

TOURISM

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Background

Uganda is a beautiful country with excellent tourist potential. Despite its tropical location its climate is temperate because of its altitude; some 3,000 ft. above sea level. The temperature seldom rises about 85°F (29°C) or falls below 60°F (15°C). With its average annual rainfall of 50 inches spread reasonably well throughout the year, vegetation is green and lush for most of the year. The country has lakes, mountains and forests. It also abounds in beautiful wild-life.

2. Hotels and lodges have been developed throughout the country both by government parastatals and private entrepreneurs. Attached or adjacent so many of the hotels and lodges are good facilities for wild-life and bird watching, golf, fishing, cruising and mountain climbing. There are recreational facilities in or close to most hotels in the cities. The Uganda Tourist Development Corporation advises that by 1974 there were about 36 hotels and lodges with some 2,500 beds. There were three national parks, the Kabalega National Park in the north west, the Rwenzoli in the west, and the Kidepo Valley in the extreme north. There were also 11 game reserves, game sanctuaries and controlled hunting areas.

3. Up till 1974 the Uganda Development Corporation (UDC) was the Government arm in the development of tourism. The UDC developed and ran hotels through its Uganda Hotels Ltd. Uganda Wild Life Development Ltd. operated tours, sightseeing and hunting trips. UDC also ran some lodges through the Safari Lodges Prop. Ltd. In 1974, after some re-organisation of the sector, the Uganda Tourist Development Corporation (UTDC) was created by presidential decree. This Corporation was given the mandate for the smooth operation and development of the tourist industry in Uganda. It was given all UDC companies in this sector.

4. Tourism as an industry had developed rapidly in the late 1960s providing growing employment opportunities and foreign exchange. The peak was reached in 1972 when about 85,000 visitors were recorded (See Table 14.1 below). In 1973, however, tourism was

Table 14.1  
Arrivals, Night in Uganda and Foreign Exchange Spent

Year	Arrivals <sup>1</sup> (000)	Night Spent <sup>2</sup> (000)	Foreign Exchange Spent (Shs.m.)
1969	65	630.5	-
1970	70	679	-
1971	78	756.6	-
1972	85	824.5	156.4
1973	-	-	-
1974	2	19.4	4
1975	3	29.1	5.5
1976	3.5	34	6.3
1977	5	48.5	9.5
1978	6.3	61.2	11.6

- Note:
1. Figures ex Uganda Tourist Development Corporation
  2. It is estimated that 9.7 nights is spent in Uganda - Economist Intelligence Unit (EIU) - Quarterly Economic Review of Uganda, Ethiopia and Somalia - Annual Supplement 1978.
  3. Each tourist spends \$23 a day - see EIU report in (2) above
  4. Exchange Rate of Shs. 7.9 = \$ 1.00

banned while the Government reformulated its policy in the sector. But once the UTDC was set up, it quickly went to work and tourists started trickling into Uganda. By 1978 about 6,300 tourists had been recorded, and it is possible that more people visited the country than were recorded, for two reasons: the general chaotic situation amongst officialdom may have hampered recording, and some tourists may have come in their own vehicles rather than through UTDC organised transport.

5. It is estimated that the 85,000 people who visited Uganda in 1972 spent a total of Shs. 156.42 m. in foreign exchange. Tourism, therefore, came third amongst leading foreign exchange earners in 1972.

Table 14.2  
Major Foreign Exchange Earners in 1972  
(Shs. m.)

1. Coffee	1,128
2. Raw Cotton	368
3. Tourism	156
4. Tea	125
5. Copper	112

With Uganda's facilities and attractions (rehabilitated), stable political climate, and aggressive and well organised promotion and tourist handling programmes, this sector can easily overtake other sectors and rival coffee as a major foreign exchange earner.

#### Problems facing the sector

6. When UTDC was established it was not capitalised at all. It depended on monthly handouts from the Treasury. This arrangement ceased in 1975, and, ever since UTDC has been parasitic on the hotel industry. The de facto transfer of the three units from UDC has never been legalised. As and when the transfer is effected UTDC will have to face the heavy indebtedness of its acquired subsidiaries. By the end of 1978 this debt was estimated at Shs. 46.2 m. For details see Table 14.3.

Table 14.3  
UTDC Indebtedness  
(Shs. m.)

Name of Co.	Equity	Loans	Overdrafts	Total	
				Loans + O/Drafts	Overall
Uganda Hotels	10,436,800	42,512,010	-	42,512,010	52,948,810
Uganda Wildlife Dev.	1,000,000	1,757,910	400,000	2,157,910	3,157,910
Safari Lodges	20	1,537,360	-	1,537,360	1,537,380
Total	11,436,820	45,807,280	400,000	46,207,280	57,644,100

UDC will also want to be compensated for its equity investments in these companies. UTDC could, of course, argue that any compensation in this regard should bear some relationship to the real value of the investment upon transfer, and, it is possible that this may have been lower than the original value of UDC equity investment.

7. The 1973 government ban on tourism shook the industry badly. The subsequent reign of terror discouraged all but the most determined tourists. The war of liberation has not helped either. To revive tourism a powerful international promotion programme is necessary.

