



## Management of Uganda's Sports Economy: A passing opportunity?

### Overview

Sports is increasingly emerging as an important enabler of economic development in the world with a share in national economies comparable to agriculture, tourism, real estate, industry and trade. The Global Sports Impact Report -2016, estimated that the sports industry generates as much as US\$700 billion (bn) annually or a 1% of global Gross Domestic Product (GDP).

In recent years, Government of Uganda's deliberate initiatives to develop and promote sports is evident in the growing trend of sports successes at international events such as the Olympics, World Athletic Championships and Commonwealth Games. This improved Uganda's sports ranking in world football, netball, athletics and rugby.

Despite, the country's enormous potential of sports as a tool in accelerating development by alleviating youth unemployment, it remains under-utilized. Recent estimates show that sports represent only 0.5% of Africa's GDP (Agence Française de-Development (AFD)-2022).

Inadequate and dilapidated sporting infrastructure and facilities, legal framework, corruption in management of sports remain significant barriers for sports to serve as a catalyst of economic growth. A paradigm shift is required from both government and private players to harness the full potential of sports.

This briefing paper, therefore, highlights current practices and approaches in the Sports Sub-Sector while focusing on the National Council of Sports (NCS), identifies opportunities that can be harnessed from sports, key challenges and proposes strategies to improve the sub-sector.

### Key Issues

- Inadequate legal framework: The NCS Act,1964 is obsolete and oblivious to the modern development trends in sports. This significantly inhibits effective implementation of national sports.
- Inadequate and dilapidated sports facilities: All regional stadia in the municipalities are in a sorry state, while the national ones are out of use due to renovations and construction.
- Rampant encroachment on sports land partly attributed to lack of land titles for public sports grounds. Land belonging to Mandela National Stadium, Namboole and golf course land in Soroti, Masindi, Tororo and Kasese districts has been encroached on.
- Glaring mismatch between the country's ever growing sports potential and the inadequate financing of the Sports Sub-Sector.

According to the 2014 Uganda Bureau of Statistics (UBOS) census, 23.3% of Uganda's population are youth (18-30 years) and the country has one of the highest youth unemployment rates in Sub-Saharan Africa at 13.3% (World Bank, 2019). Sports offers significant opportunities in many sectors of the economy including engineering, real estate, education, tourism, business services, transport and hospitality which creates jobs.

Prioritizing investment in sports could harness the remarkable potential that it presents in contributing to economic growth. However, suitable policy incentives, efficient use of funds and intentional investments in sports from both government and private partners is required.

### Introduction

The Ministry of Education and Sports (MoES) through the National Council of Sports (NCS) has the statutory mandate on behalf of Government of Uganda to regulate, promote, develop and control all sports activities in the country. This is enshrined under the National Council of Sports Act, Cap 32 of 1964.

Government's deliberate plans and ambitions to develop and promote sports is further stipulated in Uganda's Vision 2040 and in the third National Development Plan (NDP III) 2020/21-2024/25, which aspires to improve the country' world ranking in niche sports. The plan provides a sound basis for improving funding for promotion of sports as a real economic contributor to GDP and to enhance sports related employment.

### Current practices and approaches in the Sports Sub-Sector

**National Federations/Associations (NFAs):** The NCS oversees 51 gazetted NFA's including but not limited to; Federation of Uganda Football Associations (FUFA), Uganda Athletics Federation (UAF), Uganda Netball Federation (UNF), Uganda Cricket Association (UCA), Federation of Uganda Basketball Associations (FUBA), Uganda Boxing Federation (UBF) and Federation of Motor Sports Associations of Uganda (FMU). These are instrumental in the development, organisation and participation in various categories of sports. However, many of these NFAs lack personnel with adequate technical capacity to meet international accreditation standards. Currently, there are only 701 (7%) internationally



accredited coaches' referees/umpires/officials out of over 10,055 nationally accredited coaches/referees/umpires/officials. This affects the development and promotion of different sports disciplines.

**Funding of the NCS and statutory remittances to NFAs:**

Funding of sports is mainly done by the government, development partners and non-tax-revenue. Public spending on sports in the last five financial years increased substantially. Between FY2017/18 and FY2021/22, the sports budget grew from Ug shs 14.823bn in FY 2017/18 to Ug shs 23.2bn in 2019/20, although there has been a decline since then. (Table 1).

**Table 1: Funding of sports activities under NCS, FY 2017/18-2021/22**

Financial Year	17/18	18/19	19/20	20/21	21/22
Approved Budget (Ug shs, bn)	14.82	16.58	23.2	22.17	18.37

Source: IFMS/NCS

In terms of budgetary share allocations (statutory transfers) among the 51 NFAs, on average 80% (Ug shs 10bn-8.5bn) is ring-fenced for FUFA each financial year. This unequal share of resources coupled with the continued unfair taxation of donated sports equipment from international sports federations and donors, suffocates the development of all sports disciplines.

