

The Effect Of Covid-19 Pandemic On Tourism Sector In Uganda

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Abstract

This paper assesses the existing debate concerning the likely effects of the COVID-19 pandemic on tourism sector in Uganda. The paper offers a reflection and recommendations on what the future might hold for the industry when it recommences. A combination of descriptive design with quantitative approaches and online resources were used to investigate the effect of the COVID-19 pandemic on tourism and provided a commentary. The paper draws from relevant research-based emphasis on the relevant standing of tourism industry in Uganda. The findings indicated that the average number of tourist arrivals in 2020 were far below the arrivals recorded in 2018, hotels made losses in accommodation cancellations between March and April 2020 and Uganda was expected to record a significant loss in the tourism revenue averaging to 71.6% from different tourism areas in 2020 during the COVID-19 pandemic. The paper suggests a synthesis of assessments that nurtures understanding of the prospect damage on tourism industry on the economy. The idea offered in this manuscript delivers the possibility for a quick assessment of the existing status of the tourism industry, its effects accommodation, visitors and revenue during COVID-19 period.

Key Words: Covid-19, accommodation, tourists, revenue and Tourism

Introduction

Tourism sector has an incredible impact on the economy because it contributes a tune of 8% of the country's GDP yet it's the worst hit area since it's the leading foreign exchange earner accounting for \$1.6 billion dollars and employing 667,600 face to face and 16 million careers indirectly. Travel restrictions, embargo was inevitable because unrestricted movements could easily import the deadly COVID-19 pandemic. Travel bookings for hotels, airlines, tour operations were suspended and the entire tourism sector is at a standstill. The sector contributes through tax payments, and foreign inflow. Currently the tourism and hospitality sector houses the indigenous hotels, tours, lodges, ticketing is faced with challenges of meeting full obligations, utility payments and debt servicing (Migereko, 2020, GoU, 2020, Lakuma et al., 2020). According to Athumani (2020), Uganda national parks and wildlife authorities COVID-19 led to job loss which resulted into double poaching of the animals the industry depends on compared to 2019. The poaching cases increased from 163 in 2029 to 367 in 2020 recorded cases.

Tourism sector is ranked as the major foreign exchange earner in Uganda and contributing significantly to the Gross Domestic Product (GDP)¹. In 2018/2019 FY, the tourism sector in Uganda contributed 7.7% to the GDP and 6.7% to the national employment where it created around 667,600 both indirect and direct jobs². However, tourism sector has been hit hard due to the outbreak of COVID-19 Pandemic despite its remarkable contribution to the economy and employment sector in Uganda. The outbreak of COVID-19 in Uganda led to restrictions in travelling/movement and suspension of the operation of airlines which resulted into booking cancellation by majority of tour operators and hotels across the country³. Thus, this study analyzes how the tourism sector was affected in different during the COVID-19 times in Uganda.

Objectives

General objective

The overall goal of the study is to examine the effect of the COVID-19 pandemic on tourism in Uganda.

Specific objectives

- i. To examine whether there was a difference in the number of tourist arrivals between 2018 and 2020 in Uganda
- ii. To assess how the accommodation subsector was affected by COVID-19 pandemic in Uganda.
- iii. To examine the effect of COVID-19 pandemic on the tourism revenue in Uganda.

Hypothesis of the study (Alternative)

Ha1: There is a significant mean difference in the number of tourist arrivals between 2018 and 2020 in Uganda.

¹ Budget Framework Paper. (FY 2019/20). Available on:
https://budget.go.ug/sites/default/files/Sector%20Budget%20Docs/2019-2020_SectorBFP_19_Tourism_12_5_20184_45_18PM.pdf

² <https://www.adventureugandasafaris.com/ugandas-tourism-registers-an-increase-in-revenue/>

³ <https://www.newvision.co.ug/news/1518092/tourism-post-covid-19>

Literature Review

Over 600,000 lost Jobs and unemployment led to stakeholders to turn their spears against animals thus turning into poachers. The communities near the game parks lack seedlings it's very difficult for them to co-exist with wildlife.

Trends to shape the industry

There was need to stimulate demand through building confidence among travelers. Restrictions on travel should be lifted and support the industry to access credit, ensure safe travels and diversify the market.

