

# TOURISM IN ETHIOPIA: QUO VADIS?

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## *Abstract*

*Tourism has contributed significantly towards the socio-economic development of many countries in the world. However, the contribution of tourism for tackling poverty is not well emphasized in developing countries. This is because of the profit motive of multinationals that controlled the tourism value chain. Therefore, in order to tourism brings significant positive impacts in the lives of the poor, appropriate tourism development policies and strategies must be in place. Accordingly, this paper discusses the development of tourism in poor countries including Ethiopia, the problems and prospects of tourism in subsistence economy and how the image of the destination serves as a critical factor for successful promotion activity. The emphasis is, in pursuing for new approaches, how tourism can work in solving economic problems in poor countries. Thus, this paper proposes the importance of developing tourism via micro enterprises and SMEs with due emphasis towards pro-poor tourism, designing and implementing appropriate promotion programs and marketing strategies, linking tourism with the broader development agenda by incorporating it into poverty reduction strategy paper as well as improving tourism products & services. Eventually, this can result in sustainable tourism development such as: the management of natural resources, preservation of cultural heritages, and less economic leakages.*

**Key words:** tourism development, pro-poor tourism, tourism in subsistence economy, problems & prospects

## 1. Introduction

Tourism as an economic activity is becoming a common phenomenon in developing countries and possibly affects the livelihoods of the poor directly or indirectly. In fact, tourism is generally viewed as an engine for economic growth rather than as a mechanism for poverty reduction. “Many argue that because tourism is often driven

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by foreign, private interests, it is not well placed to contribute much to poverty elimination” ([www.propoortourism.org.uk](http://www.propoortourism.org.uk), 2004). As a result, tourism can disadvantage the poor causing displacement, increased local costs, loss of access to resources and social and cultural disruption as stated by the same source above.

Hence, to overcome these limitations of tourism, designing and implementing appropriate Pro-Poor Tourism policies will be necessary in order that tourism works for the poor in poverty reduction and local economic development. Moreover, establishing the link between tourism and poverty reduction will be crucial so that tourism contributes towards socio-economic development particularly in developing countries. In this respect, governments of developing countries and non-governmental organizations must recognize the potential role of tourism and actively engage in a Pro-Poor Tourism development. (Ashley & Roe, 2002; Christie, 2002; Murphy, 1998; Smith & Eadington, 1992; World Bank, 2000; WTO, 2002)

Consistent with the theme of the paper, the main points that will be discussed include tourism development in poor countries in general and Ethiopia in particular, and problems and prospects of tourism in a subsistence economy. The analysis is focused on how tourism can work in solving economic problems in poor countries.

## 2. Tourism Development in Poor Countries: General Observations

There are many researches that focus on tourism development from local, national and international perspectives vis-à-vis the economic, social, cultural, political and environmental consequences. Moreover, there are studies that focus on tourism's contribution to foreign exchange earnings, the balance of payments, and socio-economic development especially in developing countries. However, there is criticism on tourism development in developing countries due to high-income leakages, environmental repercussions, and cultural impacts of the tourism industry in these countries. Therefore, to overcome these negative effects of tourism, diverse forms of tourism development are proposed: rural tourism, community tourism, pro-poor tourism, eco-tourism, and tourism development via the small and medium-sized enterprises, among others. Thus, indicating the need for new approaches in the development of tourism will be vital in order for its benefits to have a positive impact on the overall development of the developing countries.

Moreover, pro-poor growth has been identified as the most important ingredient to achieve sustainable poverty reduction (World Bank, 2000). Thus, pro-poor growth refers to the active participation of the poor in economic activities and gaining significant benefits too. This can be achieved if the proportional income growth of the poor exceeds the national average income growth rate. In order to achieve this objective, it will be indispensable to design and implement economic activities that contribute to poverty reduction significantly ([www.propoortourism.org.uk](http://www.propoortourism.org.uk), 2004). In this context, there is the need that the major share of tourism income must remain in the local economies to create further employment and income.

