Country Update Note

“Tourism services: State of Play & Opportunities for EAC services’ providers

Provided by

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Introduction

Over the years, tourism in Uganda is increasingly becoming instrumental in socio-economic development of the country. Uganda has developed several types of tourism which include; adventure tourism, eco-tourism and cultural tourism. The country has numerous tourist attractions which include mountains, National game parks, game reserves, traditional sites, natural tropical forests, waterfalls, traditional occasions and faith-based shrines. Tourism and travel-related services in Uganda include services provided by hotels and restaurants (including catering), travel agencies and tour operator services, tourist guide services and other related services.

Mr. Patrick Oloka an official at the Ministry of Tourism, Wildlife & Antiquities clarified that the Ministry has four key strategies adopted to improve the tourism sector and these include;

- the promotion and marketing of Uganda to unlock the country’s tourism potential;
- the diversification of tourism product range;
- the improvement of tourism and hospitality skills along the tourism value chain and
- strengthening of conservation of natural and cultural heritage assets.

Current State of Tourism Services

Tourism is a major driver of employment, investment, and foreign exchange; the sector generated 313 million jobs (9.9% of total employment) both direct and indirectly in 2017 and the figure is likely to grow by the end of 2018 through tourism companies that employ people directly as drivers, guides, secretaries, accountants etc. and companies that sell products like art, crafts and traditional attires to tourists as reported in the Uganda Bureau of Statistics report (UBOS 2018)

Mr. Ojok Denis Rodney a Senior Statistician at Ministry of Tourism, Wildlife & Antiquities said “Tourism is a dynamic force in boosting economic growth. Uganda generated UGX 3,060.1 bn from visitor exports in 2017 and this...
is expected to grow by 5.8% in 2018, with an expectation of attracting 1,543,000 international tourists. By 2028, international tourist arrivals are forecast to reach a total of 2,435,000 tourists, generating revenue of UGX 5,908.6 bn, an increase of 6.0% pa. Tourism contributed to 10.4% of Uganda's GDP in 2017 and is forecast to rise by 5.7% pa by 2025.

The Ministry’s target is to attract 4 million tourists by 2020 compared to the total tourist arrivals in 2016 which were 1.3 million; to progressively increase the contribution of tourism to GDP and generate employment for Ugandans as well as earn foreign exchange for the country. Despite the importance of this sector, the budget allocation to the sector for FY 2018/19 is UGX 118.3bn (US$ 8,532,000) which is mere 0.1% of the total budget. However if compared to FY 2017/18 the allocation to the sector increased by 20%.

According to Mr. John Ssempebwa, the Deputy Executive Director of Uganda Tourism Board, the potentiality of Uganda to attract more travelers was realized in the 8th Annual Tourism Sector Forum where a steady increase in tourist arrivals was confirmed. In order to meet the target of 2 million travelers by next year (2019), Government has heavily invested in extensive marketing so as to polish the negative image of Uganda’s past times in the international market. The country suffered a devastating time in the past decade especially in the northern part because of the Lord’s Resistance Army (LRA), however there has been great effort by government to see this coming to an end, though it's unfortunate that some international travelers still think of Uganda as a country of wars, famines and diseases.

When asked about WTO / UNFCCC programs that enhance tourism services in Uganda, Mr. John Ssempebwa said that “nearly all WTO members emphasize the importance of tourism, especially for the LDCs in terms of its contribution to employment and generating foreign exchange given its linkages with other major segments of the economy; hence the provision of the WTO services waiver in 2011 to enable developing and developed countries to provide preferential treatment to tourism services and services providers.

He continued that Government of Uganda launched the process of formulating the “Uganda Green Growth Development Strategy” (UGGDS) under UNFCCC. The strategy describes how the country can promote the use of natural resources in a sustainable manner to achieve economic growth, and development, while at the same time combating climate change.

The UGGDS aims at “contributing to poverty eradication as well as sustained economic growth, enhancing social inclusion, improving human welfare and creating opportunities for employment and decent work for all, while maintaining the healthy functioning of the earth’s ecosystems.”

