# CSO POSITION PAPER ON THE TRADE, TOURISM AND INDUSTRY SECTOR BUDGET FY2018/19

*The paper is based on the analysis of the FY 2018/19 Ministerial Policy Statement for the Trade, Tourism and Industry Sector FY2018/19*

**Developed by the Civil Society Budget Advocacy Group and Submitted to the Parliament Committee on Trade, Tourism and Industry sector.**

**April 2018**

## 1.0 About CSBAG

Civil society Budget Advocacy Group (CSBAG) is a coalition of over 100 Civil Society Organizations jointly formed in 2004 by Uganda Debt Network, Forum for Women in Democracy (FOWODE), Uganda National NGO Forum and Oxfam GB in Uganda. CSBAG brings together CSOs at national and district levels to influence government decisions on resource mobilization and utilization for equitable and sustainable development. CSBAG members are committed to working together to provide collaborative support to civil society budget work in Uganda.

### 1.1 *Acknowledgement*

CSBAG is grateful to the CSOs under the expanded Trade Tourism and Industry Thematic Working Group which among others include Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI), Uganda Debt Network (UDN), Food Rights Alliance (FRA), Uganda Manufacturers Association, Uganda Tourism Association, Private Sector Foundation and African Centre for Trade and Development for their input into the development of this position paper. Furthermore, we wish to commend them for their continued support towards advocating for the prioritization of trade and tourism financing in the national budget to ensure a favourable balance of payment positions and sustained inclusive economic growth. In the same vein, CSBAG extends its appreciation to the Parliamentary Committee on Trade and Tourism for their continued collaboration and creation of space to share the CSO perspective on trade and tourism.

### 1.2 *Trade, Industry and Cooperative Sector*

Trade, Industry and Cooperatives can be very powerful tools for poverty eradication, the creation of employment and promotion of sustainable development. Trade and industry are central in promoting backwards and forward linkages which are the basis for structural transformation for any economy. They are also central to the realization of Vision 2040 which is: "To transform Uganda from a peasant to a modern and prosperous country within 30 years".

The mission of this sector is "To develop and promote a competitive and export-led private sector through accelerating industrial development for economic growth.

The Trade, Tourism, Industry and cooperatives sector is mandated to: "Formulate, review & support policies and programs aimed at promoting and ensuring expansion and diversification of trade, Tourism, cooperatives and environmentally sustainable industrialization."

The institutions which contribute to achieving sector objectives & mandate are the;

- Ministry of Trade, Industry & Cooperatives,
- Ministry of Tourism, Wildlife and Antiquities,
- Uganda Tourism Board,
- Uganda Export Promotions Board and the;
- Uganda National Bureau of Standards.

As derived from the existing overarching Policy and Planning Framework in the Sector, that is, the Uganda Vision 2040, the Second National Development Plan (2015/16-2019/20), the Tourism Sector Development Plan (2015/16-2019/20) and the Trade, Industry & Cooperatives Sector Development Plan (2015/16-2019/20), the Medium-Term Sector Policy objectives include the following:

1. Increase market share for tourism.
2. Increase and diversify the stock of tourism products.
3. Increase the stock of human capital along the tourism value chains & create new jobs.
4. Improve coordination, regulation and management of Tourism Sector
5. Increase the conservation of natural and cultural heritage
6. Increase the share of manufactured goods and services in total exports
7. Improve Private Sector Competitiveness
8. Increase market access for Uganda's products and services in the regional and international market
9. Improve the stock and quality of trade infrastructure
10. Promote the development of value-added industries in agriculture and minerals

## *2.0 Sector Performance in Key Results Areas*

The Tourism, Trade and Industry sector holds a great potential for the socio-economic development of Uganda to a middle-income status by 2020. The opportunities in the sector would be highly exploited if there is (i) production of high-quality products and services, (ii) easy access to Uganda's goods and services to both regional and international markets, (iii) enhanced marketing of the country's tourism potential. The above requires heavy investment in the sector to facilitate research and innovation as well as developing strong marketing skills for the products produced.

### *2.1 Industrial Sector Contribution to Gross Domestic Product-GDP*

The contribution of the industrial sector to GDP has stagnated at around 20% over the last 5 years. Over this period, the industrial contribution just grew from 20.5% in FY 2012/13 to 20.6% in FY2013/14 before falling to 20.4% in FY 2015/16. The growth in FY 2016/17 has been so minimal increasing by only 0.5% points to 20.9% of the GDP. This could be attributed to slow growth in both the manufacturing and construction subsectors as the major drivers of the industrial sector in the country. The contribution of the manufacturing subsector to GDP declined from 9.5% in FY 2012/13 to 9.0% in FY 2016/17 while construction contribution grew from 7.0% to 7.5% over the same time period. The NDP II target is to increase the contribution of industry to GDP to 27.9% by 2020 which might not be achieved at the current trend.

