EA Hospitality Pulse

DAILY INTELLIGENCE FOR CITY, BUSH & BEACH PROPERTIES ACROSS EAST AFRICA

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THE SUNDAY FORESIGHT

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IN THIS ISSUE

Every figure in this issue traces to a named, dated source. Claims are graded Confirmed, Reported or Early signal. Corrections are published, not quietly edited.

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WHAT EVERYONE IS MISSING

Arrivals were 88,270 against 81,436 departures — a 6,834 gap UCAA attributes to restrictions on Ugandans travelling out. The label is also keeping Uganda's outbound market at home: zero-cost demand, unsold. And France reframed Kenya on 15 September as pre-electoral. Entebbe's number is Kenya's price list.

THE WEEK'S SIGNALS

1 THE LABEL NOW HAS A PRICE: 69,623 PASSENGERS

UCAA August, reported 18 Sep: 169,706 int'l pax, −29.1% on August 2025's 239,329; H1 already −10.8%. KLM still absent post-all-clear, Uganda Airlines' Kinshasa route suspended, Dubai still restricting Uganda-origin traffic.

So what — at +8.5%/month from a 29% hole, August 2025 is four clean months away. Budget FY2027 off that curve, not the all-clear.

City, Bush · UG · Confirmed (figures) · impact:demand

2 THE UNNAMED MARKET TOOK THE RECORD

OCGS August: 949,056 of Zanzibar's 1,021,853 bed spaces sold; Europe 58.1%, Italy top at 17,608.

So what — naming sorted these two markets, not epidemiology. List every source market reaching you via a government that names your country. That is your risk register.

Beach, City, Bush · TZ UG · Confirmed (figures) / Inference (read) · impact:demand

3 THE 16 SEPTEMBER ORDER NOW REACHES YOUR AMERICAN GUEST

Extended to 11 Oct and, for the first time, binding certain US citizens: 21 days outside the US after DRC, and Uganda or South Sudan arrivals routed via four designated airports. DRC: 7,475 cases, 3,605 deaths at 16 Sep (WHO, 17 Sep).

So what — name the four-airport routing in every US pre-departure pack touching Uganda, transit included. A surprise at ticketing is a cancellation.

Bush, City · UG KE RW · Confirmed (primary) · impact:risk

4 AND KENYA ACQUIRED A LABEL ON 15 SEPTEMBER

France Diplomatie's Kenya security page, updated 15 Sep 2026, describes an active pre-electoral situation a year out from the 10 Aug 2027 vote, warning of blockages, disruption and sometimes deadly violence. No incident moved a curve; a sentence moved.

So what — eleven months is enough to make this a contract term, not a crisis. Election-period rebooking clause into every 2027 contract, beside the statutory-cost clause.

City, Beach, Bush · KE · Confirmed (primary) / Inference (read) · impact:risk

30/90-DAY DEMAND CALENDAR

UG 25–27 Sep — UWA Open Park Days; foreign-visitor eligibility unsettled, confirm before quoting. 27 Sep: World Tourism Day, Mbale — compression, no branded stock. Hold rate.

KE 1–2 Oct — Africa MICE Summit, Mombasa, not Nairobi. Coast: hold 30 Sep–2 Oct.

WLD ~11 Oct — the CDC order lapses or renews. The one date that moves Entebbe's curve.

KE 14 Oct — fuel VAT and the EPRA cycle expire; 25 Oct, KQ halves Nairobi–Dubai to 7 weekly.

If a foreign ministry can move 29% of your peak month without naming one case, whose document are you trading under?

BIG READ 1 OF 4 · 18 SEPTEMBER 2026

Africa's hotels adopted AI first. Now comes the hard part.

Hotel chains across Kenya, Rwanda and Tanzania have integrated artificial intelligence faster than any region on earth. The industry's own data suggests that was the easy part.

On the last day of March, in a conference hall in Nairobi, Jameel Verjee stood up in front of Africa's hospitality industry and announced that his hotel group would hand a piece of its guest relationship to a piece of software.

Verjee is the founder and chief executive of CityBlue Hotels, a chain that grew from a single property in 2013 into one of the continent's fastest-expanding hospitality brands, with hotels in Nairobi, Mombasa, Kigali, Dar es Salaam and Accra, and openings planned in Uganda, Ghana and Zambia. At the Future Hospitality Summit Africa, he introduced a partnership with Inntelo AI, a two-year-old London start-up whose "AI-native" platform is meant to run guest messaging, task routing and service coordination across a hotel in real time, not as a chatbot bolted onto a booking form but as something closer to a nervous system.

"As we scale, AI-native operations become essential to delivering consistency, speed and quality across multiple geographies," Verjee said. "Just as importantly, we are shaping how AI is applied within an African context." Asif Alidina, Inntelo's founder, framed CityBlue as proof of where the industry was heading: "a natural partner" for technology he described as "purpose-built for hospitality."

It was one announcement, on one continent, at one summit. But it fits a pattern that has quietly upended a piece of received wisdom about global hospitality: that African hotels are technology laggards, waiting for the rich world to perfect a tool before it trickles down. The data says the opposite.