8. The war damaged a few facilities and looters removed from some hotels all the fixtures and fittings, furniture, cutlery, stocks of consumables, bedding and linen. This has put out of commission 14 hotels and lodges with 478 beds (excludes Pakuba Lodge) - see Annex 14.1. This is about 20% of all hotel beds available in Uganda. As the soldiers fled they indiscriminately slaughtered wild life in the game reserves and national parks. The worst affected is the Kabalega National Park where almost all the animals are reported to have been destroyed.

9. Over the past eight years foreign exchange and financial problems of the hotels and lodges made it impossible to purchase spare parts for maintenance and replacement. Hence most equipment badly needs overhauling and replacement. At the Kampala International, a newly acquired subsidiary, all the kitchen, laundry and telephone equipment need to be replaced.

### Issues

10. It is important that the UTDC equity base be determined and subscribed for by Government. Management has proposed some Shs. 50 m. Should UTDC get this amount it should take responsibility for clearing its subsidiaries, loans and overdrafts, currently a burden to UDC. What could happen, is for the three companies' equity to be raised and subscribed for by UTDC, so that they could service their loans and overdrafts.

11. All legal matters on the transfers should be effected with minimum delay.

12. UTDC and its subsidiaries in the next financial year should concentrate their efforts on:

- (a) Determining the most profitable hotels, lodges and tourist circuits. These should be rehabilitated as quickly as possible. Saleable packages based on these facilities should be arranged, and aggressive promotion of these packages started abroad. I was advised by UTDC management that the following circuits were viable and popular before the war:

Kampala - Paraa - Pakuba

Kampala - Chobe

Kampala - Mweya

Kampala - Kasese - Semlika

- (b) Other units should perhaps remain closed, or even be closed - to save costs. They should, however, be well guarded. If the Government insists on certain unprofitable units being opened, the financial implications should be worked out and Government requested to meet any necessary subsidies. The position should, of course, be reviewed from time to time as the country returns to normality and tourism picks up momentum.

13. Urgent study of the nature and magnitude of the damage to the National Parks and game reserves should be started. International help for this restocking should be sought.

### Resources

14. Apart from the Shs. 50 m. for recapitalisation, the industry badly needs some Shs. 33.2 m., of which Shs. 23 m. is foreign exchange for rehabilitation. This is shown in Table 14.4.

Table 14.4  
Financial resources required 1979/80

	Total	Foreign Exchange
	Shs. m.	Shs. m.
UTDC Capitalisation		
Hotels and Lodges (including Kampala International)	20.0	15.0
Wild-life rehabilitation	1.5	0.5
Revival of Tours and Vehicles	4.7	2.0
Promotion - Office Rehabilitation	7.0	5.5
<b>Total</b>	<b>33.2</b>	<b>23.0</b>

Source UTDC

15. Manpower requirements as identified by UTDC are shown in Table 14.5.

Table 14.5  
Personnel Requirements

	1979/80	1980/81
<u>UTDC</u>		
- Tourism Manager - Strong in Systems and Marketing	1	1
- Financial Controller	1	1
<u>Hotels</u>		
Marketing Manager	1	1
Financial Controller - hotels	1	1
Hotel Engineer	1	1
Aircraft Catering	1	1
Lodges Manager	1	1
<u>Tours</u>		
Systems and Sales Managers	1	1
<u>Wild Life</u>		
Wild life experts	2	2
	<b>10</b>	<b>10</b>

16. Areas of Foreign Assistance:-

- If the UTDC capitalisation problem is cleared, the transfers of companies legalised, and personnel requested in Table 14.5 is forthcoming, then, the Shs. 33.2 m. asked for could come in the form of a soft loan. This should be channelled through an institution that will oversee developments in UTDC and offer advice and assistance. The local development banks could assist in this regard.
- Bi-lateral aid agencies could be requested to provide the personnel requested in Table 14.5. In 1971 there was a Nuffield Unit of Tropical Animal Ecology programme centred at Kabelega National Park. The Unit was studying wild life habitat, health, and related problems. Perhaps this agency could be approached to assist with experts and finance for re-stocking the parks. Friendly countries with wild life could be approached for assistance with re-stocking. The World Wild Life Association could also be approached for help.

Damage to Hotels

1.	Completely destroyed	
	At Masaka - Tropic Inn	40 beds
	At Mbarara - Treeshade Inn	30 beds
2.	75% Destroyed	
	Pakuba Lodge	
	At Fort Portal - Semliki Lodge	80 beds
3.	Total looting	
	At Gulu - Acholi Inn	30 beds
	At Mbarara - Agip Hotel	18 beds
	At Lira - Lira Hotel	60 beds
	At Masindi - Masindi Hotel	32 beds
	At Gulu - Chobe Lodge	60 beds
	At Kampala - Silver Springs Hotel	100 beds
	At Entebbe- Lake Victoria Hotel	180 beds
	At Tororo - Rock Hotel	32 beds
	At Kampala - Hotel Equatoria	180 beds
	At Kampala - Rairway Hotel	86 beds
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		928 beds
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Source: UTDC