### *2.2 Uganda's Trade Balance-Performance of Exports vs Imports*

Uganda continued to experience trade deficits throughout the period (2012 – 2016) with the highest trade deficit of US$ 3,462.8 Million being registered in 2014/15. The trade deficit is worsened by the fact that the country continues to export mainly low value unprocessed agricultural commodities in exchange for the importation of high valued manufactured products. The NDP II target is to increase the ratio of manufactured exports to total exports from 6.0% in 2012 to 19.0% by 2020. On a positive note, the deficit reduced in 2016 to US$ 1,993 million from US$ 2,926 million in 2015. This is because the overall export earnings increased by 8.8% in 2016.

In 2016, total export earnings were US$ 2,901.5 million, of which, formal exports were worth US$ 2,482.3 million, while informal exports were US$ 419.2 million. The formal exports increased by 9.5 percent from US$ 2,267 million in 2015 to US$ 2,482.3 million in 2016. Informal exports also increased by 5 percent from US$ 399.1 million to US$ 419.2 million over the same period.

The total imports bill in 2016, on the other hand, stood at US$ 4,894.3 million, of which, formal imports accounted for US$ 4,829.4 million, while informal imports were estimated at US$ 64.9 million. The total imports expenditure declined by 12.5 percent in 2016 after a decrease of 8.9 percent in 2015.

### *2.3 Cost of Doing Business in Uganda*

According to the World Bank and Global Economic Forum reports 2017, Uganda continues to rank low globally in the ease of doing business and economic competitiveness. The World Bank Doing Business Reports, ranked Uganda 119 out of 189 economies assessed in 2012 before it worsened to 135th in 2015 rankings. The latest edition of the report (2017) has however ranked Uganda 115th having improved from 122nd in the 2016 rankings Figure 4.3.3. Within the East African region, Rwanda ranks best (56th) followed by Kenya (92nd) while Tanzania and Burundi rank 132nd and 157th respectively. The worst performing indicators included; starting a business ranking 165th, getting electricity 161st and dealing with construction permits. Getting credit and enforcing contracts were the best-performing indicators ranked 44th and 64th respectively.

### *2.4 Cooperative Growth and Development*

Cooperatives are very central in mobilizing and organizing farm level production, value addition, collective marketing, savings and financial intermediation and inclusiveness among their members. Cooperatives play a very vital role in the economic development of the economy as they have a direct impact on job creation, food security and reduction of post-harvest losses as well as creating a wider market for the goods and services produced.

The Government, therefore, considers investment in cooperatives very key in its wealth creation agenda and in the FY2016/17, UGX 7.27 billion was released to facilitate cooperative establishment and management. However, the sector achieved only one of the 5 indicator targets under cooperatives, two registered moderate performances while the other two were not achieved. The Ministry of Trade, Industry and Cooperatives managed to inspect 680 cooperatives over and above the planned 120. 878 co-operators were sensitised on the warehouse receipt system while 39 of the planned 50 cooperatives were audited in FY 2016/17.

### *2.5 Quality Assurance for Goods and Services in the Market*

The Uganda National Bureau of Standards (UNBS) plays the role of quality control, market surveillance and creation of public awareness to the quality of goods in the Ugandan market as well as dealing with standardization issues.

In FY2016/17, UNBS received UGX 24.88 billion (87.8%) of the approved annual budget and spent UGX 24.82 billion. At output level, UNBS achieved 75% of its annual targets while 25% was not assessed due to a data gap. The good performance was attributed to increased collaboration with other partners like Uganda Revenue Authority, increased demand for UNBS services and compliance from SMEs; as well as increased monitoring and vigilance activities by the Bureau. Targets were achieved especially in areas of standards harmonization, products certification and calibration of equipment.

### *2.6 Industrial Research, Incubation and Value Addition*

The Sector through the Uganda Industrial Research Institute (UIRI) is mandated to provide the necessary tools and infrastructure so as to enhance industrial science, research, standards and advanced technology so as to reduce post-harvest losses.