A study published last October by the research firm h2c, commissioned by the Polish booking-technology company Profitroom, surveyed 171 hotel chains across four world regions. It found that 57 per cent of hotel businesses in the Middle East and Africa had already integrated AI-driven features into their operations, against 35 per cent globally, 30 per cent in Europe, 30 per cent in the Americas and 29 per cent in Asia-Pacific. MEA hoteliers also reported the highest trust in AI of any region, at 7.1 out of 10 against a global average of 6.6, the greatest comfort with AI-set pricing, and the lowest share worried that AI would damage the guest experience.

"African hotels are demonstrating remarkable leadership in turning AI potential into business reality," said Katarzyna Raiter-Łuksza, Profitroom's director of product. "What's particularly striking is not just the adoption rate, but the confidence African hoteliers have in this technology compared with their global counterparts."

If the story ended there, it would be a tidy piece of counter-programming: the emerging market that leapfrogged the incumbents. It does not end there, because the h2c study measures procurement, not proof. It counts hotels that bought or switched on an AI feature. It does not ask what that feature actually changed. A second, much larger study published this month asks the harder question: not who adopted AI, but what adopting it actually bought.

The State of Distribution 2026, now in its third year, is built by the hotel-technology group RateGain together with New York University's Jonathan M. Tisch Center of Hospitality and HEDNA, the trade body for hotel distribution executives. It draws on more than 270 hotel brands and 58,000 properties across 141 cities and 53 countries, covering the year to November 2025, which makes it one of the largest instruments measuring how hotels actually behave, rather than what they say they plan to do.

Its central finding: more than half of hotels worldwide now use or are procuring generative AI. Fewer than one in ten report that it has cut their manual workload by more than 30 per cent. More than 80 per cent of commercial teams still spend one to two days a week manually pulling reports out of systems that do not talk to each other, and fewer than 30 per cent have bought dedicated software to fix that. Only 8 per cent of hotel chains globally have a company-wide AI strategy at all.

"Buying AI is easy. Getting value from it is not, and this report shows most of the industry is still stuck between the two," said Bhanu Chopra, RateGain's founder and managing director. "The advantage will not go to the hotels with the most tools. It will go to the ones that turn their technology into better decisions and give their teams their time back. That shift has not happened yet, and it is the single biggest opportunity in front of the industry."

The mechanism behind the gap is not mysterious, and it echoes what researchers have found when AI has been pushed into other high-stakes, high-friction industries: the tool works when tested against clean data in a pilot, then meets a live property with a decade-old booking system, a front desk that changes staff every eighteen months and guest records scattered across three platforms that were never designed to share information. Vanja Bogicevic, who directs NYU's Hospitality Innovation Hub, put it as a widening distance between ambition and infrastructure. "AI is reshaping how travellers discover hotels, how commercial teams work, and how pricing and demand decisions are made," she said. "These new benchmarks show where hotel commercial strategy is heading and where operating models have yet to catch up." Lisa Murphy, HEDNA's president, was blunter about why the research exists at all: "Unbiased data beats hype."

The guest-facing version of the same problem is easier to see. Hotels have rushed to deploy AI messaging and concierge bots, and Skift Research's latest State of Travel report found that 62 per cent of global travellers are now familiar with AI trip-planning tools. Cornell's Center for Hospitality Research, surveying more than a thousand American travellers across budget, premium and luxury tiers, found that AI still ranks only fourth among the tools people actually use to plan a trip, with accuracy the single biggest reason people hesitate. A chatbot that answers confidently and wrongly, because it was trained on a static knowledge base rather than connected to the property's live booking and housekeeping systems, does more damage to trust than no chatbot at all.

This is where the RateGain research offers its most useful, and least publicised, finding. The hotels showing the clearest gains are not the giants with the biggest AI budgets. They are mid-sized chains: large enough to invest in real systems and specialist staff, small enough to avoid the tangle of legacy platforms and internal fiefdoms that slows a global brand to a crawl. Mid-sized operators reported the strongest cross-functional alignment, the most mature AI governance and the highest share of genuine, measurable reductions in manual work.

That is, more or less, a description of CityBlue's position, and of the wider East African hotel landscape it sits inside: a handful of markets, a portfolio in the dozens rather than the hundreds, ownership close enough to operations to make one decision and apply it everywhere at once. It is also why the Profitroom findings and the RateGain findings are not in tension, despite appearances. Africa did not skip the hard part of AI adoption. It simply reached the hard part first, because it moved faster than everyone else to get there. The h2c study found that 47 per cent of MEA hotel chains already report internal data silos limiting what their AI can do, the highest share of any region in the survey and well above Europe's 28 per cent. "African hotels have leapfrogged their competitors in embracing AI but now face the challenge of breaking down internal data barriers, and making sure platforms and systems are aligned," Raiter-Łuksza said. "The next frontier for African hospitality isn't just about adopting more AI tools but creating unified data strategies that deliver consistent guest experiences and measurable business outcomes."