Despite the above arguments, it is a fact that tourism has already contributed much towards economic growth in both the developed and developing economies. Therefore, tourism is one of the viable alternatives to embark on economic development by reducing poverty and empowering the majority. In this respect, there are several reasons why tourism seems to be particularly relevant to poverty reduction and to achieving the Millennium Development Goals ([www.propoortourism.org.uk](http://www.propoortourism.org.uk), 2004):

In 2000, tourism ranked third among the major merchandise export sectors of developing countries, including the Least Developed countries (WTO, 2002). The number of tourist arrivals to developing countries doubled to approximately 42% compared to that of 1973. In contrast, the share of the least developed countries (LDCs) was insignificant with approximately 0.7% of those developing countries. Developing countries received approximately 30% of global tourism expenditure. Distressingly, LDCs receive approximately 0.5% of global tourism expenditure only. Despite these distressing situations, tourist arrivals and tourism receipts increased by 79% and 154%, respectively between 1990 and 2000 on average. Nevertheless, the share of the 49 LDCs in terms of tourist arrivals was 5,106,000 from the total international arrivals of 697,700,000 in 2000. In fact, the WTO (2001) is optimistic in that the number of tourist arrivals is increasing at a far faster pace to developing countries than those in the developed countries, indicating the increasing importance of tourism in contributing towards the national economies of LDCs.

Tourism can be one of the only viable sources of growth or export earnings in some countries or regions with few other development options. Tourists can often get attracted to remote areas because of their comparative advantage in terms of high

cultural, wildlife and landscape values. It is supposed that these tourism products are assets on which the poor depend for their livelihoods. Thus, the poverty-reduction value of these tourism opportunities is high if the necessary facilities are in place to attract tourists and make them to expend locally. Moreover, since the informal sector, micro enterprises, and SMEs play a significant role in tourism activity, it can employ and train un-skilled workers.

The infrastructure required for tourism development - transport, communications, healthcare, water, sewerage, and energy supply – is also of utmost importance to poor residents and can uplift the area for the benefit of both. Therefore, it is possible to say that tourism can contribute significantly in poverty-reduction strategy of poor countries even though it is driven by corporate goals (business imperative).

In general, tourism as a contributor to pro-poor growth has both positive and negative consequences. In the following, the characteristics of pro-poor tourism are presented which are adopted from [www.propoortourism.org.uk](http://www.propoortourism.org.uk):

Positive characteristics:

- More labor intensive than manufacturing and also can involve more intensive use of un-skilled and semi-skilled labor;
- Employs a high percentage of women as compared to other industries;
- Can build on assets of the poor such as culture and natural resources;
- Can involve a wide variety of micro enterprises, informal sectors, and SMEs;
- Potential means for responsible and sustainable tourism development.

Negative Characteristics:

- Expropriation of land, water, and other assets of the poor by tourism industry;
- Entry barriers to poor entrepreneurs since the industry is information and marketing intensive;
- Less economic linkages due to high transaction costs;
- Undesirable cultural impacts;
- Environmental degradation may result in if necessary actions are not taken.

These negative effects of tourism can be overcome if there is sound tourism development policy and implementation focusing on poverty-reduction through the involvement of both the local community and entrepreneurs. Thus, its advantages

outweigh the disadvantages if tourism development is planned and implemented properly.

Actually, the potential problems in the development of pro-poor tourism primarily are related to the commercial nature of tourism and profit motive by international tourism firms. Secondly, international tourist arrivals are spread very unequally among developing countries because of the varying degrees of safety, accessibility and availability, standard of tourism structure, tour operator links and connections, and historical and political links to the main generating areas ([www.propoortourism.org.uk](http://www.propoortourism.org.uk), 2004). However, the LDCs must enhance their competitiveness given the tendency of tourists to visit new destinations by improving the major constraints mentioned above.

In Africa, very few countries managed to attract more than 1 million tourists in 2000. Based on the WTO data, as shown in Table 1, from the 48 countries of Africa, only 16 countries attracted more than 200,000 tourists. Moreover, there is significant difference in terms of arrivals on one hand and receipts including receipts per arrivals on the other hand among the major tourist attracting countries in Africa. Though it is not the objective of this paper to analyze the potential differences here, it is possible to infer that Tanzania's tourism offer is very expensive per tourist arrivals. This can possibly be attributed to its tourism resource of Serengeti and successful promotion activities. Therefore, informed tourists are willing to visit such unique destinations and to expend as far as they are pleased with the tourism offer.