To achieve the above, the Industrial Research Institute received UGX 12.1 billion (84.6%) of the approved UGX 14.31 billion for FY2016/17 and spent 99.6% of the release. The institute achieved 70% of its total annual output targets, 20% was moderately satisfactory while 10% was not achieved. Targets achieved were under research and development, model value addition centre establishment, and industrial skills development and capacity building. One indicator on technologies deployed with incubatees under industrial and technological incubation was not achieved although progress was 72% of the planned 25 technologies. Indicator targets achieved were in; a number of research projects initiated (21 against 15), value-added products developed to reduce post-harvest losses (51 out of 45) and SMEs trained in industrial development and value-added processing.

### *2.7 Tourism as a Springboard for Socio-Economic Development.*

Tourism is one of the primary growth sectors that would foster the Country's social and economic development in the next 30 years in order to achieve the Vision 2040. Uganda is naturally gifted with diverse landscape, flora and fauna, national parks, good climate and various water bodies that render the country a large potential for the development of nature tourism.

The Tourism sector has had positive growth over the last decade evidenced by an increase in both tourist arrivals and earnings in form of foreign exchange from visitor exports. The number of tourists visiting the country has increased from 1,196,765 visitors in 2012 to 1,322,522 visitor arrivals in 2016. This increase has been accompanied by an increase in earnings from tourism exports and services

***Table 1: Tourism, Trade and Industry sector Budget Projections***

| Year | Wage | Non-Wage | Domestic Dev't | External Financing | Total |
|---|---|---|---|---|---|
| **2017/18** | 13.44 | 41.37 | 52.95 | 8.83 | 116.59 |
| **2018/19** | **13.44** | **38.65** | **42.24** | **12.06** | **106.39** |
| **2019/20** | 14.75 | 47.15 | 51.54 | 17.18 | 130.62 |
| **2020/21** | 15.52 | 54.23 | 61.83 | 10.82 | 142.40 |
| **2021/22** | 16.19 | 65.07 | 61.83 | 0 | 143.09 |
| **2022/23** | 17.11 | 78.08 | 61.83 | 0 | 157.02 |

**(Source: Second Budget Call Circular – Ministry of Finance)**

The sector's allocation for FY 2018/19 is 106.39 billion which amounts to a meagre 0.5% share of the 29,763.92 Billion Budget FY2018/19. However, despite the slight increment, the budget provision for the sector is still not adequate to cater for the demands of a sector which can go a long way in providing employment and increasing income and wealth among citizens.

As illustrated in Table 2, the sector has experienced underperformance especially under Ministry of Trade, Industry & Cooperatives.

According to the Government Annual Performance Report (GAPR) 2015/2016 draft report, the sector achieved 70% of the performance indicator targets which was an improvement from 62% in the FY2014/15. Good performance was realized in cooperative establishment and management, economic integration and market access, promotion of museum services, tourism research and coordination, calibration and verification of weighing equipment and value addition to reducing post-harvest losses. The performance of 14% of the output targets was moderately satisfactory, while 16% of the indicator targets were not achieved. The targets with the slow progress thus not achieved were mainly under the capacity building for the juakali and the private sector, tourism infrastructure and construction and inspection and registration of tourism facilities.

**TABLE 2. Output performance FY 2015/16**

| | % Achieved | % Moderately Satisfactory | % Not Achieved | % No Data | Denominator |
|---|---|---|---|---|---|
| Sector | 59% | 18% | 21% | 2% | 61 |
| Ministry of Trade, Industry & Cooperatives | 28% | 39% | 33% | 0% | 18 |
| Ministry of Tourism Wildlife and Antiquities | 74% | 9% | 17% | 0% | 23 |
| Uganda National Bureau of Standards | 75% | 0% | 0% | 25 | 4 |
| Uganda Industrial Research Institute | 70% | 20% | 10% | 0% | 10 |
| Uganda Tourism Board | 67% | 0% | 33% | 0% | 6 |

***Source: Annual Performance Reports FY 2016/17***

## *3.0 Key observations, concerns and recommendations*

### 3.1 Lack of support to the District Commercial Officers

District Commercial Officers (DCOs) promote trade through enterprise development, market linkages to domestic, regional markets, improvement of standards of products; promote consumption of locally produced goods. According to the Ministry of Trade, there has been no funding proposed to support the district commercial services. This makes it hard for the district commercial officers to play their role. This stifles the development of trade at the district level. Furthermore, DCOs play a critical role in undertaking feasibility studies especially in linking production to markets. The GAPR (2015/16) report points out that Government constructed 77 rural markets in 35 districts in Eastern and Central Uganda including 9 modern markets. However, while a lot of money is used in establishing these market facilities, they remain underutilized and thus have not fulfilled the objectives for their establishment. DCOs should be able to advise, support, document and monitor all district investment avenues, ideas, innovations & prospects and thus forward them on a quarterly basis to the mother ministry (Trade & Industry) for selection, mainstreaming & top level (national) support.