The commercial argument for getting this right, rather than simply buying more software, is spreading beyond the technology vendors making the case for their own products. Writing in Business Daily Africa in August, Anton Gillis, co-founder and chief executive of the Kenyan hospitality group HAMAC, argued that digital transformation in the country's hotel sector had moved from an efficiency question to a competitiveness one. At the Hotel & Hospitality Expo Africa in Cape Town in June, Brett Hendricks, chief executive of Motsamayi Tourism, described the same shift from the operator's side: "Tech adoption has shifted from 'nice-to-have' to 'must-invest'," he said, citing rising labour costs, thin margins and the difficulty of finding skilled staff as the real forces pushing hotels towards automation, not novelty.

None of this argues against African hotels having moved early. It argues against mistaking the move for the destination. Wei Manfredi, IHG's senior vice-president for AI and architecture, made the point from the other end of the industry at Skift's Data and AI Summit in New York in June, when she described what her own giant, well-resourced chain had got wrong about the problem. "We are technologists," she said. "We always thought, given how powerful AI is, it's all about technology. It's not. It's really the culture and the people." The unglamorous work, she added, was "the boring stuff": clean data, working interfaces, systems that talk to each other before anyone lets an algorithm make a decision.

For an owner in Nairobi, Kigali or Zanzibar weighing an AI pitch this quarter, the question worth asking a vendor is not whether the system uses the latest model, but whether it can prove, with a number, that it has cut someone's workload by more than 30 per cent at a property that looks like theirs. On the evidence gathered so far, most vendors cannot answer that question yet, in Nairobi or in New York. The region that adopted first now has the clearest shot at being the region that proves it first, but only if it treats data integration as the actual project, and the chatbot as the visible tip of it.

Verjee's announcement in March was not proof that AI works in African hospitality. It was proof that African hospitality has stopped waiting to find out.

BIG READ 2 OF 4 · 19 SEPTEMBER 2026

East Africa's route map is being rebuilt. The fares are set somewhere else.

Four new services in eleven weeks will stitch the region together more tightly than a decade of open-skies communiqués managed. Buyers are signing 2027 rates against flights that have not yet flown a single season.

At the Sarit Expo Centre in Nairobi on the morning of 9 September, Kamil Alawadhi stood in front of a room of African airline chief executives, airport directors and regulators and told them, with numbers, why their industry costs too much.

Alawadhi is the International Air Transport Association's regional vice-president for Africa and the Middle East. The occasion was the tenth Aviation Africa Summit, a two-day event hosted by Kenya's State Department for Aviation and Aerospace Development, the Kenya Civil Aviation Authority, the Kenya Airports Authority and Kenya Airways. His brief was the cost base. Taxes and charges across the continent, he said, run at least 15 per cent above the global average. Fuel is 17 per cent more expensive than the world price and accounts for 40 per cent of an African airline's operating costs, against 25 per cent globally. Between 2020 and 2025, only 16 per cent of accident reports in Africa were completed and published to the standard the International Civil Aviation Organisation requires.

Then he put the question that the rest of the summit circled without quite answering. "The choice facing governments is clear," Alawadhi said. "Should aviation be treated primarily as a source of revenue or as an engine of economic development? Countries that prioritise connectivity benefit from stronger trade, tourism and investment growth."

Alan Peaford, who chairs Times Aerospace Events and has watched this conversation recur for a decade, was blunter about the stakes. "Africa cannot, and will not, realise the full promise of its economic integration without a stronger aviation sector," he said.

None of that is new. What is new is the timetable sitting underneath it. In the eleven weeks from the start of October, four separate schedule changes will do more to physically connect East Africa's tourism geography than any open-skies communiqué has managed since the Yamoussoukro Decision was signed. And almost all of it will happen after the contracts for 2027 have been agreed.

On 1 October, Jambojet returns to Entebbe after a six-year absence, flying Nairobi daily with a Dash 8-Q400 and one-way fares reported from about US$170. On 27 October, Uganda Airlines opens Entebbe to Accra four times a week, using a Boeing 737-800 wet-leased from Ethiopian. On 18 November, the same airline puts a Bombardier CRJ-900 on a daily Entebbe to Kigali rotation, a route RwandAir has effectively owned for years. And on 30 November, Ethiopian Airlines takes its Addis Ababa to Kilimanjaro to Zanzibar rotation from the three weekly frequencies originally filed to seven, lifting its combined service into those two airports from seventeen or eighteen weekly to twenty-one.

Read as a list, that is four airline press releases. Read as a map, it is the first credible answer to a problem East African operators have complained about for twenty years: the region sells itself as a single multi-country destination while remaining, in practice, extremely difficult to travel as one.

The Kigali route is the clearest illustration. Bwindi and Volcanoes are ninety minutes apart by road across a single border, and they are the two anchors of the most valuable primate circuit on the continent. Until now, selling them together in one itinerary has meant either a long drive or a connection routed through somebody else's hub. A daily jet between the two capitals is not a marketing improvement. It is a product that did not previously exist.