Even in those less visited tourism destination countries of Africa, the growth of international tourist arrivals was strong in the past one decade. It is observable from Table 2 that there is a growing tendency of visiting the previously less known destinations by tourists. Indeed, the growth of the tourism sector in these countries can contribute significantly to reducing poverty if they appropriately manage the industry and implement pro-poor tourism activities.

**Table 1: International tourist arrivals and receipts in 2000**

Countries	Arrivals (1000)	Receipts (US\$ Million)	Receipts per Arrival (US\$)
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South Africa	6,001	2,513	419
Tunisia	5,058	1,496	296
Morocco	4,113	2,040	496
Zimbabwe	1,868	125	67
Botswana	1,104	313	284
Algeria	866	96	111
Nigeria	813	148	182
Kenya	899	276	307
Mauritius	660	542	826
Tanzania	459	739	1,610
Zambia	457	111	243
Réunion <sup>2</sup>	424	255	593
Ghana	399	386	967
Senegal	389	140	359
Swaziland	284	35	123
Malawi	228	27	118

Source: Adopted from Tourism Market Trends 2003 Edition - Africa, WTO, 2003

Tourism performance is strong in Northern Africa except in the Sudan where the political environment was not conducive to attract tourists. Likewise, the performance of tourism in Eastern Africa was also great in the last decade. “Between 1995 and 2000, average annual growth reached 5.5 per cent. The sub-region holds a 22 per cent share of the regional total in 2002, ranking third after North and Southern Africa” (WTO, 2003, P. 35). Actually, few countries receive more than half a million arrivals. Zimbabwe received 2.1 million arrivals (30 per cent of the total) in 2001. The other major tourist receiving countries in the sub-region in 2002 were Kenya (838,000), Mauritius (682,000), Zambia (565,000), Tanzania (550,000), and Reunion (426,000) (Ibid, 2003).

Even the performance of Eritrea was astonishing after its separation from Ethiopia. In 1995, this small country of the Horn of Africa registered 315,000 tourist arrivals. However, the number of tourist arrivals decreased significantly to 70,000 in 2000 and

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<sup>2</sup> An island ... located in the Indian Ocean east of Madagascar, about 200 km southwest of Mauritius

this was attributed to the 1998-2000 war with Ethiopia. Since then, the number of tourist arrivals has been even lower. However, there is a tendency of slow recovery reaching 101,000 in 2002. This could indicate how tourism is sensitive towards war and the hostile political situation at destinations. This is also true for the Congo where negative growth was registered in the decade. Table 2 presents those countries with very poor tourism performance in 1990 compared to that of 2000. In fact, all of the countries registered very strong growth compared to their previous low levels of tourist arrivals except the Congo.

**Table 2: International tourist arrivals to African LDCs**

Country	1990	2000	Growth Rate (Over the 10 year period)	Annual Growth Rate
Sudan	33	38	15%	1.5%
Cape Verde	24	83	246%	24.6%
Mali	44	86	95%	9.5%
Niger	21	50	138%	13.8%
Chad	9	43	378%	37.8%
Congo	33	19	-42%	-4.2%
Sao Tome Principe	3	7	133%	13.3%
Comoros	8	24	200%	20%
Eritrea	-	70	-	-
Ethiopia	79	136	72%	7.2%
Madagascar	53	160	202%	20.2%
Uganda	69	193	178%	17.8%

Source: Adopted from Tourism Market Trends 2003 Edition - Africa, WTO, 2003

Tanzania can serve as a good example in demonstrating the potential and actual tourism growth in the region. Its international tourist arrivals and tourism receipts are growing in the last decade at a very fast rate. In 1990, Tanzania's tourist arrival was 153,000 whereas it was 459,000 in 2000. In 2002, the number of tourist arrivals to Tanzania was 550,000. The other country that registered strong growth is Zambia. Its tourist arrivals increased from 163,000 in 1995 to 457,000 in 2000. Similarly, a

reasonable growth of tourist arrivals has been registered in other Least Developed Countries of Africa (Table 2).

Thus, Ethiopia as one of less visited destinations in Africa has also shown relatively strong tourist arrivals since the 1990s except during the war with Eritrea. The number of international tourist arrivals was 79,000 in 1990. However, the figure has increased to 136,000 in 2000 and the growth rate was 72%. Nevertheless, given its potential and actual tourism resources on one hand and compared to other LDCs on the other, its tourism performance is not satisfactory. It outperformed only Eritrea, Sudan, and the Congo in terms of growth. Thus, the contributions of tourism income to GDP and exports were only 1.31% and 19%, respectively, in 2002 (ETC, 2003).

