COVID-19 and Uganda’s tourism: Policy Interventions to revive and grow the sector

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Global Tourism and COVID-19: a huge shock

- **UN World Tourism Organization**
  - May forecast: \(\downarrow\) in int’l tourist arrivals of 58-78% in 2020
  - Panel of tourism experts expect recovery only in late 2021

- **World Tourism and Travel Council**
  - June forecast: \(\downarrow\) in int’l tourist arrivals of 41-73% in 2020
  - Leaning toward worse case scenario after reversals in Europe

- **International Air Transport Association**
  - 99% \(\downarrow\) in international air travel in May
  - Bookings in June \(\downarrow\) 77%
  - June consumer survey: over 50% will not start travel until end 2020 or later
  - Air travel revenues unlikely to reach 2019 levels until 2024
International Tourism Arrivals and early UNWTO estimates - now updated to a 58-78% decline!

Source: UNWTO, 2020: www.unwto.org
Tourism is clearly the worst affected sector in Uganda

Source: Uganda Bureau of Statistics, 2020
Trends in international Visitors (2020-2025) by market segments

Source: UNWTO, 2020: www.unwto.org
Leisure tourists are the most important, but will be the last to return

- Leisure tourists are the largest spenders and dominant clients for up-country lodges and tour operators, but will be last to return
- Overseas business travelers also large spenders but will be slow to travel
- VFR and regional business travelers will pick up first, but spend little on hotels and tour operators

**International Tourism by Category 2017/18**

<table>
<thead>
<tr>
<th>Category</th>
<th># of arrivals</th>
<th>Average expenditure (UgShs million)</th>
<th>Total expenditure (UgShs billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leisure</td>
<td>211,200</td>
<td>11,400,000</td>
<td>2,409</td>
</tr>
<tr>
<td>Visiting friends or relatives (VFR)</td>
<td>527,723</td>
<td>5,050,000</td>
<td>2,669</td>
</tr>
<tr>
<td>Business</td>
<td>225,960</td>
<td>2,800,000</td>
<td>632</td>
</tr>
<tr>
<td>Transit</td>
<td>92,158</td>
<td>320,000</td>
<td>30</td>
</tr>
<tr>
<td>Other</td>
<td>265,481</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,322,523</td>
<td></td>
<td>5,739</td>
</tr>
</tbody>
</table>

Source: UNECA, Uganda Tourism Satellite Accounts, 2018
Domestic tourism can help but it is not the solution

• No reliable information, but 2017/18 National Panel Survey provides insights

<table>
<thead>
<tr>
<th>Total number of domestic travelers</th>
<th>337</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visiting friends or relatives</td>
<td>199</td>
</tr>
<tr>
<td>Traveling for leisure or vacation</td>
<td>59</td>
</tr>
<tr>
<td>Traveling for business, medical, religious, etc. reasons</td>
<td>79</td>
</tr>
<tr>
<td>Total number staying in a hotel</td>
<td>10</td>
</tr>
<tr>
<td>Total number of leisure tourists staying in a hotel</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: UNECA, Uganda Tourism Satellite Accounts, 2018
Many factors will delay the return of high-spending international leisure tourists

✓ Lack of access to a vaccine: probably not until mid-2021
✓ Concerns over access to high-quality medical care
✓ Health safety issues related to air travel
✓ Likely increased cost of air fares given reduced demand and expenses associated with cleaning airplanes
✓ Reduced purchasing power of tourists due to loss of income

➢ Up-country lodges will not re-open until they can be assured of reasonable level of capacity utilization
NDPIII Program objectives for Tourism

Tourism – one of top priority sectors for socio economic transformation with NDPIII objectives;

1. Promote domestic and inbound tourism;
2. Increase the stock and quality of tourism infrastructure;
3. Develop, conserve and diversify tourism products and services;
4. Develop a pool of skilled personnel along the tourism value chain and ensure decent working conditions; and,
5. Enhance regulation, coordination and management of the tourism.

To meet these NDP III Objectives, there are specific interventions that government must implement in this Covid-19 slowdown as the country prepares for recovery!
Intervention Orientations

• Interventions aligned to NDPIII and Tourism Master Plan and aimed at ensuring sector survival and recovery

• Should be packaged to target two crisis phases i.e. During and after/post Covid

• The ‘during Covid -19 oriented interventions should aim at: protection and management of the tourism resource, Protection of jobs, Sustain the self-employed and support companies' liquidity and operations

• The post -covid oriented interventions should aim at: keeping destination Uganda in limelight to influence post Covid decisions, addressing capacity gaps across the value chain, infrastructure issues, quality assurance and product development issues
‘During’ Covid-19 Oriented Interventions

FIRST ORDER PRIORITIES

• Urgent Fiscal and Monetary Measures to mitigate the negative effects of the COVID-19 pandemic on the sector:
  • Revision of central bank lending rates,
  • Special support schemes for self-employed workers -such as exemptions, delays or reduced social security and tax)
  • Establish and operationalize a tourism investment fund to enable private investors get access to affordable finance.

• Brand Image: Build a positive and competitive image of destination Uganda by:
  • Scale up online market presence (online Visibility) in key source markets and destination awareness in domestic, regional and international source markets;
  • Develop and roll out destination Uganda brand,

• Establish a Market Intelligence Framework to monitor trends and status of Tourism during and after Covid-19.

• Wildlife Management
  • Intensify field related conservation efforts in protected areas - (UWA deficit of UGX 9.24bn amidst a drop in tourism revenues)
  • Sustain the captive animal welfare at UWEC and Chimpanzee Sanctuary (UWEC – 13bn and Ngamba UGX 2 bn amidst a drop in tourism revenues)
  • Remove evasive species in protected areas (QENP, LMNP, Katongo, Kidepo, Toor- Semliki Wildlife Reserve- UGX 1.5bn)
  • Address human-animal conflict around Protected Areas- (barriers and others - 3.85bn)
‘Post’ Covid 19 Oriented Interventions

SECOND ORDER PRIORITIES

Increase the stock and quality of tourism infrastructure

• Expand, upgrade and maintain tourism national transport infrastructure and services:
  ✓ Tarmac the road for southern access to Bwindi National Park;
  ✓ Build a bridge across the Nile at Murchison Falls National Park; to support tourism and oil sectors
  ✓ Improve access to Lake Mburo, Murchison Falls National Parks, Pian Upe WR; and Bigo bya Mugyenyi
  ✓ Maintain access to all PAs

Support Product Development and Diversification

• Set up regional museums (Fort Portal, Arua and Napak)
• Map, profile and conduct feasibility studies for cultural and heritage tourism sites development
• Construct improved equator monuments at Kayabwe, Rwemikooma, Lake George and Kikorongo to trigger private sector investments around those areas
• Upgrading the Pian Upe Wildlife Reserve into a national park with necessary infrastructure.

Develop a pool of skilled personnel along the tourism value chain

• Fast track completion of the Uganda Hotel and Tourism Training Institute (HTTI).
• Provide tailor-made training for actors across the entire tourism value chain.