

Uganda's hospitality sector is facing mounting pressure as the closure of civil society organisations (CSOs) continues to cut off a key source of business, with industry leaders warning of declining revenues, reduced staff hours and growing uncertainty.

Jean Byamugisha, the chief executive officer of the Uganda Hotel Owners Association (UHOA), says the impact is already being felt across the country, particularly among hotels that have long relied on non-governmental organisation (NGO)-funded conferences, workshops, and accommodation.

"Of course, as the hotel industry, we were very saddened to hear about the large number of NGOs which are closing," she said in an interview.

"They have been a very important part of our business ecosystem."

For years, NGOs have filled a critical gap in the hospitality industry, especially after government agencies scaled back on hosting workshops in hotels, citing cost-cutting measures. According to Byamugisha, CSOs stepped in to sustain conference tourism, often booking venues and accommodation months or even years in advance.

"These organisations don't just make one-off bookings," she explained. "They sign contracts that guarantee business for one, two, even up to five years. That kind of predictability is what keeps many hotels running."

However, the ongoing freezing of NGO bank accounts and the closure of organisations have disrupted this model. Hotels that once depended on steady conference schedules are now grappling with cancellations, empty halls and uncertain forecasts.

The effects are particularly severe for upcountry hotels, many of which rely almost entirely on NGO activity rather than international tourism.

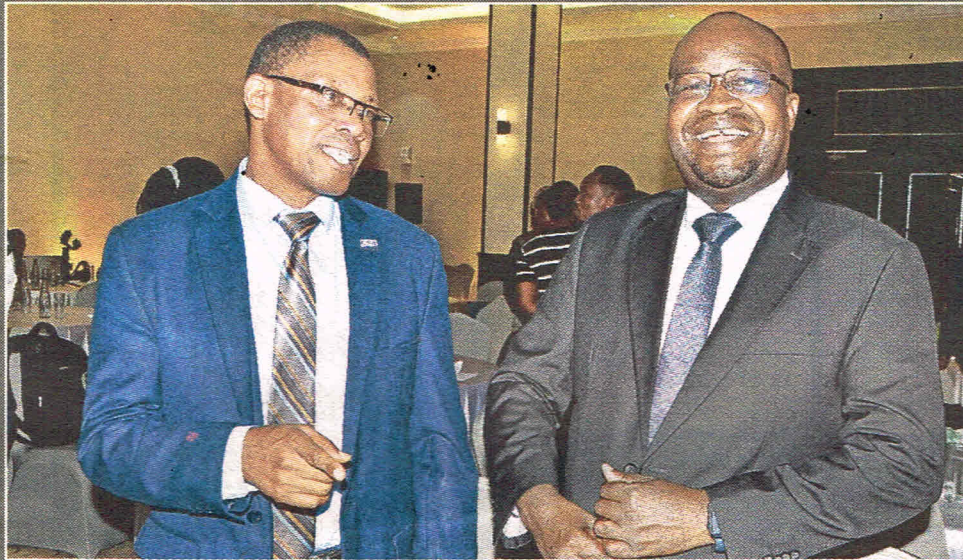
"We have already registered a number of hotels, especially outside Kampala, that have been affected," Byamugisha noted. "When these bookings disappear, the impact is immediate and very hard to absorb."

She added that the situation is further complicated by the financial structure of the hotel industry. Many establishments had made operational and staffing decisions based on anticipated long-term NGO contracts, which are now at risk.

As you know, NGOs usually pre-qualify hotels. That means once you are selected, you are almost guaranteed business.

# HOTELS HIT AS NGO CLOSURES CHOKE CONFERENCE BUSINESS

PHOTO BY RONNIE KIJJAMBU



Nkajja (left) with Stephen Okello during the Non-Governmental Organisations symposium 2026 at Mestil Hotel Kampala on March 11



Jean Byamugisha



Marlon Agaba



Jane Nalunga

But now, with closures and frozen accounts, those contracts are no longer reliable," Byamugisha said.

## OVER 4,800 NGOs SHUT DOWN

The strain on hotels is unfolding against a broader contraction in Uganda's civil society sector.

