to effectively harness the available tourism potential
 - ▶ Constrained by limited access to affordable credit financing for investment, like other sectors.
 - ▶ Investors lack adequate technical guidance on investment guidelines for facilities
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Addressing Demand Side

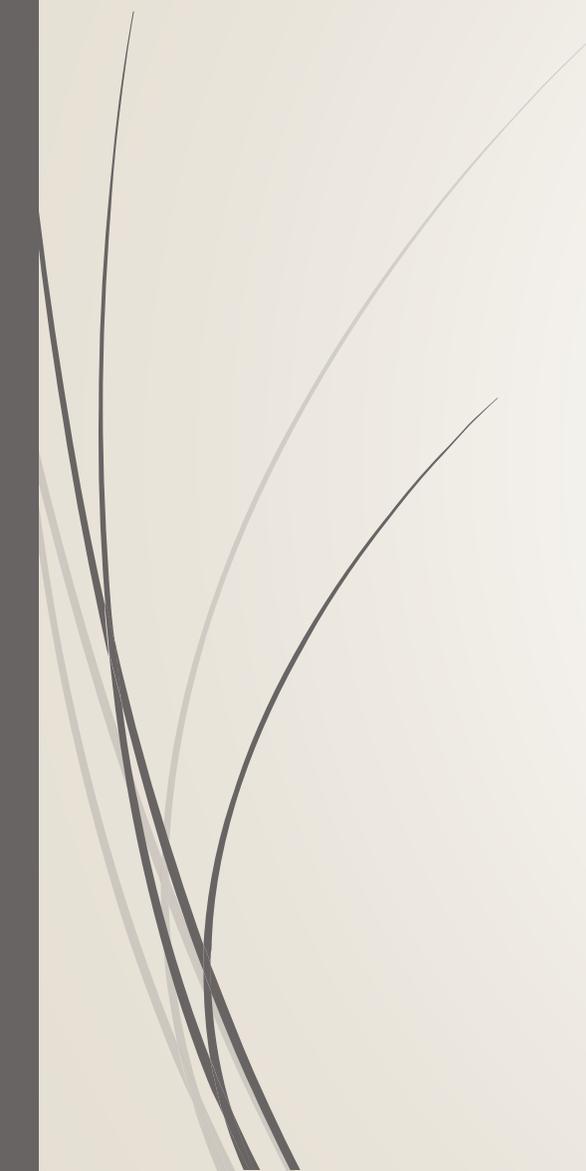


Tourism marketing and promotion

- ▶ Weak market segmentation and targeted destination marketing.
 - ▶ 2014: \$2m spent on marketing, vs. \$35m (Kenya), \$17m (Tanzania), \$5m (Rwanda)
 - ▶ 2016/17: only \$1.2m released to UTB
- ▶ Limited market research – which products, which markets...
- ▶ Limited online visibility
- ▶ Uganda's brand is not well established and positioned in the desired markets. The brand is weak and barely recognized
 - ▶ **brand inconsistency- Uganda gifted by nature; Pearl of Africa, etc**
- ▶ Absence of a national crisis management strategy
- ▶ Unplanned, ad hoc, uncoordinated marketing efforts across agencies and government departments
- ▶ **Need well coordinated and evaluated permanent marketing representation**



Concluding Remarks



Tourism statistics

- There is absence of reliable, consistent and appropriate statistical information on the tourism sector in Uganda:
 - ❖ *Limited data on the tourism markets which the country is targeting;*
 - ❖ *Lack of statistical significance (reliability ?) of existing information and problems in data quality;*
 - ❖ *Inadequate detailed and robust information on the economic impacts of tourism;*
 - ❖ *Value of tourism exports should be regularly reported along with other exports;*
 - ❖ *Limited and unreliable information on tourism and tourism-related businesses;*
 - ❖ *Limited research studies in the sector*

- Weak enforcement of the regulation with regards to data provision by the tourism service providers

Tourism financing

- ▶ There is serious underfunding of the tourism sector's core activities compared to the major competing countries as well as the sector's contribution to GDP. As a result of meager government funding of the sector:
 - ❖ *There is minimal marketing of the destination*
 - ❖ *Tourism product development is limited*
 - ❖ *There is weak human capital development*
 - ❖ *Conservation efforts are undermined*
- ▶ The tourism levy which was established by the Tourism Act 2008 has not been implemented.



Way Forward – Funding Priorities

- ▶ Protect wildlife resource:
 - ▶ Managing the eco-systems – address the issue of invasive grasses, shrubs and trees
 - ▶ Combat poaching
 - ▶ Ensure community support- 20% of revenues goes to communities direct livelihood needs and promote local provision of goods and services, including employment; set up fair compensation mechanism in case of loss of human life or property; mitigate human- wildlife conflicts etc
- ▶ Fix supply side factors that affect tourism volume and value in the country (Tourism roads, air strips, product development and diversification)
- ▶ Total review and implementation of the country's marketing strategy in a coordinated and aggressive manner
 - ▶ Develop and roll out the country's branding strategy including the national brand, the cluster brands and the product brands
- ▶ Develop capacity along the entire value chain – from short tailor-made courses, to full-time training in well-equipped schools, in close collaboration with private sector



Way Forward – Other Priorities

Short-term

- ▶ Merge and re-align sectors, departments and agencies
 - ▶ But don't undermine effectiveness of existing agencies in the process
- ▶ Set up regular process of consultation with private sector with monitorable targets
- ▶ Review and strengthen the Tourism Act to enable fundamental sector reforms
 - ▶ Merger of agencies, observatory, beyond UTB, certification

Medium-term

- ▶ Enforce quality assurance across the nodes of the value chain
- ▶ Build larger conference center and establish dedicated MICE bureau
- ▶ Set up a tourism observatory centre preferably anchored in a reputable Research Institution to monitor and inform the sector, including marketing intelligence
- ▶ Educate tourists to avoid negative social and cultural impacts
- ▶ Promote domestic sourcing of goods and services



Two outstanding questions

- ▶ 1) High-end or mass tourism, value or volume?
 - ▶ Botswana vs Kenya approach to wildlife tourism?
 - ▶ Everyone wants to do luxury tourism, but not everyone can
 - ▶ Does Uganda have the product to aspire to high-end tourism ?
 - ▶ How does one maximize earnings ?
- ▶ 2) Who benefits and how to distribute the gains fairly?
 - ▶ Tourism can contribute to poverty reduction
 - ▶ But does it in Uganda?
 - ▶ Sustainability of tourism depends on perception of widespread benefits, especially for local communities near game parks
 - ▶ Does the answer to No. 1 affect No. 2 ?

Thank you for your attention