Girma Wake, Uganda Airlines' acting chief executive, framed the expansion in hub terms rather than tourism ones. "Building the structure for people to connect through Entebbe will improve the financial situation of the airline," he told reporters. Wake is a former chief executive of Ethiopian Airlines and a former chairman of RwandAir, installed at Entebbe by presidential directive in February with the incumbent told to step aside and a substantive appointment promised by July. None has been announced. Rwanda's High Commissioner in Kampala, John Rutabana, welcomed the Kigali announcement for its potential to bring fares down and tighten regional links between two East African Community members.

The timing is what should worry an owner. IFTM Top Resa closed in Paris on 17 September, and by the second day Ugandan exhibitors were reporting European buyers moving off enquiries and into 2027 and 2028 contracts, including gorilla permit allocations for Bwindi and Mgahinga. World Travel Market in London follows in November. The great majority of the region's 2027 European room nights will be priced in those rooms, against a route map that does not yet exist and a cost base that has three dated changes already in the diary.

Here is where the enthusiasm needs an audit, because the connectivity story and the affordability story are different stories, and only one of them is improving.

Uganda Airlines has priced its Kigali launch at a round-trip fare reported from US$370, against RwandAir's US$450. That is a real US$80, and on a thin business route it will move share. But it is worth asking what is paying for it. The airline has lost money every year since it was relaunched in 2019, and told its 2026 annual general meeting that it does not expect a first profit until the year to June 2031, roughly twelve years after restart, on the back of eight new Boeing aircraft still to be delivered. Uganda's Auditor General has put the government's total injection into the carrier at about Shs1.98 trillion. A fare undercut funded from a national balance sheet is a fare, not a market. It can be withdrawn as easily as it was set.

Alawadhi's cost figures explain why the underlying price of a seat in this region is so stubborn. When fuel is 17 per cent above world price and makes up 40 per cent of operating cost, and when taxes and charges add at least 15 per cent above the global average on top, the competitive space available to any carrier is narrow before the first ticket is sold. Fares here are not primarily set by how many airlines fly a route. They are set by what governments levy on it and what the fuel costs when it reaches the wing.

That second variable moved again this week. East African carriers are now openly counting on Aliko Dangote's planned refinery at Lamu as a nearer source of jet A-1, after the Middle East crisis pushed aviation fuel costs up and exposed how much of the region's supply originates outside the continent. The African Airlines Association, which negotiates jet fuel prices on behalf of African carriers, has said Dangote's entry into the jet fuel business has already improved supply security and that an East African expansion could benefit the region's airlines.

The Lamu project is not speculative. Dangote has set 30 September for groundbreaking on a plant reported at US$16 billion and 700,000 barrels a day, sited on the LAPSSET corridor, and has offered Kenya, Ethiopia and Rwanda a combined 30 per cent equity stake in it. The build is reported to run to about three years. So it is a hope with a construction schedule attached, and the schedule is the point: nothing in it reaches a 2027 rate card.

There is a structural reason the new routes are bilateral deals rather than the fruit of open skies, and it is visible in a single published list.

IATA's own roster of states that have signed up to the Single African Air Transport Market names 34 countries. Kenya and Rwanda are on it. Uganda and Tanzania are not. Two of the five markets the East African tourism proposition depends on, including the one that owns the region's two biggest beach and mountain gateways, are absent from the continental framework meant to make exactly this kind of route expansion routine.

The economic case for closing that gap has been sitting on IATA's website for over a decade. An InterVistas study it commissioned in 2014 estimated that if just twelve key African countries opened their markets to each other, the result would be an additional 155,000 jobs and US$1.3 billion in annual GDP across those countries. Twelve years on, the region is instead getting connectivity the slow way, one bilateral negotiation and one state airline's expansion budget at a time.

Uganda, at least, is letting more players in. Its Civil Aviation Authority listed nine air service licence applications for a single public hearing in Kampala in June, spanning scheduled and non-scheduled passenger and cargo operators. That is a regulator opening a door. It is not the same as a market where an airline in Dar es Salaam can wake up and decide to fly Kigali to Mombasa.

The commercial instruction that follows is narrower than the excitement around it.

First, price the circuit, not the property. If a daily Entebbe to Kigali service makes a two-country primate itinerary sellable for the first time, the property that benefits is not only the lodge at either end. It is the whole package, and the operator who rebuilds the itinerary and reprices it before the November trade fairs will capture margin that the operator who waits for the route to prove itself will not.

Second, do not put a route that has never flown a season into a confirmed 2027 itinerary without a fallback. Every service listed above is an announcement, not a track record. Jambojet has been off Entebbe for six years. The Accra aircraft is wet-leased. The Kigali fare is being set by a carrier that does not expect to make money for another five years. Write the alternative routing into the contract now, while it is a clause, rather than in March, when it is an apology.

Third, separate the two claims when you talk to buyers. Better connected is now defensible and datable, with four named services and four dates. Cheaper is not. Nothing in this quarter's schedule changes the tax, charge and fuel arithmetic that Alawadhi laid out in Nairobi, and a European buyer who is told the region has got cheaper, and then prices it, will not believe the next thing they are told.