Whereas funding improved in the medium term, the current funding strategies cannot generate significant opportunities to achieve long term benefits. In comparison to Kenya, aggressive funding strategies were adopted and the Sports, Arts and Social Development Fund was established in February 2019 to support sports federations, training and technical capacity building (*All Africa News, 2021*). By 2021, the fund had collected Kshs 30.3bn and in FY 2022/23, Kenya increased allocation to sports by 38.8% for refurbishment of the regional stadia (*Nation, 2022*). Therefore, enhancing the fiscal space for sports in Uganda, offers immerse opportunity and critical pathway for achieving the aspirations of Uganda's Vision 2040.

**Accountability and transparency:** Corruption in sports still looms large. The NCS Annual Report FY2021/22 indicated that NFAs continued to submit accountabilities that are incomplete or doubtful. Additionally, the Auditor General's Special Audit Report on NCS that assessed four financial years of 2016/17 to 2020/21, uncovered mismanagement of funds for the UBF amounting to Ug shs 154,500,503 partially accounted for or completely unaccounted. These inefficiencies have become a major hindrance to effective performance of the sub-sector.

**Status and use of public sports facilities:** Sports facilities both at national and regional level are inadequate, dilapidated

and substandard, and cannot host international competitions. The Mandela National Stadium-Namboole has not hosted international competition for over two years since it was banned by the Federation of International Football Association (FIFA). The Kakyeka Stadium in Mbarara District, Pece in Gulu District, Recreation Ground in Masaka District, Mbale Municipal Stadium, Bugembe in Jinja District, and Buhinga in Fort Portal are dilapidated and neglected.

Construction of the Nakivubo War Memorial Stadium under a Public Private Partnership (PPP) arrangement with Mr. Hamis Kiggundu is behind schedule at 75% progress. Construction of the indoor stadium at Makerere University is ongoing, and maintenance of the MTN Arena, hockey pitch, cricket oval, hostel, tennis court and the gym at the NCS are at substantial completion.

Operationalisation of the National High Altitude Training Centre-Phase 1 in Kapchorwa District, was never effected pending completion of a 3.26km artificial jogging track lighting, and construction of the artificial turf field with soak pads. Construction of the Akii-Bua Olympic Stadium Project in Lira District stalled in 2016.

However, of more concern is the rampant encroachment on sports land partly attributed to lack of land titles. A case in point is the loss of over 60 acres of land belonging Mandela National Stadium to individuals and private companies, and part of Lugogo Sports Fields were taken by Game Stores. Golf courses around the country are being targeted by encroachers, and some of the courses being contested include Soroti, Masindi, Tororo, and Kasese among others.

In terms of use, most sports facilities are underutilized by individual sportsmen, organized sporting groups and federations. Lugogo Indoor Stadium is not easily accessible as it is preferably used for money making ventures, while the National Cricket Oval is more often hired out for social and musical events than cricket events.

**Performance of national teams at international level:**

Government's increased investment in National teams to compete in international competitions is reflected in the country's recent trend of sports successes like at the Olympics, World Athletic Championships and Commonwealth Games.

Over the last five years, a total of 199 medals were won in niche sports (Table 2). Team Uganda's performance at the Tokyo 2020 Olympic Games saw the country ranked the 37<sup>th</sup> out of 207 participating countries, and 2<sup>nd</sup> in Africa after Kenya. These performances improved the country's world ranking to 6<sup>th</sup> in world netball, 9<sup>th</sup> in world athletics and 18<sup>th</sup> in rugby.

However, in terms of comparative advantage, the strength is in athletics, netball, boxing and rugby compared to football.



L-R: Uganda national netball team, She Cranes celebrate victory against South Africa, and Victor Kiplangat after winning the men's marathon gold during the 2022 Commonwealth Games (Getty and Courtesy Images)

**Table 2: Medals won in niche sports from FY 2017/18-FY 2021/22**

Awards	Sports Disciplines				
	Athletics	Boxing	Rugby	Netball	Football
Gold	66	1	2	3	-
Silver	49	5	2	-	-
Bronze	55	10	4	2	-
<b>Total</b>	<b>170</b>	<b>16</b>	<b>8</b>	<b>5</b>	<b>0</b>

Source: NCS

**Rewards and recognition** for medal winning sportsmen and women is embedded in the NCS plans to motivate athletes. For example, following the team's performance in the 2020 Tokyo Olympics, the team was rewarded a total of Ug shs 197million. Those that won gold medals were rewarded Ug shs 50 million, Silver Ug shs 30 million, and bronze, Ug shs 20 million while other participants got Ug shs 1 million each. However, the process to streamline rewards and recognition scheme is ongoing.

**Harnessing opportunities from sports**

**The role of sports in economic development:** Sports activities are increasingly becoming an important industry that impacts on the global economy. A 2012 study on the contribution of sports on economic growth in the European Union, revealed that the direct effects of sports combined with its multiplier effects, added up to 2.98% (294.36bn Euros) of overall gross value added in the EU annually. The highest sport-related value addition was found in the sectors of recreational, cultural and sporting services, education services, and; hotel and restaurant services.

