Uganda courts hotel brands

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BY TREVOR LUTALO

When the Future Hospitality Summit (FHS) Africa convenes in Kampala in February next year, Uganda will not simply be hosting another tourism conference. The country will be pitching itself as East Africa's next major hospitality investment frontier.

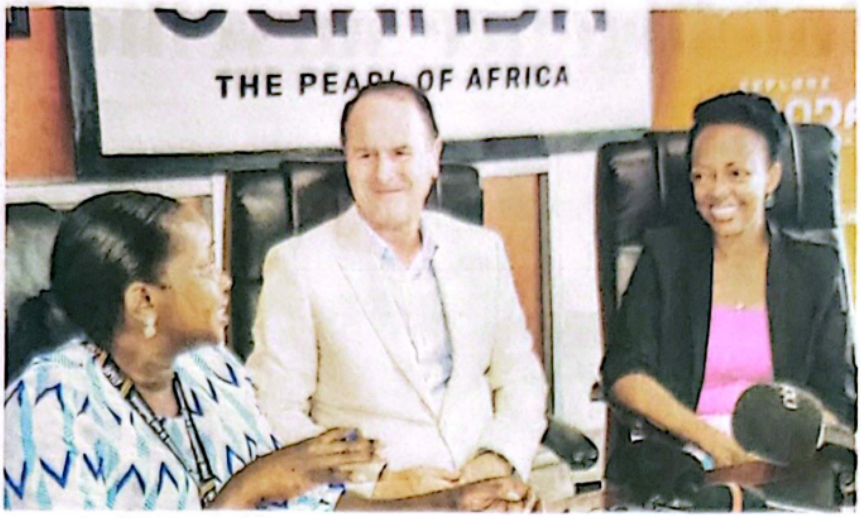
For years, Uganda has marketed itself through wildlife and the "Pearl of Africa" brand. But government officials and private sector players now want to push the conversation beyond tourism potential to investment, infrastructure and global hotel development.

The arrival of FHS Africa in Uganda for the first time reflects that shift. The summit, one of Africa's leading hospitality investment platforms, brings together hotel brands, developers, financiers and tourism stakeholders looking for opportunities across the continent.

Previous editions have been hosted in cities such as Nairobi (Kenya) and Cape Town (South Africa), destinations already deeply integrated into Africa's hospitality investment market.

"This is about opening Uganda to the world," said Uganda Tourism Board (UTB) Chief Executive Officer Juliana Kagwa during the summit announcement in Kampala.

"We are not just looking to increase arrivals; we want to grow foreign direct investment across the entire tourism value chain. We need accommodation, we need beds, we need products and experiences," she added.



Left to right: Deputy Director for Investment Promotion at the Uganda Investment Authority Rita Mugalu, Business Development Director for FHS Africa Roy Bannister, and Uganda Tourism Board CEO Juliana Kagwa during a press announcement event in Kampala recently. PHOTO/TREVOR LUTALO

Still playing catch-up

At the centre of Uganda's argument is a belief that the country remains one of Africa's most underdeveloped hospitality markets relative to its tourism potential. While neighbouring Kenya and Tanzania spent years attracting global hotel chains such as Marriott, Hilton and Radisson Blu, Uganda still has relatively few internationally branded hotels compared to regional competitors. Industry players see that as an opportunity.

"When you compare the number of brand-name hotels in Nairobi and Tanzania, we still lag very behind," said Uganda Hotel Owners Association chief executive officer Jean Byamugisha. "But now we want a seat at the big boys' table."

That ambition is increasingly being shaped by broader economic and political developments.

Uganda's tourism sector has rebounded strongly following the Covid-19 pandemic, with international arrivals surpassing 1.6 million and tourism earnings rising to between $1.6 billion (Shs6 trillion) and $1.7 billion (Shs6.3 trillion).

At the same time, the government has positioned tourism as one of the pillars of its economic transformation agenda under the Agro-industrialisation, Tourism Development, Mineral Development, Science, Technology, and Innovation (ATMS) strategy. Under that framework, officials say tourism is expected to grow faster than several other sectors of the economy.

"The government has hedged its bets on four primary sectors. And in those ATMS, tourism is pegged to grow two and a half times ahead of any other sector," Ms Kagwa said.

For investors, that signals political backing and long-term state support. Ugandan officials frequently point to countries such as Thailand, Peru and Tanzania as examples of destinations that transformed themselves through tourism-led investment.

Ms Kagwa believes Uganda is entering a similar phase.

"We see ourselves competing with the best destinations in the world. We're looking at Thailand as a benchmark. We're looking at Peru and Ecuador. All these destinations started with investment," she said.

Longing for breakthroughs

The timing may also be significant. Uganda is preparing to co-host the 2027 Africa Cup of Nations (Afcon), a tournament already exerting pressure on the country's accommodation capacity, particularly in cities expected to host teams and visitors.

Ms Byamugisha admits the hospitality sector is under pressure to expand quickly.

"Afcon is coming in 2027, and they already want five-star hotels in Hoima alone, which we don't have," she said. "So, as a country, we are panicking."

That urgency partly explains why Uganda is aggressively courting international hotel brands and investors ahead of both Afcon and the hospitality summit. Officials envision not only more hotels in Kampala, but also branded properties in National Wildlife Reserves and Parks.