The Aviation Africa Summit ended on 10 September with the familiar call for harmonised regulation and lower charges. Three weeks later the first of the new aircraft starts flying. Both things are true at once: the route map is being rebuilt faster than the policy framework that was supposed to produce it, and the price of a seat on it is still being decided in finance ministries rather than at airline pricing desks.

For the owner signing a 2027 rate this autumn, that resolves into one practical distinction. A route map is a set of announcements. An itinerary is a promise. It is worth being very careful about how many of the first you put inside the second.

BIG READ 3 OF 4 · 20 SEPTEMBER 2026

Kenya's grid got cheaper. Leaving it got harder. Both happened in the same week.

The regulator cut September's electricity pass-through by 54 cents a unit and, in a separate notice days later, halved the credit for power that hotels and lodges push back into the grid. Read together, they are not two notices. They are one policy.

Joseph Siror had a warning, and it was not the one the room was expecting.

On 11 August, flanked by two acting general managers at Kenya Power's State of the Grid press briefing in Nairobi, the utility's managing director set out what sounded at first like an engineering complaint. Wind and solar now supply 34 per cent of the country's energy mix at peak daytime demand of roughly 1,900MW, he said, rising to 36 per cent when load falls to around 1,200MW. Global practice puts the comfortable ceiling for variable renewable energy at about 15 per cent of a grid's firm capacity.

"Our current system under the take-or-pay model of power purchase has led to an increase in VREs to over 20 per cent against a recommended average of 15 per cent," Siror said.

Then he said the part that should have made every hotelier in the country look up.

"Given the intermittent nature of wind and solar, we have no option but to dispatch and pay for generators, increasing the overall cost of power."

And, a few minutes later, the sentence that turns a technical briefing into a commercial one: "The true cost of VREs is its own cost and the additional power that we pay for to stabilise the grid."

Read that carefully. The national utility, in a formal briefing, told the country that the growth of intermittent generation is why electricity costs what it costs, and that the bill for stabilising around it lands on the consumer. It was not a threat. It was a statement of the cost structure. But it was also, in retrospect, a signal about the direction of regulation.

Six weeks later, the regulation arrived.

On 18 September, the Energy and Petroleum Regulatory Authority gazetted the pass-through charges applying to every electricity meter reading taken in Kenya during September: a Fuel Energy Cost Charge of KSh 3.00 per kilowatt hour, a foreign exchange fluctuation adjustment of about KSh 1.14 set against KSh 1.32 billion in sector exchange costs, and a Water Resource Management Authority levy of 1.48 cents. Together, KSh 4.16 a unit.

August's notices, gazetted on 14 August as numbers 13172, 13173 and 13174, had set the same three lines at KSh 3.51, KSh 1.1777 and KSh 0.015. Total: KSh 4.7027.

The month on month move is a fall of 54 cents a unit, about 11.5 per cent. In a full service hotel, where electricity sits among the largest controllable costs after payroll and food, that is a visible number. A 150 room city property running laundry, kitchen, chillers, lifts and meeting space air conditioning will see it in the September bill and feel briefly relieved.

The relief is real. It is also the most misleading number an operator will read this month.

Look at which line moved. Essentially the entire 54 cents came out of the fuel charge, the component that recovers thermal dispatch and swings every month in both directions. It is precisely the line Siror was describing in August when he explained why the utility must fire up generators whenever solar and wind output dips. It falls when the mix behaves and rises when it does not. The forex adjustment, the structurally sticky component, barely moved at all, down around four cents. In August, independent power producers alone accounted for KSh 1.039

billion of the KSh 1.353 billion in sector exchange gains and losses that this line recovers. Nothing about one favourable month of thermal dispatch touches that exposure.

So September is cheap in the reversible line and unchanged in the permanent one. That alone would make it a poor basis for a 2027 rate card. But the more consequential development is not in the pass-through notice at all.

In a separate notice the same week, EPRA amended the Schedule of Tariffs 2023. Customers generating their own renewable power under net metering are now credited, in the tariff schedule itself, for half the electricity they export to the grid. The amendment also defines feeding power into the Kenya Power network without approval as "dumping", and provides that the exporter be billed for that power at the applicable base tariff.

Neither provision is a bolt from the blue. The Energy (Net-Metering) Regulations 2024 already set the export credit at 50 per cent of the retail tariff, for renewable systems below 1MW, with credits carried forward monthly and expiring at the end of the utility's financial year. What changed in September is that the arrangement was written into the tariff schedule alongside the "dumping" definition, at the moment the tariff schedule was being amended anyway.

Put the two notices side by side and the picture is not two unrelated housekeeping items. It is a coherent position. The utility said in August that self-generation is what makes the grid expensive to stabilise. The regulator, in September, cut the cost of staying on the grid for a month and simultaneously confirmed in the tariff schedule that leaving it earns you half credit, with a billable penalty for doing it without paperwork.