**Recommendations**

- With the termination of the EU funded District Commercial Services Support (DICOSS) Project, we recommend that the project be mainstreamed into Local government systems and ensure that the trade and production related issues are catered for.
- We recommend that a dedicated budget of UGX 45bn re-located from the OWC budget should be allocated geared towards supporting the operationalization of the district commercial offices.

### 3.2. Limited funding for Trade Negotiations

Trade is the most regulated sector in the world, where 60% of global treaties, protocols and agreements are trade related. Uganda has entered trade agreements and cooperation treaties both at bilateral, multilateral and regional level with a view of ensuring market access for her exports; reduce their trade deficits and subsequently achieving sustainable development.

Currently, Uganda is engaged in negotiations like the EAC-COMESA-SADC Tripartite Free Trade Area, the EAC-EU, Economic Partnership Agreement (EPA), the World Trade Organization (WTO) negotiations, the Continental Free Trade Area (CFTA). In mid-March 2018, Uganda was among the forty-four African countries that signed the African Union Free Trade Agreement in Kigali Rwanda.

These parallel and overlapping negotiations can have an implication on regional integration efforts as they promote incoherence with the National Development priorities and strategies. It is therefore important to ensure pro-active engagement in these negotiations by the government.

In the FY 2016/17, the external trade department of the Ministry of Trade which is responsible for trade negotiations with third parties received a total of UGX 217,610, 000 of which UGX 100,000,000 was Wage recurrent and 117,610,000 was Non-Wage Recurrent. This allocation cannot cater for full participation in these negotiations that donor support has been sought for like the EPA. This subsequently has undermined Uganda's ability to negotiate from a sovereign position.

Furthermore, the current EAC-EU EPA, CFTA and WTO negotiations do not adequately address EAC's development concerns and may, in fact, constrain the policy space for adopting necessary development policies and practices, including undermining Regional Integration efforts in future. MTIC is also responsible for ensuring good relations between Uganda and other countries for purposes of trade.

Therefore, as a committee whose oversight role is critical to ensuring that the interests of the country are protected and promoted, it is critical that the committee of trade is kept abreast with these negotiations. Furthermore, according to the auditor's general report year ending June 2016, Uganda is behind UGX 7,918,721,256/= payment of an annual subscription to the international organizations there is a risk that delays in making contributions will impact negatively to the image of the nation and may affect the relations with the member states.

**Recommendations**

- We recommend that an increased funding be allocated to the sector in order to support the capacity of the Ministry of Trade in building a massive and strong trade negotiation team for the country while promoting coherence and coordination among its structures.
- Parliament should demand an update from the Ministry of Trade and Ministry of EAC Affairs on the EAC-EU EPA negotiations as Uganda is determined to conclude the negotiations despite objections from other EAC countries like Tanzania which cite the negative implications of the EPA on her infant industries, revenue and policy space for development.
- Evidence has shown that nations such as South Africa, Rwanda, Kenya, Egypt, Mauritius & India that have raised their funding and facilitation towards their Trade Negotiation teams have equally got good returns out of their Trade & Investment regimes. Equally, Uganda should raise its funding budget towards Trade Negotiation so as to get better & favourable deals out of the negotiations that won't bias the country.

### 3.3 Inappropriate Trade laws & policies

In order for Trade to work as a tool for development, it should be shaped by appropriate laws and policies. We acknowledge the progress made by Government in the Competition and Consumer Protection Policy formulation which has already been passed by Parliament, and in implementing the Buy Uganda Build Uganda (BUBU) policy aimed at securing a domestic market for domestically produced goods and services. Additionally, we commend the Parliament of Uganda for passing the Sugar act an effort made to protect the consumers from exploitation by the producers, middlemen and sellers of the commodity. However, several other policies remain not considered like;

- Income Tax (Amendment) No. 2 Bill, 2017
- The Lotteries and Gaming (Amendment) Bill, 2017
- The Cooperative Societies (Amendment) Bill, 2016
- Biofuels Bill, 2016
- The Uganda National Health Laboratory Services Bill, 2016
- The Supplementary Appropriation Bill, 2017
- The Anti-counterfeits Bill 2016

**Recommendations**

- The above-mentioned bills and many others need to be approved by parliament as well as develop a regulation that bars bills staying un-cleared endlessly in parliament yet certain sectors of the economy are affected by the delay of parliament. We believe that these would help improve the performance of Government as well as the Economy.

