



UGANDA
GREEN ENTERPRISE
FINANCE ACCELERATOR



Sustainable Tourism

UGEFA Sectoral Brief

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Sectoral Context

Tourism increasingly plays a central role in Uganda’s economy – also featuring strongly in Covid-19 recovery responses. The sector contributed 7.75% of GDP and 6.7% of total national employment in 2018 ([CBI, 2020](#)). In addition to direct job creation and GDP contributions, the sector offers add-on benefits of related infrastructure investments and indirect income generation across supply chains ([Budget Framework FY 19-20](#)). The tourism sector supports employment in the wildlife sector, transportation, retail, culture, sports and recreation industries ([UTD Master Plan](#)).

In Uganda, the sector is dominated by SMEs and family-owned businesses. These SMEs offer popular tourism services, including safaris, birdwatching, tours of cultural sites, handicrafts and more. Despite advancements since 2017 in the sustainability of the tourism and travel industry in Uganda, 2019 revealed a dip in compliance and stringency of environmental regulations in the sector ([Travel and Tourism Competitive Index 2019](#)). As the sector recovers from the pandemic, there is evidence of a growing trend, largely due to international demand, for sustainability accreditation and ecolabelling of tour operators,

As Uganda moves forward in advancing a resilient, inclusive and green economy, sustainable tourism SMEs will play a central role. The tourism sector offers opportunities to generate income and jobs while protecting Uganda’s vast wildlife and biodiversity, and strengthening cultural heritage.

Relevant Policies and Strategies

[Uganda Vision 2040](#)

[Uganda Tourism Development Master Plan 2014-24](#)

[Third National Development Plan \(NDP III\) 2020/21 – 2024/25](#)

[Uganda Tourism Act](#)

[Uganda Wildlife Act 2019](#)

[The Uganda Green Growth Development Strategy 2017/18 – 2030/31](#)

[National Tourism Sector Development Plan 2015/2016-2019/2020 \(NTSDP 2020-2025 in development\)](#)

Government Stakeholders

Ministry of Tourism Wildlife and Antiquities

Uganda Wildlife Authority

Uganda Tourism Board

Ministry of Finance, Planning & Economic Development

What is “sustainable” tourism?

Sustainable tourism “takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities” ([UNTWO](#)).

Tourism business activities (e.g. transport, accommodation, handicraft production, tour operations) depend on the contributions of interrelated value chains. Thus “greening” tourism depends on cross-sectoral efforts – with significant potential for multiplier effects – to:

- Promote and ensure the conservation of wildlife and diversity, e.g. by improving access to skills and training for employees

- Enable communities and the sector at large to adapt to the impacts of climate change while securing valuable assets, i.e. attractions and buildings
- Improve the resource efficiency of the sector by responsibly procuring food and beverages, energy and construction materials, etc.
- Reduce waste and improve waste management



Biodiversity & wildlife conservation



Resource efficiency



Circular economy

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Priority Topics in Sustainable Tourism

Before the negative effects of the Covid-19 pandemic, Uganda anticipated 4 million tourists and an income generation of USD 2.7 billion in 2020 (MFPEd). Within the [Third National Development Plan \(NDP III\)](#) tourism is identified as core to the alleviation of poverty, advancement of food security and promotion of economic growth. Focus areas include:

- 1. Encouraging domestic and inbound tourism spending** through scaling marketing and promotion, establishing regional tourism information centres in key areas, among other measures.
- 2. Increasing the availability and quality of supportive infrastructure**, including by upgrading accommodation and attraction facilities and facilitating a greater role for the private sector in delivering services in protected areas.
- 3. Diversifying and developing tourism products** such as for hiking, climbing and other adventure sports in wildlife reserves and agro-tourism through competitive tour packages.
- 4. Expanding the pool of skilled employees along the tourism value chain**, calling on a greater role for local hospitality sector enterprises and their integration in tourism value chains

Expected Impacts of sustainable tourism SMEs



Resource efficiency

- Reduction in energy consumption costs through energy efficiency measures
- Increased value addition to natural resources



Environmental preservation

- Conservation of wildlife and biodiversity
- Waste and water saved
- Energy conserved



Job creation

- Direct Employment creation (full time and part time)
- Indirect Employment creation
- Benefits provided to employees
- Employment of vulnerable groups, including women



Climate change mitigation

- Reduction of carbon emissions
- Sustainable water management and usage
- Reduction of deforestation

by 2030

Uganda Green Growth Development Strategy Targets

- Increase foreign tourism from US\$123.5 million to US\$500 million from 2020 – 2030
- Increase value of tourism activities from US\$543.5million to US\$1billion from 2020 – 2030
- Achieve labour productivity of US\$5,217.65/worker while adding 359,213 green jobs

SME Impact Chains

How do we trace SME impacts, while supporting SMEs to do the same?