For a decade, East African hospitality has treated self-generation as the hedge against utility volatility. Lodges went solar because diesel was expensive and the grid was unreliable. City hotels went solar because the pass-through lines moved and nobody could budget against them. That hedge has just been repriced by the regulator, in the same week the headline said prices were falling.

The regional context sharpens it. Kenya has by a wide margin the highest dependence on variable renewables in the Eastern Africa Power Pool. Kenya Power put the comparison on the record in August: Egypt at 10.4 per cent, Ethiopia at 5.3 per cent, Uganda at four per cent, Tanzania at 1.2 per cent. Geothermal, hydro, imports and thermal still provide roughly 80 per cent of Kenya's mix as baseload, but the variable share is the outlier in the region by a factor of eight against Tanzania.

Which means Kenyan hospitality is the furthest along a curve the rest of East Africa is only beginning to climb. A Tanzanian lodge putting panels on the roof this year, or a Kigali hotel sizing a system against its chiller load, is not yet inside this argument. It will be. The precedent being set in Nairobi about who bears the cost of intermittency, and about what an exported kilowatt hour is worth to the person who generated it, is the precedent those markets will inherit when their own variable share starts climbing toward Kenya's.

There is a further reason not to read September as the start of a downward trend. In November 2025, the National Assembly Committee on Energy asked EPRA to introduce, through monthly bills, new pass-through costs from July 2026 so that Kenya Power could recover the billions it spends building and maintaining the rural electricity grid. Parliament's stated direction of travel on pass-through lines is upward, not downward, and it is aimed at exactly the mechanism that delivered this month's 54 cent fall.

What should an operator actually do with this?

Recompute the energy line off the September reading rather than August's, and resist writing a one month number into anything that runs into 2027. The fall is genuine and worth banking in this month's accounts. It is not a trend, and the component that produced it is the component most likely to reverse.

Second, and more urgently, establish this week whether your system exports. Many properties with rooftop solar have inverters configured to push surplus into the grid during low occupancy periods, particularly bush lodges and conference hotels with lumpy demand, and a meaningful number have never formalised a net metering agreement because the export was incidental rather than commercial. The September amendment gives that incidental export a name and a price. A property that discovers its position when a bill arrives is negotiating from the weaker end of the table. A property that has the agreement on file, or has confirmed in writing that it exports nothing, is not.

Third, watch 14 October. Kenya's reduced 8 per cent VAT on petrol, diesel and kerosene expires that day, and EPRA's frozen pump cycle ends on the same date. Two cost events, one day, landing on the generator fuel and the transfer fleet at once. Anything signed now that runs past that date needs a cost variation clause, and a utility line that happened to fall in September is not a reason to go into October without one.

The coastal picture splits. Kenyan properties in Diani, Watamu and Mombasa take the September relief in full. Zanzibar properties do not. They sit on a separate utility entirely and carry their own infrastructure tax, levied at two per cent of the net value of electricity supplied, which no Kenyan gazette touches in either direction.

Siror also offered the honest caveat that tends to get lost in the enthusiasm for storage. Battery capacity, he said, could help with intermittency but would not entirely eliminate the problem, particularly when renewable generation falls away. That is the sentence to remember if a contractor arrives with a proposal to solve your energy exposure permanently. The grid's problem is not solved, the regulator has now priced it, and the price is being shared out between everyone connected to the network and everyone trying to leave it.

A fall of 54 cents a unit is a good month. It is not a strategy.

BIG READ 4 OF 4 · 20 SEPTEMBER 2026

Kenya built its quality marks by going door to door. The new rules put a price on them.

Legal Notice 127 gives hotels a nine-rung licence ladder, then charges every enterprise the same KSh 250,000 for classification and KSh 100,000 for accreditation. Half the establishments already holding a quality mark have fewer than 36 rooms.

On the morning of Thursday 17 September, nine trade associations filed into a committee room in Nairobi to tell the Senate that the price of running a tourism business in Kenya was about to change, and that nobody had asked them first.

The hotelkeepers were there, and the tour operators, the travel agents, the coast association, the air operators, the domestic tourism lobby and Ecotourism Kenya: nine bodies covering most of what the country sells to visitors. The document in front of them was Legal Notice No. 127 of 2026, the Tourism (Tourism Enterprises) Regulations, made under the Tourism Act on 3 June by Rebecca Miano, Cabinet Secretary for Tourism and Wildlife. It was gazetted on 10 July in Legislative Supplement No. 98 and received by the Senate for tabling a week after that. By the morning the operators were finally asked what they thought of it, the instrument was three and a half months old.

Senator Mwenda Gataya of Tharaka Nithi, who chairs the Committee on Delegated Legislation, gave them the standard assurance. "We have heard your concerns, and the Committee will carefully interrogate every issue raised," he said. "We will engage the regulator and consider all the submissions before making an informed decision on whether to annul or accede to the Regulations."

Annul or accede. Those are the two doors, and the committee has not yet walked through either. What the operators were arguing about was the headline number: a charge of up to KSh 250,000. That is the right number, but not quite for the reason most of the reporting gave.