**3.4 Inadequate support to the cooperatives**

One of the main sector objectives states that the government will strengthen the cooperative movement in Uganda. Cooperative societies can facilitate access to credit and market for produce. It can also enhance opportunities for generating income. In the Financial Year FY 2017/18, UGX 6.159 billion was released to facilitate cooperative growth and development, and the FY2018/19 projection is UGX 6.089 billion. It is noted with concern that in the financial year 2018/19 the proposed budget to the cooperative development reduced by UGX 70 Million. This means that the cooperative development is underfunded which is likely to affect the effective implementation of the sector objectives and priorities.

Countries such as the UK, USA, Japan, India, Brazil and the EU have all had great economic success with regard to their agricultural production, employment growth, farm output and supply as well as export quantity. This is a result of strategically sustaining their cooperative Unions & Societies. The calls & pressure onto private sector to do more can be lessened if cooperative Unions & Societies in Uganda can be revamped and reinstated to their former Glory.

**Recommendation**

The government needs to consistently train and build the capacity of cooperative societies for them to carry out their mandate. Besides sensitizing co-operators on warehouse receipt system there are many salient issues if not attended to would prevent cooperative development in Uganda. In addition, as per the program objective in the FY2018/19 Ministerial Policy Statement of strengthening the cooperative movement structure, clear program indications should be included on the following for the program objective to be met:

- Profiling cooperatives including farmer cooperatives that are the majority and can enhance opportunities for generating income and enhance access to support from different partners.
- We recommend that at least 1% increment be added to the cooperative development. A certain percentage can be deducted from miscellaneous and other expenses; Travel and transport. We appreciate government efforts in reducing the travel and transport budget, however, the reduction is not enough to create a significant impact on where the funds are reallocated. The reduction in the travel and transport allocation was just UGX 0.32 billion which is 11.29%
- We recommend that rules and regulations are enforced effectively
- Build capacity of cooperatives on financial services and technical support.

**3.5. Industry and industrial parks for industrialization, value addition & job creation**

According to the GAPR (2015/16) report, the contribution of the industrial sector to GDP continued to decline in the FY2015/16 from 19.1% in FY2013/14 to 18.3% in the last FY. This could be attributed to slowdown or decline in performance of both the manufacturing and construction subsectors as the major drivers of the industrial sector in the country. By contrast, the NDP II target is to increase the contribution of industry to GDP to 27.9% by 2020.

Furthermore, The NDP II target is to increase the ratio of manufactured exports to total exports from 6.0% in 2012 to 19.0% by 2020. It is against this backdrop that the President of Uganda has, according to the 23 presidential directives, identified industrial parks as one of the major priorities among priorities, and has directed that 22 industrial parks be built, with 5 parks being targeted to be completed each year.

Current trade, manufacturing & export statistics show that the global industrial powerhouses such as India, China, South Africa, Egypt, Malaysia, Mauritius & Asia, in general, have made tremendous industrial growth & export competitiveness by developing and maintaining their industrial parks & export processing zones (EPZs). These are very conducive towards attracting investors into well-demarcated & planned industrial parks that ease the implementation of vast projects thus creating jobs, raising export quantities, boosting innovation & research and this posting better results for Uganda.

Furthermore, under the Industrial and Technological, there is the one village one project (OVOP) project whose overall objective of the programme is to promote the production, processing and marketing of local products for wealth creation. However, for the FY 2017/18 and the FY 2018/19, there are no funds that have been allocated to the programme. This means that the programme's objects will not be met as expected.

**Recommendations**

- The national budget should dedicate funds to fast-track the infrastructural development of Uganda's industrial parks & export processing zones (EPZs).
- The Ministry of Trade should establish regional business incubation centres in industrial parks to nurture promising industries and boost their competitiveness both at local, regional and global level.
- There is need to provide funds to the OVOP programme so as to accelerate the intended objectives which will subsequently enhance the BUBU.

**3.6 High Fuel prices affecting business pricing.**

We believe that government shouldn't only be a tax collector but an active sector player like in other countries. Elsewhere Governments buy, import, supply and sale fuel just like any other player thus controlling the final fuel pump price to the final consumer.