Re-inventing and re-engineering the businesses, revising operations, strategic planning, better-quality facility design and measures, bedroom arrangement, menu variations and cuisine, promotion of effectiveness and efficiency, improve attractiveness and competitiveness, future possibility preparation, new cancellation policies and rules and regulations, ability of the staff, to use technology, website redesign, collaboration and coepetition, value in local travelers, advancement of decision-making capacity, regionalization of markets to enhance business repossession. The industry should be exempted from VAT especially with hotels to enable it recover. Two months extension for filing all taxes was not good for the industry in the recovery process.

Funding from government through its agencies (Uganda Tourism Board-UTB, Uganda Wildlife Education Conservation Center-UWEC, Uganda Wildlife Authority -UWA) since game parks and zoos need to sustain the gains in conservation as they wait for tourists. Planning, designing, upgrading tourism attraction sites is a key success factor for the sector in the new future. Services in the sites need improvement; water connection, roads, communication, consistent power, internet connectivity, displays for quality souvenirs, encourage marketing message, resting areas and kitchen, bedrooms with good bathrooms, Uganda culture, food, birds, animals and restaurant at affordable and competitive prices (Musinguzi, 2020).

The fight against COVID-19 in Uganda has given chance to the tourism sector to reposition its self because of higher recovery rates. This will support Uganda's road to join the Intra-Africa tourism for sustainability of the sector.

Uganda Wildlife Authority to look for food relief for communities to stop them from poaching the animals the industry lives on and they should get seedlings for the nearby communities to enable them co-exist with wildlife animals. Increase the number of hours rangers spend with animals especially gorillas.

Methodology

The study used a descriptive design (Nassaji, 2015) with only quantitative approaches to investigate the effect of the COVID-19 pandemic on tourism in Uganda. The data used in this study was obtained from Ministry of Tourism, Wildlife and Antiquities (MTWA)⁴ and Uganda Wildlife Authority (UWA)⁵. The analysis involved empirical testing to provide answer to the study hypothesis such as using paired sample t-test to compare the number of tourist arrivals in Uganda between 2018 and 2020. The study also used descriptive analysis where graphs and tables were used to get answers to the research questions.

Key Findings

This section presents findings on the effect of the COVID-19 pandemic on tourism in Uganda. The evidence presented in this chapter focuses mainly on how COVID-19 pandemic has affected; the number of tourist arrivals, accommodation subsector and the tourism revenue in Uganda. The study findings are presented in the subsequent sections below;

Examining the difference in the number of tourist arrivals between 2018 and 2020 in Uganda

The increase in inflow of tourists increases the foreign exchange earning to the economy of Uganda, thus if the tourist inflow is affected, it would consequently affect the growth in the economy. Thus, the study presents empirical evidence examining whether there is a significant difference in the number of tourist arrivals between 2018 and 2020 in Uganda. The results are presented using paired sample t-test as shown below;

⁴ MTWA (2020), <https://www.tourism.go.ug>

⁵ UWA (2020), <https://www.ugandawildlife.org>

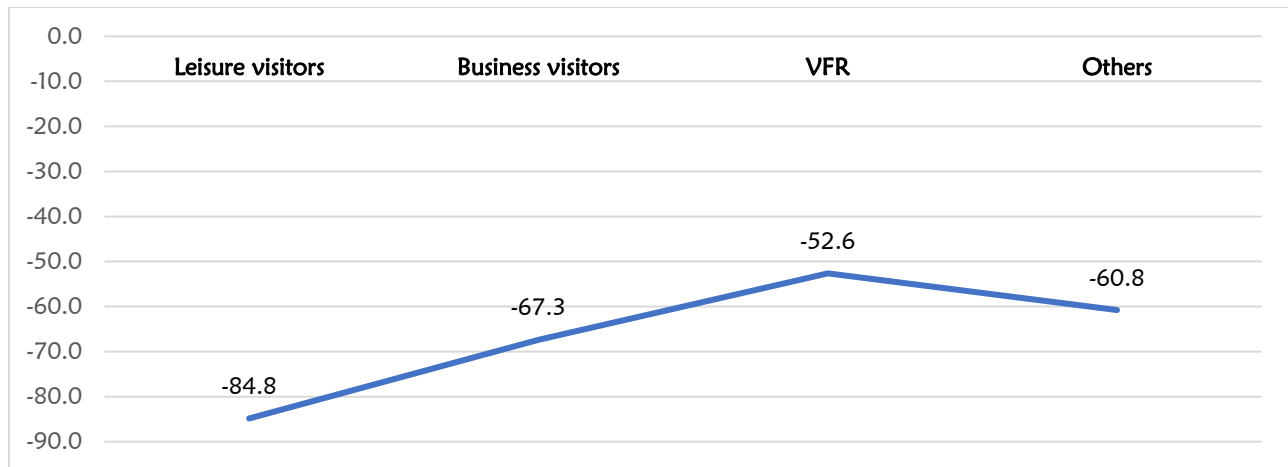


Figure 2: Change (%) in the tourist arrivals in 2020 with COVID-19 compared with the base year of 2018