In contrast, the contributions to GDP and export earnings from tourism are particularly high in countries with well-developed tourism industries and where there are relatively few other economic activities. Some of the developing countries with very significant GDP contribution from the tourism economy are Maldives (88%), Anguilla\* (71%), Saint Lucia (59%), and Seychelles (49%). Developing countries with the most significant export earnings from tourism are Myanmar (94%), Maldives (74%), Antigua and Barbuda (67%), Saint Lucia (66%), and Tanzania (55%) ([www.propoortourism.org.uk](http://www.propoortourism.org.uk), 2004). Actually, many of the least developed countries could benefit from tourism if there are favorable situations in the key contributing factors – improvement of images, better access to joint venture capital, and tour operators.

Table 3 shows the top 10 developing countries with significant benefits from their tourism industry in terms of receipts.

**Table 3: Developing countries with significant tourism receipts in 1999**

Position	Country	Tourism Receipts (US\$ Million)
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\* Anguilla, Antigua and Barbuda, & Saint Lucia are countries in the Caribbean



1	China	14,098
2	Mexico	7,223
3	Thailand	6,695
4	Turkey	5,203
5	Indonesia	4,710
6	Brazil	3,994
7	Egypt	3,903
8	Malaysia	3,540
9	India	3,036
10	Argentina	2,812

Source: WTO, 2001 as cited by [www.propoortourism.org.uk](http://www.propoortourism.org.uk) (2004)

As cited by the [www.propoortourism.org.uk](http://www.propoortourism.org.uk) (2004), for developing countries in general and LDCs in particular, tourism was the third most important earner in 2000. Tourism exports are well ahead of both ores/metals and agricultural export earnings. The table below indicates those facts.

**Table 4: The top 4 export sectors in Developing Countries and LDCs, their values and growth rates**

Export sectors	Developing Countries			Least Developed Countries		
	Value in US\$ million	Growth (1990-2000)	Rank in 2000	Value in US\$ million	Growth (1990-2000)	Rank in 2000
Manufactures	900,649	208%	1	720	217%	2
Food	120,262	58%	2	334	-71%	4
Tourism	113,902	154%	3	335	47%	3
Fuels	73,624	16%	4	2,316	1,444%	1

Source: WTO, 2002 as cited by [www.propoortourism.org.uk](http://www.propoortourism.org.uk) (2004)

From the above presentation, though the growth rates of tourism in both developing countries and LDCs are high, few developing countries got the major share of tourism receipts (See Table 3). Thus, the share of the least developed countries was insignificant though tourism is a much larger part of their economies (accounting for over 15% of all goods and services exported) than in other developing countries. In fact, tourism can account as high as 90% of GDP and exports and can employ up to

50% of the population in most tourism dependent countries ([www.propoortourism.org.uk](http://www.propoortourism.org.uk), 2004). So far, the importance and performance of tourism in both the developing and least developed countries has been discussed. In the following, the development of tourism in Ethiopia will be presented in brief.

### 3. Tourism Development in Ethiopia: Some Empirical Observations

Although the number of foreign travelers who were interested in the natural, cultural, and historical attractions of Ethiopia had been increasing from year to year since Minilik's time (late 19<sup>th</sup> century), tourism as an economic activity and important industry was given due attention in the early 1960s. Thus, in Ethiopia, modern tourism activity was started not more than 45 years ago.

Accordingly, the first tourist organization was established in 1961 and consequently, to develop tourism and attract investors in the sector, the Imperial Government promulgated a decree in 1962. According to Ayalew (1998), the main objective of the decree was to initiate private investment in tourism sector. At this time, tourism infrastructure was very poor and there were inadequate number of hotels to accommodate tourists. Therefore, the Imperial government emphasized in building hotels and other infrastructure. During this period, tourism was in the process of rapid expansion.