A national oil company (NOC) is an oil company fully or in the majority owned by a national government. According to the World Bank, NOCs accounted for 75% global oil production and controlled 90% of proven oil reserves in 2016.

Due to their increasing dominance over global reserves, the importance of NOCs relative to International Oil Companies (IOCs), such as ExxonMobil, BP, or Royal Dutch Shell, has risen dramatically in recent decades. NOCs are also increasingly investing outside their national borders.

Uganda shouldn't solely rely on the private sector but should go beyond stocking fuel and go the whole value chain to final pump sales, supply & distribution.

**Recommendation:**

- We recommend that the government gives an increment to the trade, tourism and industry sector from 0.51% to at least 2.0% from the national budget share. The increment should go to the Tourism Board as a vote to cater for issues of marketing for Uganda's tourism services and quality assurance of the tourism facilities through grading and licensing. Infrastructure development and construction of high way stop centres for tourists and to cater for issues of administration i.e. salary increment for staff to implement policies and regulations.

**3.8 Lack of trained personnel.** Because many tourism areas have grown rapidly there are too many locations where there is a dearth of skilled labour. Tourism needs people who are both inspired and well trained. Yet, too few people in the tourism industry speak multiple languages, are proficient in high tech computer skills or have a good knowledge of statistics and how to utilize them. This lack of education and training creates not only numerous financial losses but also creates lost opportunities and the inability to adapt to new challenges. Lack of education and skills has also been a key factor in the deterioration of this industry. This is true because many

Ugandans do not know the importance of the wildlife and they view them only as means to their own benefits.

**Recommendations**

- Conduct a Skills and Knowledge Need Assessment for the MTWH. This assessment, ideally conducted by an independent body, would help determine the skill and knowledge gaps among the staff of MTWH's various departments and agencies. It would serve as the basis for prioritizing internal training interventions. More weight should be given to technical interventions that align with the Ministry's specific priority issues.

- Upgrade HTTI Facilities and Capacity. Nearly all of HTTI's students get absorbed into the workforce, which means that the overall quality of service in Uganda is directly related to the level of education received at HTTI. Clearly, HTTI requires more funding to be able to expand the quality and quantity of its output. HTTI considers its major needs to be: Capacity building of faculty members, Renovation of the hotel, Expansion of small training kitchen and training block, Modern equipment for kitchen, laundry room, and classrooms and Resource facilities such as a library, computer lab, and language lab.

- Upgrade the Uganda Wildlife Training Institute (UWTI), with Possibility of adding Research Wing. This seems particularly important in light of the new Wildlife Policy's recommendation to transform UWTI into the Uganda Wildlife and Research Training Institution (UWRTI). There is undoubtedly an urgent need for high-quality research, especially to better understand the decline of some wildlife populations. Yet, given the significant investment in facilities and researcher capacity building that would be required, the feasibility of the initiative would need to be carefully assessed by UWA and weighed against other options such as creating such a facility in Makerere University or competitively bidding out individual research grants.

**3.9 Low Salaries, recruitment and retention.** Many online and front-line workers receive low salaries, have low levels of job loyalty, and change jobs at a high rate. This high turnover level makes training difficult and often each time a person leaves, the information is lost. To make matters even more challenging these are often the persons with whom tourists come into contact. The formula tends to guarantee low job satisfaction and low levels of customer satisfaction. This situation has resulted in the lack of availability of skilled manpower by the travel and tourism industry, one of the largest if not the largest employment generators in the world. If tourism is to be a sustainable product, then it needs to turn part-time jobs into careers without pricing itself out of the market. If the travel and tourism industry hopes to continue to grow it will need trained personnel, as well as a willing and enthusiastic workforce at every level (from the managerial to skilled workers to the semi-skilled worker).

**Recommendation**

•There is need to fast-track the setting of the salary review commission to address the aspect of disparity of salaries paid to carders of the same grade/ qualification.

**3.10 The lack of adequate and truthful marketing.** Too many locations tend to either exaggerate or simply fabricated. The lack of truth in marketing means that the public not only loses confidence in the industry but investors fear being exploited. Marketing has to be both innovative and truthful. Tourism is a highly competitive industry and requires good and innovative marketing that captures a place's essence while making people aware of the locale's tourism offerings.

**Recommendations**

- The government should come up with a deliberate policy of introducing Ugandans to the diverse tourism products at an early age. It should be made mandatory for Pupils beginning from Primary four (4) until they complete Primary seven (7) to visit a national park at least once a year and there should be a deliberate move of having some of the national functions organized in tourism sites across the country. In addition, the cost for Ugandans to access these services should be greatly subsidized.
- International marketing should be the responsibility of Uganda Tourism Board whose marketing and promotion plans need to be developed consultative with the private sector such as the tour operators, hoteliers and local communities.
- More resources should be devoted to the marketing and promotion of tourism particularly on the international front where per capita income is greatest.

