

# Harnessing Uganda's tourism potential to foster economic growth and structural transformation



## In brief

- While tourism is a key growth sector in Uganda, contributing nearly 10% of GDP, the sector has grown slowly and performs far below its potential.
- In the national budget context of limited resources and competing priorities from other sectors, policymakers and stakeholders should focus on the potential high return on investment that could come from developing the tourism sector.
- For investments to be effective, prioritising key areas to develop will be vital such as developing tourist roads and airports, diversifying tourism products beyond wildlife, marketing, and developing human resources.
- Government has a vital role to play in guiding and supporting the private sector, local communities, and other stakeholders to make the 'Pearl of Africa' a top global tourist destination.

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## Introduction

Tourism is a key growth sector in Uganda, generating \$1.53 billion in revenue and contributing nearly 10% of GDP and 6.3% of total employment (Ministry of Tourism, 2018). However, tourism in the country has grown slowly and the sector performs far below its potential. For example, only 20% of international tourist arrivals are holiday-related, compared to 75% in Kenya and Tanzania (Ahebwa and English, 2018). Uganda is endowed with unique attractions such as mountain gorillas, the Nile River, lakes, and proximity to the equator. An additional 100,000 leisure tourists could add 11% to Uganda's exports and 1.6% to GDP (Ministry of Tourism, 2018).

Speakers and participants at the Uganda National Budget Conference and Economic Growth Forum FY 2019/20 discussed extensively the challenges and opportunities for the sector, in relation to planning for the national budget, at the tourism session chaired by Hon Janat Mukwaya, Minister of Gender, Labour and Social Affairs. Presenters included Philip English (IGC), Dr Wilber Ahebwa (Makerere University), and Minister of Tourism, Wildlife and Antiquities Hon Ephraim Kamuntu. Discussants were Ronie Madhavani (Madhavani Group of Companies) and Forouk Busulwa (Uganda Tour and Travel Association). Below are key points from the discussion.

## Constraints to sector growth and policy solutions

- 1. Planning and prioritisation:** Given the Government of Uganda's limited resources and competing priorities across ministries and agencies, planning and prioritisation were identified as key needs to ensuring effective government investment in the tourism sector. Solutions proposed included the Ministry of Tourism identifying the most critical areas for development, in consultation with the private sector and other stakeholders, and focusing investment on these areas (e.g., tourism road improvement, specific historical/natural sites to develop, etc).
- 2. Marketing and promotion:** While Uganda's official brand is the 'Pearl of Africa', it is not clearly identifiable by the public and not as recognisable internationally as its neighbouring countries' brands including Kenya, Rwanda, and Tanzania. Policy solutions suggested were to: 1) revise and implement the national branding strategy, 2) increase public relations efforts, 3) coordinate marketing efforts via one agency, and 4) develop a crisis management strategy to respond to incidents that would keep tourists from visiting Uganda.
- 3. Inadequate infrastructure:** Roads connecting tourist sites are in need of major improvements, and air fields, regional airports, and rest stops need upgrading. While infrastructure problems have been consistently discussed as a major constraint to tourism's growth, participants

agreed that this had not been adequately addressed by the government. Proposed solutions included: 1) identifying priority roads to improve, 2) developing and upgrading other priority infrastructure such as regional airports, and energy and internet access near tourist sites, 3) addressing water and sanitation issues along tourist routes, and 4) building barriers to prevent human-animal conflict near game reserves

4. **Limited tourism product range:** Uganda's current tourism product range was described as narrow, being mostly concentrated in wildlife tourism. While the country is endowed with plenty of natural sights including mountains, lakes, rivers, and the equator, they are still far below their potential in terms of attracting tourists. A solution suggested was to prioritise specific products to develop in order to diversify the sector -- examples given were waterways, especially Lake Victoria and the Nile River, and the Karamoja Area and other cultural/heritage sites.
5. **Wildlife management:** While it was agreed that Uganda's wildlife was its most important tourist attraction, threats to wildlife – poaching, effects of climate change, and invasive species – are not being adequately dealt with. Policy actions suggested included 1) protecting and conserving wildlife by properly managing ecosystems, combatting poaching, and ensuring community support in conservation efforts, and 2) raising the conservation status of important natural and cultural areas such as the Echuya Forest Reserve.
6. **Quality assurance:** Tourism services in the country are hampered by weak enforcement of quality standards in areas such as facilities and customer service. Additionally, there is limited awareness of quality guidelines and standards by the public and private sectors. It was suggested that government should identify one body or mechanism to enforce quality assurance across the entire tourism value chain.
7. **Human resources:** Uganda is currently lacking the human resources needed to reach its tourism potential including limited skills throughout the value chain, limited education and training to build these skills, and generally low human capital. There is a need for the public and private sectors to invest more in specialised training and education to develop capacity along the entire tourism value chain.
8. **Coordination:** Tourism management and development is not adequately decentralised to regions and dispersed across government agencies, leading to inefficiencies in the sector. Policy solutions suggested were to 1) regionalise tourism development, 2) merge and re-align sectors, department, and agencies, 3) review and strengthen the Tourism Act, and 4) clarify the mandates of government institutions involved in tourism.
9. **Low private sector investment:** The private sector lacks institutional and human resource capacity to invest in significant tourism development,

is constrained by limited access to affordable credit financing, and has little access to technical guidance on investment guidelines for tourist facilities. It was suggested that government should regularly consult with private sector on tourism investment and monitor targets set, and focus on supporting investment from international hotel chains such as the Hilton.

**10. Data availability:** In order for policies in the sector to be effective and informed by evidence, more reliable data on tourism is needed. Recommendations included 1) setting up a tourism observatory centre, thereby increasing resources for research, and 2) emphasising data collection, management, and dissemination within the Ministry of Tourism.

## Other discussion points

Following a presentation of the above policy challenges and recommendations by Doreen Katusiime, Permanent Secretary to the Ministry of Tourism, in the plenary session, conference participants had the opportunity to feed back on the issues presented. Some key points expressed by the participants included:

### Tourist sites

- Developing centres of tourism excellences in cities like Kisoro where tourists can easily access attractions, accommodation, and restaurants, following the model of other African cities such as Livingstone, Zambia.
- Marketing the Nile River as a key destination in Uganda.
- Opening islands to tourism through developing modes of transportation to get tourists there.
- Developing Kidepo National Park as a unique attraction.

### Infrastructure

- Upgrading Kasese Airport to be an international airport.
- Getting Uganda Airlines back in operation to connect the country's sites to other tourist destinations in Africa such as Livingstone and Victoria Falls.
- Agreeing for the next fiscal year to set aside resources for 100-300 km of road development, with the Ministry deciding where to invest these resources.

### Local development

- Ensuring tourism covers the whole country to support underdeveloped areas.
- Ensuring that tourism benefits local communities.
- Encouraging more domestic tourism and marketing local attractions to Ugandans through initiatives such as having the President and his family vacation in these areas.

## Conclusion

Tourism is already the country's number one export totaling \$1.2 billion; by comparison, coffee exports total \$400 million (Ahebwa and English, 2018). However, evidence shows that while Uganda's tourism potential is immense, it is not yet fully realised. In the national budget context of limited resources and competing priorities from other sectors, policymakers and stakeholders should focus on the potential high return on investment that could come from developing the tourism sector. For investments to be effective, prioritising key areas to develop in the sector will be vital, and government has a key role to play in guiding and supporting the private sector, local communities, and other stakeholders to make the 'Pearl of Africa' a top global tourist destination.