Mr Denis explained that Uganda has not benefited from the WTO service waiver due to a number of challenges arising from the way the waiver is implemented; and also from challenges within the country.

**Challenges Faced by Tourism Service Providers**

The tourism industry in Uganda has successfully improved and developed, however service providers face several challenges accordingly which hinder the performance of the sector at large.

Lack of skilled labor in hospitality accompanied with poor service facilities from clean and adequate water at hotels to well-maintained public restrooms; most tourism service providers have poor service delivery related to customer care, language barrier and the lack of proper amenities which destroys the sense of hospitality and turns guest into mere
customers. According to Ms. Zaina Namale a travel agent, *there are many good quality hotels that charge for internet service. In many cases the hotel’s in room phone service is outrageously expensive even for local calls which turns a vacation into a nightmare hence making tourism service provision difficult.*

Tour operators normally tend to have loyal customer base which is very limited since they solely depend on email campaigns and website traffic yet staying competitive in the tourism industry requires continuous creativity to find innovative ways to attract new customers by using social media to create brand awareness while engaging with the target audience. However, in attracting this audience, a well-thought out and efficient social media strategy coupled with a Customer Relationship Management (CRM) platform is needed. Therefore tour operators need enhanced capacity to be able to use the new information technology and platforms to grow their businesses. Ms. Sofia Muganyi, a senior travel advisor at Great lakes safaris, “*page reviews increase visitor browsing time on travel sites between 50 and 100%, so it’s important for tour companies to stay on top of this in real-time. Furthermore, if the reviews and ratings look curated or are only available on the company’s website, it can also lead to questions about the credibility of these reviews.***” She also believes that Uganda can compete favorably with the rest of the partners in the EAC if it improves its infrastructure, human skills, product offers and service delivery.

Limited technological skills; several sales representatives accidentally use outdated price books which lead to inconsistencies between quotes. Re-keying errors often create mistrust and lead to loss of credibility of service providers. For example, tourism service providers take too long to manually customize a trip to generate a quote, as many are too slow when it comes to generating quotes according to Ms Sofia *several complaints were raised before we started technology capacity building for their staff at great lakes safaris.*

Mr. Oloka an official at Ministry of Tourism Wildlife and Antiquities pointed out that most often the tourism service providers face difficulties due to a number of challenges that face the sector. These include the lack of efficient physical infrastructure accompanied with underdeveloped tourism products especially those beyond natural attractions. Most of Uganda’s tourism sites are not up to international standards and are located in remote areas that are far away from the major cities with poor road access, inadequate accommodation accompanied with relatively expensive connectivity and communication challenges. Despite winning a number of accolades, Uganda still lags behind countries such as Kenya, Tanzania, South Africa, and Namibia in terms of its appeal and accessibility for tourists. He intimated that the Ministry is looking at upgrading and diversifying its products, focusing mainly on those which will serve proven markets such as nature tourists, adventure tourists, bird watchers, sport fishers, and faith based tourists.

Another challenge facing the tourism sector is that the country lacks a national carrier accompanied with high air fares and inadequate physical infrastructure for internal flight connections and the complete absence of a railway line in the country which have further affected the industry and the service providers as most of the travelers are always delayed due to the connections since Entebbe Airport rarely handles direct flights.
Impacts of Climate Change on the Tourism Sector

Climate is an essential resource for tourism, and especially for the nature tourism segments; changing climate and weather patterns at tourist destinations can significantly affect the tourists’ comfort and their travel decisions. Changing demand patterns and tourist flows will have impacts on tourism businesses and on host communities, as well as knock off effects on related sectors, such as agriculture.

Climate Change has deleterious impacts on many sectors in Uganda, but the extent of its adversity on tourism is unknown. Climate change can destabilize ecosystems, reduce tourism patronage, cause shift in tourist destinations, death and migration of wildlife species, flooding of tourism sites and significant increase in cost of running tourism services in different areas which makes tourism time table ineffective by adversely affecting time for sighting games and fixed dates for cultural events. Climate change tends to pose more economic, environmental and cultural challenges to tourism management in the country. Uganda Tourism Board spokesperson Mr. Vincent Mugaba, said “the performance of the sector could be better; if the natural environment of Uganda is preserved, by reducing the destruction of rainforests for burning charcoal as well as obtaining firewood and exploiting renewable energy options such as solar energy, wind energy and bio-gas. Rising global temperatures due to immense carbon dioxide pumped into the atmosphere by day and night is continuously killing Uganda’s tourism sector.