From the African perspective, the 2019 African Cup of Nations (AFCON) held in Egypt drew US\$85 million in revenue (OECD, 2022), while the Cameroonian government that invested US\$ 885 million in the 2021 Africa Cup of Nations to renovate and upgrade infrastructure (hospitals, roads, airports, hotels and other sports related facilities) still benefits from improved facilities, increased global exposure and opportunities for more foreign direct investment long after the tournament.

Rwanda, on the other hand, invested heavily in sporting facilities especially indoor sports, making it a top destination for

basketball on the continent on top of an aggressive marketing strategy that has seen it appear on global football brands like Arsenal and Paris Saint-Germain (PSG). Uganda could earn from the huge untapped potential of all sports to improve the economy if good investment choices are done in the sports economy.

**Sports as source of youth employment:** In Uganda, youth unemployment is estimated at about 13.3% according to UBOS, 2014 and therefore their productivity is low. Sports can be an avenue for creating gainful employment both directly and indirectly. Directly by employing the athletes, coaches and support staff, and indirectly can include catering and transport services. Salary Explorer, 2022 indicates that on average a person working in sports sector in Uganda typically earns around Ug shs 25,700,000 annually.

In addition, the recently concluded World Athletics Championships in Oregon, USA Ugandan athletes earned a total of Ug shs 448 million. Joshua Cheptegei and Jacob Kiplimo received US\$70,000 (about Ug shs 263 million) and US\$22,000 (about Ug shs 83 million) in prize money as a result of their gold and bronze medal finishes in the 10,000m respectively, while Winnie Nanyondo got Ug shs 19 million despite finishing 8<sup>th</sup> in the women's 1500m.



L-R: Joshua Cheptegei and Jacob Kiplimo won silver and bronze at the 2020 Olympics respectively

Source: The New Vision

**The potential of sports tourism on development:** Tourism is one of Uganda's top foreign exchange earners bringing in more than US\$1.5 billion annually, and sports has a great potential to boost the tourism sector. The global sports tourism market was valued at US\$323.420 million in 2020 and projected to reach US\$ 1,863,704bn by 2030 (Allied Market Research, 2021).

In addition, South Africa sports tourism market is estimated to reach US\$3,666 million in 2022 and represents a market share of 2%-5% of the global sports tourism market (Future Markets Insights, 2022). This is possible for South Africa because sporting events increase the country's visibility. For instance, as Peruth Chemutai, prepared to collect her gold medal at the 2020 Olympic, Rob Walker, the commentator reminded billions of TV viewers worldwide about the beauty of Uganda. He said, **"Uganda is one of the friendliest, most beautiful countries**



*you can ever wish to visit". At that moment, Walker unintentionally marketed Uganda through sports.*

Furthermore, sports tourism is characterised by long stays in destinations and high disposable income. The travel and activities arising from such events generate huge tourism business in the form of transportation, accommodation, food, beverage and catering services, manufacture and sale of equipment, accessories, and souvenir items Uganda could tap into the lucrative global sports industry to further boost the economy, create jobs and improve the tourism sector through provision of the required legal and policy space to nurture talent, vigorous sports promotion and development.

### Challenges

1. Inadequate legal framework as the NCS Act, 1964 is obsolete and oblivious to the modern development trends in sports as it addresses only amateur sports and is silent on the development of national sports. This is complicated by the absence of a National Sports Policy which should provide the basis for the Act. This significantly constrains effective implementation of the national sports.
2. Inadequate technical capacity of sports personnel to meet international accreditation standards.
3. Inadequate and dilapidated sport facilities, as evidenced by the state of all regional stadia in the municipalities.
4. Rampant encroachment on sports land is partly attributed to lack of land titles on public sports grounds.
5. Inadequate funding of the Sports Sub-Sector with glaring mismatch between the country's ever growing sports potential and the downward financing of the sports sub-sector.
6. Corruption and embezzlement of sports funds.
7. Unfair taxation of donated sports equipment from international sports federations and donors to aid development of respective sports is a hindrance to the growth of sports.

### Conclusion

The Sports Sub-Sector offers direct benefits through employment, revenues from sports events, tourism and consumables. However, so much remains untapped to mainstream sports as a major revenue earner for Uganda. It is, therefore, imperative that government through the MoES and NCS plays a greater role to effectively harness the full potential of the country's growing sports industry.

### Recommendations

1. The NCS and Parliament of Uganda should fast-track the review of the National Sports Policy and NCS Act, 1964.
2. Amidst limited resources, the Ministry of Finance, Planning and Economic Development, MoES and NCS should shift to a private sector-led growth model through offering incentives like extended tax holidays to corporate companies that support sports to attract more investors in sports in order to address challenges of dilapidated and inadequate infrastructure.
3. The Uganda Land Commission (ULC) in partnership with MoES should fast-track the process of securing land titles to guard against the prevalent land grabbing of sports grounds.
4. The NCS and NFAs should ensure efficient use of funds through proper accountability, transparency and quality financial reporting of public funds.
5. The NCS should continuously develop capacity building programmes for NFAs to help athletes and coaches to reach their maximum potential.

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4. National Council of Sports, Annual Report, 2021/22
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6. Recreation and sports average salaries in Uganda 2022, how much money does a person working in recreation and sports make in Uganda?

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