The regulations themselves are, in outline, unremarkable. They build a framework for licensing, standardisation and classification, administered by the Tourism Regulatory Authority. An enterprise must hold a licence before trading, and that licence expires on 31 December of the year it is issued. Specified offences carry a fine of up to KSh 1 million, six months' imprisonment, or both.

The licence fees for hotels are tiered, and carefully so. The Fourth Schedule builds a nine-rung ladder for accommodation, starting at KSh 8,500 for a property with one to ten beds charging KSh 1,500 or less a night, then climbing through KSh 12,000, 15,500, 22,500, 30,000, 37,000, 44,000, 51,000 and 58,000, each rung tied to a described bundle of restaurants, bars, pools, function rooms and sporting facilities. The top rung, KSh 65,000, belongs to a property with more than 301 beds, a health club, a casino and a golf course or racecourse. At the other end a homestay pays between KSh 1,500 and KSh 4,500. The schedule plainly knows how to tell a small operation from a large one.

Then the laddering stops. Tented camps pay KSh 72,000. Safari and mobile camps pay KSh 72,000. There is no gradation for either, no bed bands, no facilities test: one flat figure, and it is the highest annual licence fee anywhere in Class A, higher than the 301-bed resort with the casino. Game lodges, which do get a ladder, run from KSh 30,000 to KSh 51,000. A villa pays KSh 37,000. Over in Class D, a conservancy or game ranch pays KSh 106,000. A mobile camp that strikes its tents and moves with the herds pays the state more, every year, than a property with three hundred beds and a golf course attached.

That inversion is the kind of drafting artefact that survives a stakeholder meeting unless somebody says it out loud. But it is not the expensive part.

The expensive part sits in the accreditation and classification charges, which are separate from the operating licence and are not tiered at all. A Class A or Class B enterprise seeking classification or reclassification pays KSh 250,000. Accreditation costs a further KSh 100,000, and every other category of tourism enterprise pays that KSh 100,000 too. Nine rungs for the licence; one flat figure for the mark of quality. It falls identically on a four-room guest house in Kilifi and on a 315-room international hotel in Nairobi. To see why that matters, it helps to know who actually holds these marks, and the Authority publishes the answer itself.

Its own accreditation register, live on its website this week, lists 335 establishments carrying a Gold mark of quality, 468 carrying Silver and 425 carrying Bronze. That is 1,228 properties that have already been through a quality audit and come out the other side with something to hang in reception.

Work through the room counts the Authority publishes alongside each name and the shape of that population becomes clear. The median accredited establishment has 36 rooms. Of the 902 entries with a usable room figure, 383 have fewer than thirty and 127 have ten or fewer. Only 31 properties exceed 301 beds, the threshold for the highest licence-fee band.

Roughly three per cent of the accredited estate, then, is the kind of property the top licence tier was written for. The rest look like Jangwani Safari Lodge in Murang'a, three rooms, or Starehe Africa in Kilifi, four, both carrying a Silver mark. They sit on the same register as the 315-room JW Marriott in Nairobi, and under this schedule the three-room lodge and the 315-room hotel pay the same KSh 250,000 to be classified.

The Authority did not acquire that register by waiting for applications. It went and got it. "The Authority has conducted Quality Audits for Hospitality Enterprises in the Mt. Kenya, Western, Nyanza, North Rift, and South Rift regions," its accreditation page reads, framing the scheme explicitly as policy: destination quality management, competitiveness abroad, and a contribution to the Bottom-Up Economic Transformation Agenda for small and medium enterprises.

A state spent years travelling to small upcountry properties, auditing them against a national standard and persuading them a mark of quality was worth having. The fee schedule now before the Senate asks those same properties what the mark is worth in cash.

For a ten-room upcountry hotel charging KSh 4,000 a night at fifty per cent occupancy, a KSh 100,000 accreditation fee is roughly two weeks of gross room revenue, before the licence and before a shilling reaches a supplier. The assumptions there are mine. But no plausible set of them makes a flat six-figure fee land the same way on a three-room lodge as on a three-hundred-room hotel.

The trade bodies raised a second objection on 17 September, and it was procedural: they said they were not engaged before the regulations were developed, which in Kenya is not a stylistic grumble but a constitutional argument about public participation.

They have made it before, about a different agency, within the past year. In November 2025, when the Kenya Wildlife Service rolled out a park-entry portal carrying a five per cent charge disclosed only at the point of payment, Fred Odek, then chairman of the Kenya Tourism Federation, used almost the same words. "We are not against the changes, but we cannot do things in this manner," he said. "Kenya is a country governed by the rule of law. There was no public participation." He added the line that should concentrate minds in the Ministry: "Kenya is getting a bad reputation as an uncredible tour destination. And what we have is not unique to Kenya; Africa offers a lot of alternatives."

Ten months later, a different regulator, the same complaint. What has changed in between is that the institutions capable of settling the argument with evidence are themselves being reorganised.

