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Statistical and Economic Analysis of Uganda's Tourism Expenditure and Motivation Survey 2019



The Government of Uganda is keen on increasing the economic benefits derived from Uganda’s tourism assets. These assets include the national parks, the wildlife (a unique mixture of plains game and mountain gorillas), and landscapes for hiking, as well as water and adventure activities. Additional attractions include village visits, cultural assets, religious gatherings and conference facilities.



To support government policies aimed at increasing tourism benefits, this analysis is based upon an exit survey of visitors to Uganda in the 2019 high season for tourism. Because the survey questionnaire is almost identical to that employed in the Tourism Expenditure and Motivation Survey (TEMS) 2012, a key output of the survey work is a comparative analysis of the statistical characteristics and economic impact of tourists in Uganda in 2012 and 2019.

The 2012 and 2019 surveys focus on tourist numbers but also the demographic characteristics of tourists, their reason to visit Uganda, their country of residence, the number of nights they spend, the activities they enjoyed in Uganda and the sites they visited. Key data included the overall expenditures in Uganda by visitors, an assessment of the tourist’s satisfaction with the sites visited, as well as accommodation, transportation and services. It also included an overall assessment of whether the tourist would return to Uganda and whether they would recommend Uganda to friends and family. To strengthen the marketing of Uganda as a tourist destination, the survey asked for data on what information sources the tourist used in choosing to visit Uganda.

The original intention of TEMS 2019 was to survey visitors in both the low and high tourism seasons, but the advent of the COVID-19 pandemic in early 2020 meant that the low

season survey could not be carried out. For the economic analysis component of TEMS 2019 a rough estimate of low season economic impacts was built upon the comparative low and high season impacts derived in the 2012 analysis. The statistical analysis compares only the high season results for 2012 and 2019.

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As in other countries, COVID -19 has had a severe impact on the Uganda tourism sector in 2020. By April 2020 earnings in accommodation and food services had dropped by 70 percent compared to 2019, and 77 percent of establishments had laid off staff. The World Tourism Organization (UNWTO) forecasts that a recovery in tourism will only occur by late 2021.

The recovery and further development of the tourism sector in Uganda will depend upon key policies and institutions of government, including the Ministry of Tourism, Wildlife and Antiquities (MTWA), the Uganda Tourism Board (UTB), the Uganda Wildlife Authority (UWA) and a series of research and training institutions dealing with wildlife conservation and hotel management. MWTa and its related institutions are subject to the Tourism Act (2008) and the Uganda Tourism Masterplan (2014–24), the Wildlife Policy (2014) and the Wildlife Act (2019). The Tourism Masterplan aims to double tourism revenues, increase tourism jobs by 50 percent, and more than double arrivals by 2024.

STATISTICAL ANALYSIS OF TEMS 2019

While MTWA has published a detailed statistical analysis of the TEMS 2019 high season sample of tourists, the emphasis in this report is on comparisons between the 2012 and 2019 high season samples. In both 2012 and 2019 the survey sample measures non-residents and non-Ugandans who spent at least one night in Uganda over the sample period. This yields a focus on high-spending foreigners in the target sample of 500,000 visitors in 2012 and 600,000 in 2019. In both cases the survey samples were adjusted to ensure that the distribution of tourists by country of residence matches the distribution seen in the official immigration figures.

The survey shows that in 2019 52 percent of tourists to Uganda come from African countries, an increase from 47 percent in 2012, while Europe accounted for 20 percent and North America 14 percent. In both years the top five countries accounted for 50 percent of all tourists.

Leisure tourists increased from 21 percent of the sample in 2012 to 25 percent in 2019 (from 89,000 to 126,000 tourists) and now form the largest share of tourists, followed by tourists visiting friends and relatives (VFR) (18 percent in 2012 and 24 percent in 2019). The increase in leisure tourists may reflect successful promotion of Uganda nature tourism in the intervening years. The survey results show that 50 percent of tourists depended on the opinions of friends and family when they chose

Uganda, but 10 percent visited the Visit Uganda website¹ to get information. The number of nights spent by tourists in Uganda is highly variable, but the median in both years is from five to seven nights, with leisure tourists, spiritual tourists and tourists visiting friends and family dominating.

An important survey finding is that **there were large increases in tourist satisfaction between 2012 and 2019**. In particular, accommodations, restaurants and tours scored 75 percent excellent or very good, while local transport satisfaction jumped from 25 percent excellent or very good in 2012 to 45 percent in 2019.

Increases in tourist satisfaction with their Uganda visit are measured by the stated likelihood to return to Uganda which increased from 65 percent in 2012 to 70 percent in 2019. Similarly, 80 percent of tourists stated that they would recommend a Uganda visit to their friends and relatives in 2012, compared with 90 percent in 2019.