However, because of the change of government in 1974, the rapid growth of tourism had been hindered significantly. Even during this period, though several efforts were made to develop the tourism sector, due to the government's ideology, the sector's performance was left behind the pre 1974 period. Therefore, the performance of tourism during the military regime had been disappointing, owing to the hostile environment for international tourists, restrictions imposed on private sector participation, low level of investment on tourism promotion and development, inadequate tourist facilities and poor transport and other infrastructure (Survey of Tourism, 1998; MEDaC, 1999). All these factors accounted for the poor performance of the sector in terms of tourist flows, foreign exchange generation, and job creation. Finally, the military government issued 'mixed economic policy' in 1989 and the private sector was invited to participate in tourism business.

In 1991, after the collapse of the military government, a transitional government was established and it campaigned for the shift from command economy to free market economy. This change of economic policy further encouraged the participation of private investment that was already started because of the mixed economy in 1989. Consequently, the government introduced reforms in the tourism sector and Ethiopia was open for tourists from all parts of the world. The new policy allows the participation of private investors in the tourism sector. As a result, several private tour operators and travel agencies have been established. Until 2002, there were 64 tour operators and travel agents according to ETC statistics (2002). Accordingly, the tourism sector became one of the beneficiaries of the new economic policy. Thus, there is a relatively conducive investment opportunity in tourism industry and the trend shows that tourism will be one of the main contributors to the balance of payments as well as pro-poor economic growth opportunities in the future.

According to ETC (Ethiopian Tourism Commission) statistics, the pre-1974 period of tourism development was very steady and progressive. The total number of foreign visitors in 1968 was about 42,000 and just after five years in 1973, the number reached 74,000 (Statistical Bulletin, 1987). However, from 1974 until 1987, the tourism sector was declining. It was in 1988 that 70,000 tourists visited the country and it was about the same figure as that of 1972. Thus, the year 1988 can be considered as a base year for a normal development of tourism by the establishment of basic facilities and conditions. Before the revolution, as stated above, Ethiopia had successfully started the development of tourism. After the revolution the tourism sector suffered a lot (Thyssen Study, 1983).

As stated in the above, there were some efforts made to improve tourist attractions and facilities, tourism infrastructure and promote the country's tourism resources since 1991. Thus, the Ethiopian Tourism Commission works in collaboration with private tour operators in order to promote the activities of the tourism sector. Furthermore, the budget allocated for tourism promotion and development has been increasing since 1993/94 though it is very low compared to neighboring countries (MEDaC, 1999).

International tourist arrivals in Ethiopia have shown a considerable growth from 1992 onwards compared to the earlier years, though in 1998 and 1999 the number of

arrivals decreased. Thus, there is an increasing trend in the number of tourist arrivals from year to year albeit the increase is not significant as such in comparison to forecasts. Thus, the forecasted number of 182,000 and 250,000 international tourist arrivals by the year 2000 by Tourconsult/International (1996) and the Ethiopian Tourism Commission (FYTDP, 2000) respectively were very high compared to the actual tourist arrivals of 135,954.

**Table 5: Tourist arrivals & receipts (1999-2002)**

Year	1999	2000	2001	2002	2003
Arrivals	91,859	135,954	148,438	156,327	180,000
Receipts (US\$ Million)	16	57	64	72	114

**Source:** \* Tourism Market Trends 2003 Edition - Africa, WTO, 2003

\* Tourism Statistics Bulletin, ETC, 2003

\* Tourism Market Trends 2005 Edition, WTO, 2005

Consistent with the small number of tourist arrivals, the contribution of tourism to the national economy is also not significant. However, the contributions of tourism income to GDP as well as export earnings are only moderately growing in recent years. For instance, the contribution of tourism to GDP was 0.52% in 1999, 1.11% in 2000, 1.21% in 2001, and 1.31 in 2002. The contribution of tourism to export was 6.93% in 1999, 14.6% in 2000, 17.45% in 2001, and 18.63% in 2002 (ETC, 2003). If this trend continues, tourism will be one of the major contributors to both GDP and export earnings.

In terms of tourism facilities, there is a relative improvement in the sector. Certainly, the new policy stimulated private investment in tourism and, consequently the number of tourist facilities that offer better services to tourists has increased. Actually, since 1989, there are infrastructural developments: construction and upgrading of airports, roads, and tourist class hotels, improving the capacity of the national carrier and local transportation systems. “The growth of private investment in building tourist facilities strengthens the spirit of competition between government-owned and private enterprises thereby enhancing the quality of services.” (Sisay, 1998, P. 114) Thus, it is possible to observe improvements in the number and quality of hotels and other tourist facilities.