According to Stephen Okello, the secretary of the NGO Bureau under the Ministry of Internal Affairs, a total of 4,882 NGOs have closed over the last seven years.

He attributes the trend largely to declining donor funding and global economic shocks.

"A lot has happened in recent years," Okello said, citing the closure of major funding mechanisms, such as the Democratic Governance Facility, the effects of COVID-19 and disruptions caused by global conflicts.

"Whenever there is a major global crisis, donor funding reduces, and that directly affects NGOs," he explained. "Many organisations relied heavily on donor funding streams that have since diminished, forcing them to close operations."

At its peak, Uganda was estimated to receive about sh4.5 trillion annually through NGO funding. However, officials say these inflows have steadily declined, reducing the financial muscle of the sector.

"On average, an NGO employs about 10 people. Assuming each of the NGOs that have collapsed or been forced to shut down employed 10 people, that implies over

**>> Job security is very important. When people are unsure about their income, it affects not just individuals, but entire families.**

48,800 jobs lost," a civil society activist said on condition of anonymity.

The economic consequences have been far-reaching. Charles Ocici, the director general of Enterprise Uganda, noted that the closure of NGOs has slowed economic activity, particularly in rural areas.

"The reduced number of NGOs has significantly slowed the economy, with many community-based projects being the first to close," he said.

"The hospitality and service sectors have suffered, losing major clients for workshops and conferences," Ocici said, pointing to layoffs and reduced business for contractors such as transporters, caterers and printers.

To hoteliers, the ripple effects are extending beyond revenue losses. Byamugisha

revealed that some hotels have been forced to scale down operations, with staff increasingly shifted from full-time to part-time work arrangements.

"You cannot sustain the same workforce when your income has dropped," she said.

"Many hotels have had to reduce staff hours. While they may not lay off workers immediately, the reality is that job security is being eroded."

Byamugisha stressed that this has serious social implications, as thousands of Ugandans depend on the hospitality sector for their livelihoods.

"Job security is very important. When people are unsure about their income, it affects not just individuals, but entire families," she said.

While the hospitality industry searches for alternatives, there is cautious optimism around domestic tourism campaigns led by the tourism ministry.

"We are seeing efforts like the *Explore Ankole* campaign and we hope these can help boost domestic tourism," Byamugisha said.

"Easter is also coming up, and we are entering a peak season for international visitors."

However, she emphasised that tourism alone cannot fully replace the steady, year-round business that NGOs provide.

"Tourism is seasonal, but conferences and workshops happen throughout the year. That is why NGOs have been so important – they provide

## REGULATORY PRESSURES

Beyond funding challenges, regulatory and compliance issues have also contributed to the collapse of NGOs.

Derick Nkajja, the chief executive officer of the Institute of Certified Public Accountants of Uganda (ICPAU), said inconsistent financial reporting standards have made it difficult for both regulators and donors to assess NGO performance.

"Confusion in financial reporting frameworks has affected accountability," he said, noting that new International Non-Profit Accounting Standards are expected to streamline reporting.

The Government has also moved to digitise NGO registration and compliance processes, with plans to invest sh5b in an automated system.

Okello said the transition to digital systems will reduce bureaucracy and improve transparency, allowing organisations to file returns online rather than through manual processes.

At the same time, enforcement actions have intensified. Some organisations have been suspended over compliance and security concerns, with authorities insisting that NGOs must operate within the law and remain non-partisan.

However, critics argue that some of these actions have been heavy handed. Jane Nalunga, the executive director of the Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI), warned that closures could worsen unemployment and reduce economic contributions.

"There are external factors such as declining funding, but there are also internal challenges and, in some cases, government pressure," she said.

Similarly, Marlon Agaba of the Anti-Corruption Coalition Uganda, said NGOs play a vital role in supporting vulnerable communities and contributing to the economy.

"Where there are issues with specific organisations, they should be addressed without shutting them down entirely," he said.

still registered. However, experts say this masks the underlying instability, as new organisations continue to emerge, even as others shut down.