SMEs bring innovative technologies to the market that contribute to national targets. Impact mapping involves tracing SME impact chains, considering:

- 1 Technology**
Resource efficiency
Sustainable consumption and production
- 2 Business activities**
Production
Distribution
Installation
Servicing / maintenance
- 3 Direct SME Impacts**
Productivity
Job creation
Inclusion
Environmental
- 4 National Targets**
Green growth
Sustainable development

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Common SME Activities in Sector

	Role of SMEs	Common business activities
 <p>Tours</p>	<p>SMEs operate tour and travel circuits (bicycle tours, air balloon travel, marine activities on Lake Victoria and river rafting on the Nile River).</p>	<p>Delivering tours, partnering with other tour companies, marketing and promotion.</p>
 <p>Agro-tourism</p>	<p>Agro-tourism involves tourism for crops such as coffee or cocoa, with the crops sold for income once they are grown.</p>	<p>Delivering tours, tastings, packaging the product, selling products to buyers.</p>
 <p>Handicrafts</p>	<p>SMEs are involved in the production of local handicrafts, which can also be related to wildlife conservation and community inclusion.</p>	<p>Sourcing materials, training, production of the handicrafts, promotion and distribution.</p>
 <p>Eco-accommodation</p>	<p>SMEs construct and run eco-lodges using locally available sustainable materials and green technologies.</p>	<p>Construction of the eco-lodges, training, community engagement, running the eco-lodges, marketing and promotion.</p>



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Common SME Financing Needs

Start Up

Cross-sectoral

- Skills and training for employees and to improve quality of services
- Financing skills trainings and advisory for competitiveness
- Registration costs

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-  Technology and “soft skills” to establish reliable systems, esp. for financial management
-  Trainings, incl. on further “greening” of activities

Working Capital

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-  Financing for eco-labelling and eco-tourism accreditation
-  Investments in marketing and advertising
-  Capital for paying suppliers in communities

Cross-sectoral

- Rent, facilities financing
- Financing to connect to clean power (through the grid, or through generation)
- High operational costs

Growth

Cross-sectoral

- Employee and community trainings (one solution: grants to subsidise training costs)
- Collateral to secure capital for growth (one solution: expanding co-ownership opportunities in key conservation areas)
- Open regional hubs to reduce distribution costs
- Compliance with ISO standards and eco-accreditation to tap into regional and international markets (role for local government)

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-  High initial capex required for energy and facilities investment, e.g. expansion or upgrading of eco-lodges
-  Hiring of skilled employees, incl. with wildlife and biodiversity conservation knowledge

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Ecosystem Insights

Partnerships and ecosystem support are central to supporting sustainable tourism SMEs to access the financing they need to start and grow their business. Core areas for partnership and support include:

- 1. Enabling sector integration and knowledge sharing** through bundled products and services within the sector, for example by further linking the tourism sector with energy efficiency and renewable energy for productive use, value-added agro-processing and more.
- 2. Sharing investment performance and impact data** of sustainable tourism SMEs with financiers to inform financial institutions of the bankability of tourism sector SMEs.
- 3. Ensuring collaborative management of natural resources** through further knowledge sharing and up-skilling offered in collaboration with biodiversity and wildlife conservation experts.
- 4. Drafting green sector guidelines** to support communities with understanding and tapping into “sustainable tourism” opportunity, building on existing efforts to green the sector.
- 5. Streamlining certification and compliance** of sustainable tourism activities to make it easier for tourism value chains to align with growing regional and global demand for eco-labelling and accreditation.

Insight Contribution from Ecosystem:

Challenges Group
Development Associates Link International (DALI)
Focus Youth Forum
MicroGen Renewables
RTI International (Private Sector Engagement Advisor, USAID Biodiversity for Resilience)
Rural Women and Youth Empowerment Centre
Uganda Community Tourism Association (UCOTA)

Industry Associations



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