In terms of accommodation capacity, until 1983 there were only 72 hotels with only 5,022 beds (Thyssen Study, 1983). It was since 1989 that the construction of new

hotels commenced and increased to 332 hotels with a capacity of 9,676 rooms and 12,570 beds until the end of 2001 (ETC, 2002). However, the quality of services of some of the hotels is below standard. In today's competitive environment, therefore, tourism enterprises must offer high quality services to gain competitive advantage and increase market share.

From the above, it is possible to deduce that "Developing the tourism product and facilities will not be enough in the development of tourism but also marketing activity has to be carried out. Integrated and effective marketing is the means by which the tourism potential of the country will be known to international tourists" (Tariku, 2004). In general, destination development and appropriate marketing will be crucial elements for successful tourism growth.

#### 4. Problems and Prospects

It is a fact that tourism as a leisure and economic activity is concentrated in developed economies. In fact, some developing countries such as China, Russia, Mexico, Poland, Hungary, and Malaysia increased their market shares and competitiveness significantly during the last decade. However, the overall performance of the economy as well as the tourism industry are not satisfactory in least developed countries (LDCs) though there is a growing tendency of increased international tourist arrivals. It is evident from the WTO statistics that a country that performs well economically also performs well in the tourism sector and vice versa (Table 3).

However, it is to be noted that there are significant differences in attracting tourists and being successful among the developing countries. The reasons are mostly linked to "physical characteristics and climate, government commitment to tourism, security issues, accessibility, distribution channels, image and marketing" as stated by [www.propoortourism.org.uk](http://www.propoortourism.org.uk). Moreover, the same source asserts that destinations that have been adopted by mainstream tour operators show very high arrival numbers due to the capacities carried by the larger tour operators and these countries also have good international and national transport infrastructures. Therefore, in addition to the aforementioned, there are only few developing countries such as Vietnam, South Africa, Brazil, Tunisia, Turkey, and Thailand, that became

beneficiaries of tourism income significantly in the last decade. In the following, the *problems* and *prospects* of tourism development in Ethiopia are presented.

As stated earlier, several constraints hampered the development of tourism in Ethiopia. Because of this, the number of tourist arrivals and receipts was small. Since 1991, though there were improvements, the growth of tourist numbers was not as expected. What could be the main causes? These are listed below:

1. *According to the ETC, Ethiopia is considered as an expensive destination due to:*
  - High cost of air tickets to Ethiopia;
  - High hotel charges (except for the Sheraton and the Hilton) vis-à-vis the quality of services they provide; and
  - High entrance fees to tourist sites.

These are controllable factors as far as there is willingness and determination to improve the tourism industry and maximize its benefits. Accordingly, the Ethiopian Airlines reduced the price of air tickets significantly very recently. A hotel charge in Addis Ababa is generally fair and reasonable since tourists pay the fixed rate. Therefore, the existing tariff rates could not be considered high. However, the problem arises when tourists visit tourist destinations outside Addis Ababa where there is no fixed rate and hotel owners or managers charge tourists arbitrarily. Therefore, the immediate solution can be issuing rule of conduct and implement it strictly. Here, the role of the government can be significant. The long-run solution is increasing the number of accommodations in all tourist areas to create competitive environment in which prices will be determined by the market.

2. *The other bottlenecks that hamper the development of tourism are lack of administrative efficiency and willingness on the part of the public sector:*
  - Absence of adequate credit card facilities;
  - Visa requirements;
  - Long queuing at the airport by customs authority that can create bad image on the part of visitors;
  - Hassling and begging of tourists.

Concerning the first two problems, significant improvements have been achieved in recent times. For example, the new visa delivery mechanism through which tourists of

33 main tourist-generating countries could collect the Ethiopian tourist visa from any destination in the world upon arrival at the airport in Ethiopia is a significant measure. This regulation is believed to be a significant step forward in making the country the beneficiary of the tourism sector and could be instrumental in promoting Ethiopia's relations with tourist generating countries.