Source: Own Computation based on MTWA (2020)

The results show that the outbreak of COVID-19 in 2020 drastically led to the decline in the proportion of leisure visitors, business visitors, friends and relatives visiting, and others as compared to the trend in 2018. The findings show that the leisure visitors were the most affected as they recorded 84.8% negative fall compared with business visitors, friends and relatives visiting and others. The findings may imply that before Uganda registered COVID-19 case in January and February, the outside countries where it majorly receives its leisure tourist had already been hit with COVID-19 and their governments had put stringent measures to limit their movements which consequently could have affected the leisure tourist visitors to Uganda (Mawerere, 2020).

The effect of the COVID-19 pandemic on the accommodation subsector in Uganda

The accommodation subsector is a vital player in the functionality and growth of the tourism industry in Uganda as it provides space where tourists rest during night and day. The accommodation subsector comprises of hotels and lodges etc. which act as residing places for the tourists, therefore if the inflow of tourists is affected there is a high likelihood of closure of tourist's lodges and hotels. Thus, the current study examines how COVID-19 pandemic effected accommodation subsector in Uganda. The results are presented in figure 2 below;

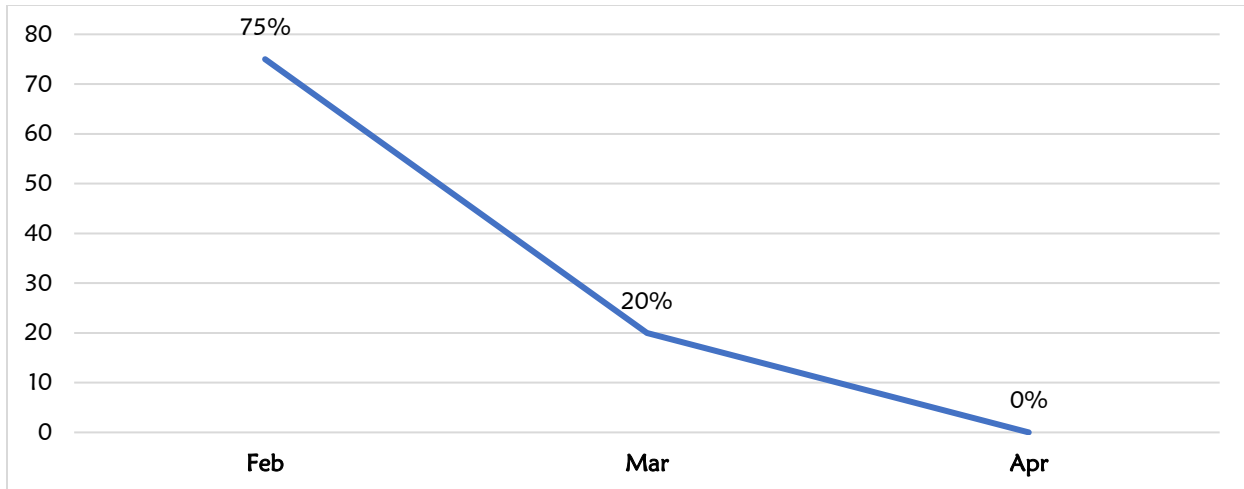


Figure 3: Trend in the Accommodation Occupancy Rate (AOR) in hotels in Uganda in 2020 (February-April)

Source: Own Computation based on MTWA (2020)

The findings in figure 3 show that with the outbreak of COVID-19 in March 2020, the accommodation occupancy rate exponentially reduced from 75% in February to 20% in March 2020 and finally to 0% in April when there was a total shutdown. The drastic fall in the accommodation occupancy rate was as a result of stringent COVID-19 measures put in place to curtail the further spread of the pandemic in the country such as closure of airport and borders, closure of hotels and lodges which stopped tourist inflow. Serena and Sheraton hotels that used to have 95% occupancy dropped to 0% which left them with no choice other than withdrawal of staff contracts (Musinguzi, 2020).