While the TEMS surveys provide a wealth of data on the demographic characteristics of tourists, the key figure for estimating the contribution of tourism to the Ugandan economy is the total expenditure per person during their visit, as well as expenditures per person per night. Increasing tourist numbers is the other way to increase revenues, which emphasizes the importance of effective marketing of Uganda as a tourist destination.

In both TEMS 2012 and 2019 expenditure figures are derived from survey

responses by independent travelers. The data show that these travelers are capable of breaking down their expenditures into accommodation, food and beverages, activities, tours, and transportation as well as other categories. This breakdown of expenditures is crucial for understanding which sectors of the Ugandan economy benefit the most from the tourist dollar.

In 2019 32 percent of leisure tourists visiting Uganda came on a package tour. Because estimates of fees charged by tour operators abroad are very crude, it is currently not possible to arrive at accurate estimates of what portion of package tour expenditures accrue to Uganda. This problem is exacerbated by the fact that many package tourists visit multiple countries on one trip, and airfares in particular are not broken out. This problem of identifying package tour expenditures in Uganda should be a focus in future incarnations of the TEMS surveys.

The average expenditure per tourist while in Uganda decreased very slightly from US\$994 in 2012 to US\$897 in 2019 (all dollar figures are in constant 2019 dollars). However, the difference is not significant owing to the necessarily rough inflation adjustment made in this study, using changes in the price level of aggregate gross domestic product (GDP). **Of the different categories of tourists, the largest expenditures per person were made by leisure tourists, amounting to US\$1,146 in 2012, and US\$1,091 in 2019**.

1. See: <https://www.visituganda.com/>.

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ECONOMIC IMPACT OF TOURISM IN UGANDA

Based on the survey data on tourist expenditures, the study uses the 2002 Input-Output (IO) table for Uganda in both the 2012 and 2019 analyses of economic impacts. Key

economic results reported for each year include the share of total exports generated by the foreign

tourists who were the subject of the survey, an estimated range of valued added generated by

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these tourists as a share of GDP, and the wages of skilled and unskilled labor employed as a result of foreign tourist demand for goods and services. Tourism exports are an important source of foreign exchange and serve to strengthen the balance of payments, while labor earnings speak directly to household

welfare. The value added generated by tourists is the most general measure of the impact of foreign tourists on the Ugandan economy.

The analysis shows that tourist exports amounted to US\$431 million in 2019, representing 6.3 percent of total exports, compared with US\$374 million in 2012, representing 9.4 percent of total exports. **Between 2012 and 2019 tourist exports grew by 15.2 percent, a strong performance. The estimated contribution of foreign tourists to GDP lay in the range of 1.3 percent**

to 3.7 percent of GDP in 2012, compared with 1.1 percent to 3.1 percent of GDP in 2019. Wages for skilled labor amounted to 19 percent of the value added generated by tourist expenditures in 2012, compared with an 8 percent share for unskilled labor. In terms of numbers of jobs this difference would be

smaller, given higher wages for skilled labor versus unskilled. While this analysis suggests that the tourism sector does not favor the low-skilled over the high-skilled worker, it does create jobs for the low-skilled, and the larger share of value added by skilled labor points to considerable returns on the investments that government and households have made in educating the young. These figures on labor skills come with a caveat however – ideally data on labor earnings by skill level should be available at the sector level in order to give a robust estimate of these earnings. Expanding the labor data and incorporating the data into the IO model should be priority for the next TEMS survey.

Two simulations of growth in the tourism sector point to the potential gains from policies which foster growth in the sector. **If 100,000 additional leisure tourists had visited Uganda in 2019 this would have added nearly US\$100 million to tourism exports, equaling 1.5 percent to total exports, and generating additional value added in the range of 0.4 percent to 0.9 percent of GDP. Similarly, if each tourist in 2019 had spent one more night in Uganda, this would increase tourism exports by US\$67 million, equaling one percent of total exports and additional value added in the range of 0.3 percent to 0.7 percent of GDP.**



POLICY RECOMMENDATIONS BASED UPON THE FINDINGS OF TEMS 2019

The main objective of this report was to undertake comparative analysis of the TEMS survey data; however, a number of policy recommendations emerged from the analysis and from consultations with the stakeholders, as follows

- Monitor the tourism value chain (establish a ‘tourism observatory’)
- Conduct visitor survey to track sentiments after tourism sector reopening
- Expand market intelligence relating to international trends in the sector
- Publish timely tourist arrivals data
- Conduct visitor surveys more regularly, strengthen sampling, and disseminate results widely
- Support tourism product development, whether in the commercial or community sectors
- Support product innovation in the tourism sector
- Develop a tourism marketing and promotion strategy; build a tourism brand for Uganda
- Broaden digital marketing and assist SMEs to participate in this endeavor
- Invest in the wildlife resource and protected areas, including increased financing for UWA
- Facilitate investments in the domestic tourism market
- Create a forum for regular public – private dialogue on the development of the sector.