3. *Lack of experience in handling tourists by the private sector*

Besides promotion and improvements in infrastructure, the degree of quality of services provided to tourists by all tourism suppliers is imperative in shaping the image of the country. Therefore, tour operators and travel agents, hotels and restaurants and all the tourism related enterprises must strive to impress tourists in order visitors have good image as far as possible in all their activities. According to the ETC, tour operators play a pivotal role in the tourism industry, as they are the first contact between the tourist and the host country. Therefore, tour operators need to be equipped with professional competence and have the capability of offering services comprehensively. Tourist guides must also have language efficiency, knowledge about the destination, experience of handling tourists as well as awareness of other cultures. All these actions could be instrumental in attracting more tourists and generating more income in the future. In view of this, tourism training is imperative to enhance the capacity of tourism services providers.

4. *Lack of an effective international marketing strategy and promotional activities.*

*This problem is attributed to:*

- Lack of enough funds for appropriate promotion of the countries' tourism attractions; and
- Lack of comprehensive joint international promotion activities in collaboration with the private sector.

In fact, a lot has to be done to promote Ethiopia as a tourist destination internationally. However, the promotion activity shouldn't be left as the sole responsibility of the government as it requires the participation of all stakeholders. Thus, promotion of tourism can be done by levying taxes on tourism enterprises instead of subsidizing it fully. There are also huge public expenditures on tourism infrastructure (roads, museums, airports) and protecting the environment for scenery (national parks and wildlife reserves) and so on. Therefore, it is strongly justifiable to

levy reasonable taxes by government for effective promotion efforts and to improve the provision of services. Of course, there are several public services that are provided free of charge in tourism which both tourists and locals use.

Thus, the ETC has recently employed several important promotional techniques: inviting tour operators and journalists to visit the country, public relations activities and participation in international tourism trade fairs (TFYDP, 2000). In reality, private sector investment activities, continued privatization of the tourism industry, modernization of airports, infrastructure development in the national parks, conservation of cultural monuments, improvements in the facilitation of visas, custom checks and immigration are the necessary conditions. Therefore, without effective implementation of the two broad activities (tourism product development & effective marketing), it will not be possible to realize the development of tourism and meet the targets: the forecasted tourist arrivals and tourism receipts. Therefore, given low budget availability and inability to use big mass-medias, the ETC has to continue promoting Ethiopia as a tourist destination using alternative approaches: invitation of known personalities and journalists, and participating in tourism trade-fairs. Moreover, with regard to promotion and distribution, it would be important to have focused (niche) strategy for specific travelers (somewhat like the Safari Club, culture & tradition, etc.).

5. *Political and economic factors. These mainly relate to:*

- Internal conflicts since the 1970s and the war with Eritrea; and
- Bad international image due to drought and famine.

Tourism as an economic activity can be affected by political shocks and economic problems. Tourists are not inclined to visit unsafe destinations. This can be demonstrated by the fact that during the war with Eritrea the number of tourists visiting both countries drastically decreased despite the fact that the conflict was in a specific locality. As stated in the above, the number of tourist arrivals decreased from 315,417 in 1995 to 77,355 in 2000 in the case of Eritrea. The number of tourist arrivals decreased from 103,336 in 1995 to 91,859 in 1999 in the case of Ethiopia too (WTO, 2003).

Moreover, tourists are also sensitive to economic situations of the countries they visit. Many tourists do not want to see the suffering of other people since their main travel



decision is to visit destinations for recreation. Accordingly, though some tourists know the attractions of Ethiopia and want to visit, their decision can be affected by the reports of the International Electronic Media that disseminate mostly bad images of poor countries. As such, the image of Ethiopia is continued to be affected by those International Medias that mainly show its ugly faces but not its positive sides. Changing this situation will be critical in the development of successful tourism industry and a strong national economy ultimately. Therefore, in the promotion of Ethiopia as a destination in those tourism generating countries due emphasis has to be given to those factors that arouse the inner urges of potential tourists and at the same time improving the domestic situation persistently.

The *prospect* of tourism development in poor countries is related to the ever-increasing tendency of tourists to visit less known destinations. It is assumed that these destinations can offer unique cultural experiences for the tourist, which can serve as favorable opportunities for the least developed countries (LDCs). Moreover, there are some improvements with regard to accessibility, safety and security and other issues in many LDCs throughout the world. In this respect, there is better awareness than ever before. Nevertheless, much is expected from the least developed countries' tourism officials and promoters to work hard in exploiting the favorable trend of tourists to visit less known destinations. Thus, Ethiopia as a new destination can benefit from tourism by offering its unique tourism resources by designing and implementing appropriate strategies. Therefore, on the part of the ETC, efforts are underway to support tourism entrepreneurs. Accordingly, the facilitation of importation of needed equipment and improvements of taxation regimes can lead to price reduction and better service delivery. On the other hand, the ETC envisages price reduction through improved efficiency and economies of scale by tourism enterprises.