**3.11 Poor infrastructure.**
Uganda has very poor roads that hinder the access of the areas rich in wildlife. This has made the industry hard to develop in the country. Around the world, tourism suffers from poor infrastructure. These infrastructure challenges range from substandard docks and ports of entry to modes of transport to urban infrastructures such as access roads, electricity, water supply, sewerage and telecommunication. As aeroplanes begin to carry more people airports will face not only the problems of handling large numbers of arriving passengers but also will need to find ways to unload luggage faster, and transit people through immigration and customs lines. The lack of infrastructure will also impact issues of security as governments attempt to ferret out potential terrorists while creating a warm and welcoming arrival experience.

**Recommendations**

- For infrastructure, we need to maintain and upgrade existing roads in order to improve accessibility and mobility through areas like Rukungiri – Kihihi road; Ishasha road; the road to Buhoma from Kihihi; the road to Ruhijja from Kabale; the road from Muko in Kabale to Nshongi and Nkuringo; the road to Nyakalengiya; the Kyenjojo – Masindi road and some access roads/tracks in Murchison Falls and Queen Elizabeth National Parks.
- Encourage Transport Options that Provide Easier and Less Expensive Access to NPs. Reaching some NPs through public transport is very difficult. In other cases, it is impossible. Scheduled shuttle service to the parks would significantly alleviate costs for tourists while providing a potentially lucrative business opportunity for the private sector. UWA would benefit in the form of increased park visitation, as well as a new market for day and night game drive experiences. Targets for the service would be price sensitive FITs, as well as expatriates and domestic tourists who do not have their own vehicles.

**3.12 Poor government support.**
The government does not give enough support to this industry especially in terms of allocation of funds. In addition to this, there is poor encouragement from the government to the people to invest in tourism.
**Recommendation**

- There is a need for an agent review of the government's financial contribution to tourism as well as the process of determining such contribution which will, in the end, lead to a creation of a dedicated tourism development fund that will help provide funds for tourism enterprises and local community activities not catered for by existing state financing agencies. Such a fund should be subject to regular auditing

### 3.13 Insecurity issues like tribal clashes have also posed a threat to the industry.

The most recent Al-shabaab threats and attacks have also been a challenge to this industry though the government has done so much to curb the situation. The fighting in the neighbouring countries of Sudan, Burundi still poses a big challenge to the sector growth and also marketing Uganda as a tourist destination. Political instability in the country has been an issue of concern to tourists.

**Recommendation**

- Updates on the security situation through the provision of information to visitors will help improve their safety and security. In line with this, a section for Tourism Police under Uganda Police that was created needs to be adequately facilitated. This will help not only ineffective prosecution for cases where tourists are involved but will also build the confidence of/among the tourists.

### 3.14 High Population Growth rate

Increase in human population has also led to human encroachment in the wildlife habitats such as forests and grasslands. This leads to human-wildlife conflicts resulting in the migration of some animal species from their habitats. This has adversely affected the tourism industry in Uganda. Destruction of wildlife is another issue of concern in this industry. This is repeatedly reported from the national parks and game reserves where poachers kill the animals for their meat as well as for trade in some of their parts such as the ivory and the rhinoceros' horns. Some people who rank high in the society such as the politicians have also been known to take part in these illegal businesses.

**Recommendations**

- There is need to implement a robust resettlement action plan in the medium to long term for the encroachers of the game and forest reserves, this should be accompanied with degazetting of some of the reserve land for human settlement.

- Encourage Oil Companies to Use Technologies that Mitigate Impacts on Environment. Such technologies exist, along with international best practices on environmentally-friendly oil extraction. Yet these often entail higher expenditures. Therefore, appropriate legal frameworks are necessary, as are efforts to educate and mobilize local stakeholders. It is also critical that there be support at the highest levels of the Ugandan government, which must approve oil companies' major expenditures. The reason this arrangement was put in place is that oil companies and government divide profits—as such, higher costs impact profit margins for both entities.

### 3.15 Lack of Coordination within Government on Tourism-Related Issues

Tourism can only be planned and implemented effectively when there is coordination among the various ministries that play a role in the sector. Currently, no sustainable mechanism exists to coordinate activities such as training, land access, statistics collection, road and air transport infrastructure, marketing, tourism destination planning, and community tourism development.