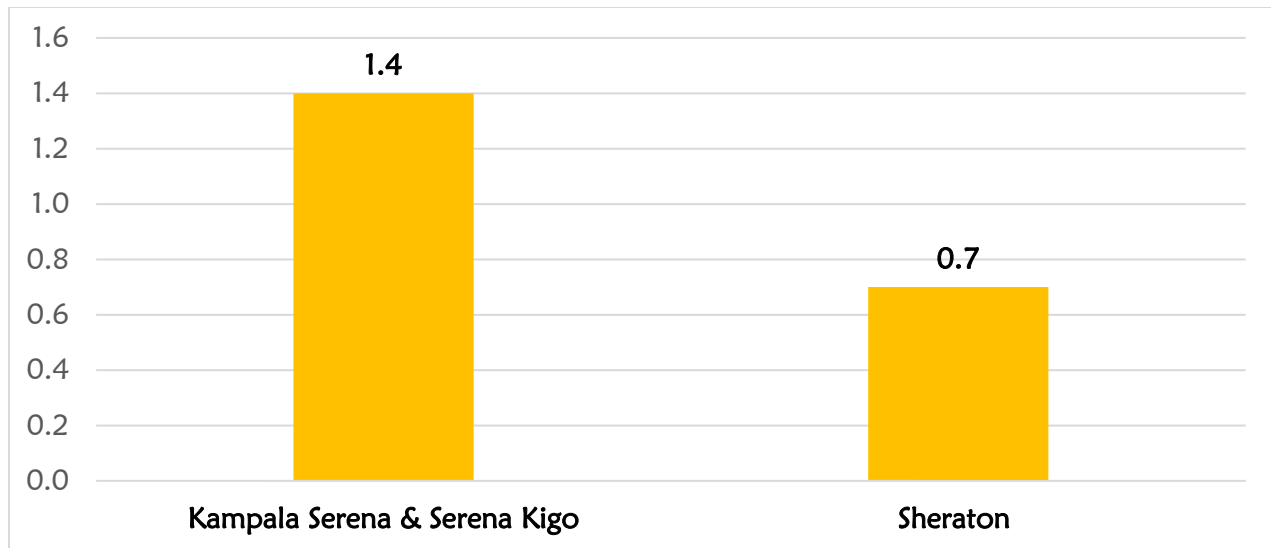


Figure 4: Accommodation Cancellations (USD Million) for selected major hotels in 2020 (March and April)

Source: Own Computation based on MTWA (2020)

From the figure 3 above, it is indicated that Kampala Serena & Serena Kigo hotel lost approximately 1.4 million USD in accommodation cancellations while Sheraton hotel lost 0.7 million USD between March and April. The accommodation cancellations were attributed to the closure of borders and restriction of flights into the country which limited tourist visitors from entering the country and this consequently led to the cancellation of several bookings which were made at different hotels (Nabatanzi, 2020). Covid-19 has been a disaster to the tourism industry since it totally affected the occupancy capacity of hotels from 75% to 25-30% which resulted into loss of jobs to close 500 employees were sent on leave (Nabatanzi, 2020).

The effect of COVID-19 pandemic on the tourism revenue in Uganda

The study also sought examine the extent to which COVID-19 pandemic has affected the tourism revenue in Uganda. The study made comparisons between the expected growth in tourism revenue in 2020 without COVID-19 and expected growth in tourism revenue with the presence of COVID-19 compared with the tourism revenue in 2018. The findings are indicated below;