Generally, for successful promotion activity, image of the destination area is a critical factor. Thus, whether or not an image is indeed a true representation of what any given region has to offer, what is important is the image that exists in the mind of the visitor. In view of that, it should be emphasized that for tourism consumption decision both the internal (domestic situation) and external factors (positive image by International Medias) have to be fulfilled. Hence, to increase the number of visitors and gain the benefits of tourism, appropriate solutions must be sought to overcome the major constraints discussed above.

## 5. Conclusion and Recommendations

In this paper, an attempt has been made to discuss the development of tourism in developing countries in general and Ethiopia in particular, and the need for alternative approaches. As explained earlier, though the development of tourism so far had contributed to economic growth, the balance of payments, employment growth, and incomes, there are also negative impacts. The major repercussions can be manifested in all aspects of economic, cultural, and environmental aspects. As evidently stated by the WTO, the following actions should be taken to overcome these effects ([www.world-tourism.org/Africa](http://www.world-tourism.org/Africa)):

- Developing ecotourism and nature reserves for tourism purposes while protecting wildlife, enhancing the economic benefits of both governments and populations living in the vicinity of parks, developing and marketing of new ecotourism products reflecting African special attributes,
- Designing development strategies focused on the tourism sector for poverty alleviation due to its significance in contributing to foreign currency earnings, to the balance of payments, creation of direct and indirect employment, and its influence on other sectors like agriculture, fishing, and handicrafts.

Although there are many problems in the development of a viable tourism industry, five main problems have been identified with regard to Ethiopia. These challenges are: the image of Ethiopia as an expensive destination, lack of administrative efficiency and willingness on the part of the public sector, lack of experience in handling tourists by the private sector, lack of an effective international marketing strategy and promotional activities by all stakeholders jointly, as well as the publicizing of only bad images by International Medias of the political and economic situations.

Actually, there are new developments towards solving some of the problems. In this respect, the recently issued law that allows foreign tour operators to operate in Ethiopia (WTO, 2003) can help in boosting the number of tourists. We are also aware that the prospects of tourism development in poor countries are related to the ever-increasing tendency of tourists to visit less known destinations. Thus, the main opportunities are attributed to the unique cultural experiences and un-spoilt

landscapes of these destinations. However, problems related to the negative consequences such as income leakages could be cited.

Therefore, it is *recommended* that the governments of poor countries, Non-Governmental Organizations (NGOs), and other promoters must work hard in exploiting these favorable trends of tourists' interest to visit such destinations with unique cultural settings. Particularly, this paper recommends the development of tourism via micro enterprises and SMEs with due emphasis towards pro-poor tourism, which can result in sustainable tourism development such as: the management of natural resources, preservation of cultural heritages, and less economic leakages. In so doing, the ultimate objectives will be the satisfaction of both tourists and host communities. Thus, it will be advisable to design appropriate strategies in linking tourism with the broader development agenda by incorporating it into poverty reduction strategy paper (PRSP). Moreover, image of the destination serves as a critical factor for successful promotion activity. Accordingly, designing and implementing appropriate promotion programs and marketing strategies as well as improving tourism products and services are important.

Furthermore, the following suggestions are made:

1. The ETC can take countries like Tanzania and Kenya as benchmarks and study their facilities/systems which attract huge number of tourists for possible adaptation/implementation by Ethiopia;
2. A committee of experts and stakeholders on tourism/tourist industry can be formed to suggest ways and means of attracting more tourists and also for setting up necessary infrastructure facilities in this country;
3. Greater linkages between international tourism firms and local tour operators/firms have to be encouraged to increase the flow of tourists and minimize income leakages;
4. Sustained international level campaign to promote the "tourist-industry facilities, attractions, and good images" of Ethiopia should be undertaken to improve the image and lead to larger number of tourist arrivals as income from tourism grows.

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