The Tourism (Amendment) Bill 2026 proposes dissolving the Tourism Research Institute and the Tourism Finance Corporation, transferring functions and assets into new arrangements including a substantially expanded Kenya Tourism Board. The Board would take on research, market intelligence, data and statistics alongside destination marketing.

Odek, now chairman of the Kenya Association of Tour Operators, told Tourism Update in August that he supports consolidation in principle and worries about what falls out of it. "The issue is making sure that, when you consolidate, you don't lose necessary functions," he said. Moving a broad research mandate to the Board without clear systems for collecting and sharing information, he warned, risks a "data vacuum".

Barry Clemens, chief executive of Hospitality EQ, accepts the diagnosis and questions the timing and the governance. The Tourism Finance Corporation was itself folded into the Kenya Development Corporation only five or six years ago, and he wants to know what the last merger taught anyone before a second one begins. On the expanded Board he was blunter: "If the same institution controls much of the research, the marketing priorities and the implementation or influence over funding decisions, there is a real risk of excessive concentration of power, conflicts of interest and weak accountability."

Put the two files side by side and the problem is visible. Kenya is proposing to charge KSh 250,000 for a star rating at the same moment it dissolves the body whose job was to tell anyone whether a star rating earns its cost. There is no published Kenyan evidence establishing what classification does to a property's average rate, its occupancy or its share of international bookings, and the institution that might have built it is being folded into the institution that markets the destination.

There is a smaller symptom of the same gap, and it sits in the schedule itself. Anyone wishing to inspect a register maintained by the Authority must pay KSh 3,000 per register. Meanwhile the Authority's website lists in detail the documents a hotel or tented camp must produce, and does not publish the fees those enterprises pay today, so an operator who wants to know whether KSh 12,000 is a rise must go and find the 2014 schedule themselves. Neither charge is a scandal. Together they measure how much of this debate is being conducted without shared figures.

None of this is an argument against regulation. A licensing regime with real standards, honestly enforced, is how a destination stops the bottom of its market from pricing the top of it, and Kenya, which took 2.79 million international arrivals in 2025/26 against 2.42 million the year before, has more to lose from an unregulated tail than from a regulated one.

It is an argument about the shape of the fee. Tier the licence and you tax capacity. Flatten the classification charge and you tax the decision to be measured at all, hardest at the end of the market that has least to spend and that the scheme was designed to reach. The likely outcome is not that small properties pay. It is that they stop applying, the register stops growing, and Kenya loses the only national picture it has of who meets a standard.

For an owner with a mark on the wall, the steps are near-term. Read the Fourth Schedule and work out which line your property sits on, because a villa at KSh 37,000, a game lodge at KSh 30,000 and a tented camp at KSh 72,000 are three very different businesses to the Authority. Model the licence, the accreditation and the classification as one annual number against your own room revenue. Read to the foot of that schedule too, where a single line gives EAC citizens equal treatment with Kenyan citizens, keeping a Ugandan, Tanzanian or Rwandan operator off the non-citizen tariff of US$1,500 a year. Then get your number in front of the Committee on Delegated Legislation while it is still deciding whether to annul or accede, because the submissions that carry are the ones with arithmetic in them.

The Authority spent years driving to Kakamega and Machakos and Murang'a to give small hoteliers a reason to be measured. It would be a strange outcome if the bill for that reason arrived next.

THE LEDGER

We publish our forecasts with resolution criteria and a deadline, then score them in public. Open calls can be checked against the source on the date given.

RESOLVED THIS WEEK

P029 · INCORRECT

MV Adan will still be aground off Nyali beach on 1 September 2026 — the mid-August refloating window will slip

P078 · INCORRECT

EPRA's next review effective on/around 15 Sep 2026 will set Nairobi diesel ABOVE KSh217.86/L — the PDL stabilisation kitty is near-depleted and landed petrol costs rose 6.9%, leaving no cushion to repeat the cross-subsidy

P080 · CORRECT

Kenya's fuel cross-subsidy mechanism will still be in use at the 15 Sep 2026 review — the High Court challenge and MPs' legality objection will not stop it before then

P174 · CORRECT

The Linda Mwananchi rally of Sunday 13 September 2026 will proceed at Jacaranda Grounds and will NOT result in a Nairobi CBD curfew or a formal government-ordered business closure of the CBD on 13 or 14 September 2026 - police have restricted assembly, not movement

NEW CALLS THIS WEEK

P200 · RESOLVES BY 2026-11-30 · MEDIUM

Entebbe International Airport's SEPTEMBER 2026 international passenger traffic will still be more than 15% below September 2025 when UCAA figures are reported - every named cause of the August 29.1% deficit (KLM not resumed, Uganda Airlines Kinshasa suspended, Dubai restricting Uganda-originating passengers, the US entry order renewed on 16 September) was still in force throughout September

P201 · RESOLVES BY 2026-12-31 · MEDIUM

France Diplomatie will NOT remove the active pre-electoral framing from its Kenya security page before 31 December 2026 - the 15 September 2026 update ties the risk to the 10 August 2027 general election, eleven months beyond that date

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