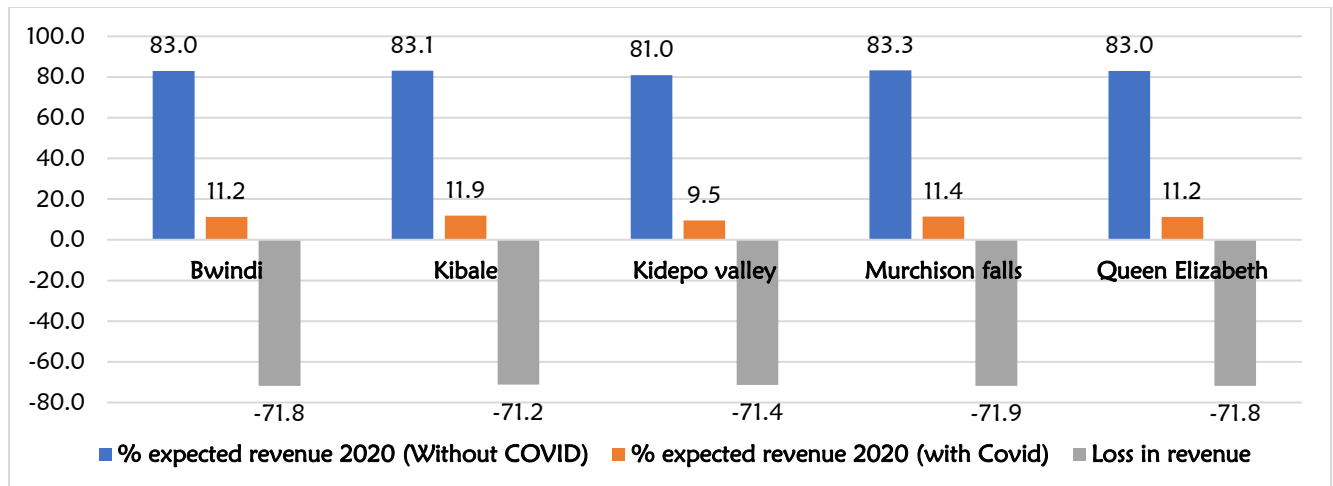


Figure 5: Growth in tourism revenue (%) expected with and without COVID in 2020 compared with tourism revenue in 2018 basing on selected tourism areas in Uganda

Source: Own Computation based on MTWA (2020)

The findings presented in figure 5 above indicate that before the outbreak of COVID-19 in 2020, Uganda was expected to generate an increase in tourism revenue averaging to 82.7% in 2020 compared with 2018 from its different tourism areas. However, with the outbreak of COVID-19 in 2020, the expected growth in tourism revenue in Uganda is likely to fall below 12% in 2020 compared with tourism revenue in 2018. Due to the outbreak of COVID-19, Uganda is expected to record a loss in revenue averaging to 71.6% from its tourism areas across the country. The fall in the growth of expected tourism revenue in 2020 is attributed to restrictions in movement and closure of airlines and borders which limited entry of tourists (Newsome, 2020). According to Agency (2020) International Monetary Fund (IMF) the effect of Covid-19 on tourism sector will lead to 54% drop on the sector's projection in financial year 2019-2020 and the flow of currency in the country will be affected. The wildlife resources used to attract millions of guests in the country which used to fetch close to \$2 billion dollars (Lindsey et al., 2020).

Conclusions

The effect of the COVID-19 pandemic on the number of tourist arrivals in Uganda

The study revealed that there was a significant difference in the average number of tourist arrivals between 2018 and 2020. The findings indicated that the average number of tourist arrivals in 2020

were far below the arrivals recorded in 2018. Therefore, it is concluded that the outbreak of COVID-19 reduced the number of tourism arrivals in 2020 in Uganda due to closure of airport and borders.

The effect of the COVID-19 pandemic on the accommodation subsector in Uganda

The findings indicated that the tourism accommodation occupancy level in Uganda declined continuously during the period of COVID-19 in Uganda. The study also found that hotels in Uganda made losses in accommodation cancellations between March and April 2020. Therefore, the study concludes that the outbreak of COVID-19 pandemic significantly affected the accommodation subsector in the tourism industry in Uganda.

The effect of the COVID-19 pandemic on the tourism community revenue in Uganda

The study findings indicated that Uganda is expected to record a significant loss in the tourism revenue averaging to 71.6% from different tourism areas in 2020 during the COVID-19 pandemic. The study concludes that more tourism revenue would be generated with an average growth rate of 82.7% from different tourism areas if there was no outbreak of the pandemic in 2020 since there would be easy entry of tourists and other stakeholders from other countries.

Recommendations

The government should consider opening up borders and airline with stringent COVID measures in order to allow the inflow of tourists from other countries.

There is need to encourage local tourism than relying mainly on foreign tourists. This should be done through lowering of tourism rates for local tourists. Tourism in Uganda has majorly been left for foreign tourists since the tourism rates do not favor the locals who are burdened with poverty.

There is need by government to sensitize local people through media about the tourist places available in Uganda. This would stimulate the local demand hence increase on the tourism revenue collected by government.

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