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
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
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
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
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
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.
Destination access and Infrastructure

- Poor road access to and between some of the key tourist zones
  - **Tourism Road improvement - Lip Service**
    - Kihhi- 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
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