**Recommendation**

- Revive Tourism Coordination Committee (TCC). MTWH officials feel that it is critical to reviving the TCC to enhance communication and cooperation within the sector. It has been suggested that the Permanent Secretary should delegate an official who can consistently represent MTWH and that representatives from key districts should also be included. To make the TCC effective and sustainable, there must be high-level support from the MTWH and an allocation of funds to cover venue and refreshment costs. If MTWH budgets do not allow for monthly meetings, the gathering should take place no less than once per quarter. Regardless of frequency, working groups should be formed to ensure follow-up on key issues between meetings

### 3.16 Dormant Tourism Apex Body Limiting Communication among Private Sector Groups

The Uganda Tourism Association (UTA), comprised of ten tourism sector associations, was created to foster communication and collaboration within the tourism private sector. Yet years have passed since the last Annual General Meeting. Members have expressed frustration with the body's diminished role in the sector, which they attribute to the lack of a secretariat, inadequate leadership, and limited funding.

**Recommendation**

Revitalize UTA. The TCC will be more effective if the private sector can speak with a unified voice on key issues. A fully functional UTA will make this more likely. Members have suggested that UTA immediately call for an Annual General Meeting, during which a new Executive Committee should be elected. Besides a new set of committed leaders, it will be critical to establish a secretariat that will allow UTA to push forward its agenda. For the sake of sustainability, funding for the secretariat should come primarily from annual membership dues. Additionally, PSFU has indicated that it may also be able to provide support for selected activities.

### 3.17 Inadequate Communication among Tourism Stakeholders

The TCC served to keep stakeholders informed of new activities and initiatives, promoted collaboration, and allowed for resolution of conflicts. Yet regular meetings soon became ad-hoc and then ceased entirely. This is attributed to a waning of political support, as well as insufficient funds.

**Recommendation**

Establish Tourism Sector Working Group Within LDPG. The Local Development Partners Group (LDPG) is a high-level policy forum comprised of mission heads of key donor organizations in Uganda. Chaired by the World Bank and supported by a secretariat, its objective is to increase effectiveness and facilitate coordination among the donor community. It contains several working groups covering themes such as "Environment and Natural Resources" and "Climate Change". It is recommended that tourism become one such thematic working group. One option would be to have the tourism working group led by the World Bank, as has been recently suggested by MTWH. Overall, having such a mechanism would help reduce duplication of efforts, increase the efficiency of assistance, and also likely encourage more donors to provide support to what would be considered as a well-coordinated sector.

**3.18 The lack of amenities or the over-charging for the use of amenities.** In too many locations around Uganda, there is a lack of simple amenities. From clean and potable water at hotels to well-maintained public restrooms. In all too many locations finding simple public services is a constant challenge. Signage is often unintelligible to the foreign tourist, parking turns an outing into a nightmare, and as hard as it seems to believe there are all too many "good" quality hotels that charge for internet service. In many locations, the hotel's in-room phone service is outrageously expensive even for local calls. The lack of amenities or the over-charging for their usage destroys the sense of hospitality and turns guests into mere customers.

**Recommendations**

- Work with other Government Agencies to Improve Electricity and ICT Provision. Discussions should be held with the Ministry of Energy and Mineral Development regarding the extension of the electricity network to key tourism destinations. It is also worth advocating for the granting of subsidies or other incentives to businesses that install solar, wind, or micro-hydro systems. As for the ICT network, discussions should be held with the Ministry of ICT to see whether several strategic tourism destinations could be incorporated into the Rural Communications Development Fund.

**4.0 Conclusion**

In summary, the Uganda government should review its position in response to advice from IMF and the World Bank about Privatisation & private sector-led economy. Many nations worldwide still get involved in doing business as a strategy to provide services to the taxpayers at a fair price as well as know the pains & pangs of doing business.

**References**


- National Planning Authority 2015
- National Development Plan (NDPII) 2015/16-2019/20
- Ministry of Trade, Industry and Cooperatives (2018) Ministerial Policy Statement.
- National Planning Authority 2010 and Uganda Vision 2020
- Uganda Tourism Board 2018 Ministerial Policy statement



**For more information contact:**

**Civil Society Budget Advocacy Group**

**P.O. BOX 660, Ntinda**

**Plot 11, Vubya Close Ntinda Nakawa Stretcher Road**

**Tel: + 256755202154**

**E-mail: csbag@csbag.org**