He suggested Promoting alternative renewable energy solutions to reduce greenhouse gas emission by 22% as Uganda already pledged in its Intended Nationally Determined Contributions submitted to UNFCCC, and this will increase the country’s tourism potential by restoring lasting beauty in a cooler planet where global temperatures are constrained below the 1.5⁰ benchmark agreed in Paris Climate agreement.

Drought resulting from climate change affects productivity in both animals and plants. Consequently, starvation of wildlife species and people leads to malnutrition and low resistance to diseases. Loss of biodiversity makes Uganda less attractive. In fact loss animal and plant species / to death of wildlife species, which form the tourism stocks in parks, might cause a shift in tourist destination. According to Mr. Geoffrey Baryesiima a warden at Queen Elizabeth National park “Starvation and hunger have led to increased poaching of wildlife species and constant encroachment of rural inhabitants on parkland for survival which has contributed to increase in conflicts between communities and tourism management thus hampering tourism as tourists do not patronize crisis-prone destinations.

Opportunities to enhance tourism services.

Uganda’s tourism sector has got great potential and numerous opportunities that if taken advantage of; the sector is capable of improving its performance. Mr. Oloka concedes that Uganda has continued to receive accolades; for example the country was voted Top Tourist Destination for 2012 by Lonely Planet magazine; one of 20 Must-See Places for 2012 by National Geographic Traveler Magazine; Bwindi as the best African Birding Destination in 2011 by Travel Africa Magazine; Rwenzori Mountain was nominated as one of the World’s 15 Best Hikes in 2011 by National Geographic Society; and Uganda was nominated among the 45 Places to Go in 2012 by New York Times.

Uganda also hosted Africa’s first ever birding expo at the Botanical Gardens Entebbe which exposed Uganda as the world’s premium birders’ destination, boasting about 50% of Africa’s bird species and 10% of the world’s species. This expo has continued to grow and
is Africa and Uganda’s signature birding event. These accolades pose serious challenges for Uganda to live up to the expectations of the tourists or risk being outcompeted; in that case tourists need to be satisfied by tourism service providers and the infrastructure has to be renovated and adequate.

In 2012 Uganda was ranked the 8th Meetings, Incentives, Conferences and Exhibitions (MICE) destination in Africa competing for the same position with Johannesburg and Mombasa to hold high level MICE. The country was also ranked the 85th country in the global MICE industry attracting 0.08% of international MICE volume. The MICE market is seen as the segment for future growth and its inter-linkages with culture and the bonding effect cannot be under estimated.

**Recommendations**

There should be collaboration between the Ministry of Trade and the Ministry of Tourism since the latter is more conversant with the tourism business in Uganda.

An official at Ministry of Trade Industry and Cooperatives pointed out that Uganda has opened up its tourism sector under the East African Community (EAC) and COMESA. It is important for the Ministry of Trade and the Ministry of Tourism to analyse the benefits, opportunities and challenges accruing from these markets. This will also form the basis for the negotiations for capacity building and technical assistance to the WTO. He also raised the critical issues of data and statistics which should be offered by the Uganda Bureau of Statistics (UBOS). He recommended that the Bureau will require more capacity building and funding to churn out statistics that will support policy changes and engagements in regional, bilateral and multilateral negotiations.

There is a need to initiate bilateral negotiations between Uganda and the WTO members who have notified preferences under the WTO service waiver. Since there are strong causal linkages between trade and tourism. The Service providers should also be part of the analysis and the bilateral negotiations.
PROMOTING AGRICULTURE, CLIMATE AND TRADE LINKAGES IN THE EAST AFRICAN COMMUNITY – PHASE 2

The PACT EAC2 project builds capacities of East African stakeholders for climate-aware, trade-driven and food security-enhancing agro-processing in their region. Web: www.cuts-geneva.org/pacteac2


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