"We would like you to go to Murchison Falls and stay in a Marriott. We would like you to go to Kidepo and stay in a Hilton hotel," Ms Byamugisha said.

The push for branded hotels reflects changing dynamics within African tourism markets.

International chains bring more than accommodation capacity. They often attract global loyalty-programme travellers, improve investor confidence and raise service standards.

Industry data cited during the summit announcement shows East Africa is increasingly attracting investor attention due to an undersupply of branded hotels, improving air connectivity and rising demand for high-quality accommodation. Kampala, in particular, is emerging as a target because of its role as both a business and conference tourism hub. Officials now openly speak about reshaping the city itself.

"We want Kampala City, the skyline of Kampala City, to evolve in the next three to five years," Ms Kagwa said.

The transformation being envisioned extends beyond hotels alone. Tourism officials believe hospitality investment can trigger wider urban and infrastructure development, from roads and convention facilities to airports and public transport systems.

Increasingly, tourism is no longer being viewed simply as leisure travel or wildlife conservation. Governments across Africa are treating it as an economic development strategy tied to construction, aviation, employment, real estate and foreign investment. Uganda appears to be embracing that model.

Ms Ritah Mugula, deputy director for investment promotion at the Uganda Investment Authority (UIA), said the government is trying to ensure infrastructure development keeps pace with tourism growth.

"As the numbers are coming in, and we see tourists growing, we need to work backwards and ensure that the infrastructure in place is in tandem with the numbers we are attracting," she said.

Tying up the loose ends

Part of Uganda's investment pitch also rests on incentives aimed at making the country more competitive for hospitality investors.

According to UIA, hotel developers can access several tax incentives, including zero import duty on hotel equipment and machinery, VAT exemptions for hotel investments outside central urban areas, and 10-year income tax holidays for qualifying investments.

Foreign investors who commit at least $10 million (Shs37.5 billion) can qualify for tax holidays, while domestic investors can qualify at a $300,000 (Shs1.1 billion) investment threshold.

Officials say the government is also trying to reduce bureaucracy through a one-stop investment centre designed to streamline licensing, permits and environmental approvals.

Still, Uganda's hospitality ambitions face major challenges. Infrastructure gaps remain a concern, particularly outside Kampala. Road connectivity, airport capacity and service delivery standards continue to lag behind more mature tourism markets such as Kenya and South Africa.

Even within the industry, there is an acknowledgement that Uganda is still playing catch-up.

Ms Byamugisha estimates the country is "about 75 percent ready" to host large-scale international hospitality events.

Hospitality training and workforce development have therefore become central to the government's tourism strategy.

Uganda has expanded investment in the Uganda Hotel and Tourism Training Institute in Jinja, while also partnering with development agencies and private sector actors to train workers in hospitality operations, sustainability and tourism management.

Tourism key players argue that improving service quality will be just as important as building new hotels. At the same time, sustainability concerns are increasingly shaping global conversations about tourism investment, particularly in eco-tourism and conservation.

Uganda's tourism authorities insist future hospitality expansion must avoid damaging protected ecosystems and local communities.

"We are protecting the community and environment all the time," Ms Kagwa said.

That balance could become increasingly important as investors look beyond urban hotels toward safari lodges, eco-resorts and nature-based tourism experiences.

Despite the challenges, optimism within Uganda's tourism sector remains high.

Part of that optimism stems from a belief that Uganda is entering the market at the right moment, late enough to learn from regional competitors, but early enough to offer untapped growth opportunities still.

For investors, Uganda presents a combination of a globally recognised tourism brand, relatively low market saturation and growing regional connectivity. The question now is whether that enthusiasm can translate into actual projects, financing deals and long-term infrastructure growth.

Ahead of the 2027 summit, UTB and UIA plan to organise investment roadshows, business-to-business engagements and investment prospectuses aimed at attracting developers and hotel operators.

Ms Kagwa said the goal is not simply conversation, but deals. "By the time we come together for our two to three days, really, we are just signing contracts."

ABOUT TOURISM SECTOR

GoU goals for the tourism sector

1) Increasing tourist inflows five-fold under the current spend-per-tourist and length-of-stay.
2) Doubling average spend-per-tourist and average stay-per-tourist.

GoU's accelerator actions

To boost confidence amongst tourists and travelers, [the] Government will renew its commitment to implement existing regulations without reservation. Attention will specifically focus on:
i) Tightening the enforcement of regulations governing road safety, trade order, health and sanitation, building control and environmental protection. Supporting laws for this include the Traffic and Road Safety Act (2023); the Public Health Act (2022); the National Environment Act (2019); and the Food and Drug Act (1964).
ii) Reversing the trend of the homicide crime rate. Police reported that 4,366 people were murdered in Uganda in 2023, an average of 12 victims a day, a five-percentage point increase compared to 2022.
iii) Expanding certification of tourism products and facilities.
iv) Coordinating public and private investment in the facelift of Greater Kampala Metropolitan Area (GKMA) as the gateway into Uganda.
v) Facilitating compliance with the National Building Code as defined under the Building Control Act (2013); professional standards and conduct; and industry standards as defined by UNBS.
vi) Expansion and upgrades of hotel capacity, ratings and competitive pricing, including hotels around the planned Kidepo Airport, Kabalega and other industrial parks.
vii) Implementation of a special licensing regime for hotel and tour operators, including public health standards and certification of workers (drivers, housekeeping workers).

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