



ETHIOPIA'S TOURISM SECTOR: STRATEGIC PATHS TO COMPETITIVENESS AND JOB CREATION

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World Bank Group
Finance and Privat Sector
Development



Ministry of Culture and Tourism
Federal Democratic Republic
of Ethiopia

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Development



Ministry of Culture and Tourism
Federal Democratic Republic of Ethiopia

Foreword

Tourism industry is increasingly recognized as a valued mechanism for job creation, economic development, and poverty reduction. Emerging economies from Thailand to Kenya to Mexico have benefitted over time from this sector. Through growing and diversifying their tourism resources they have leveraged them into economically productive assets. Similarly, Ethiopia is well-positioned to leverage its vast tourism potential through integrated tourism development. The potential for accelerated growth is promising.

This study, prepared by the World Bank and endorsed by the Ministry of Culture and Tourism, has benefitted from support of the International Finance Corporation. It captures the sector's status, potential, and constraints, and provides an analytical foundation for decision makers. Through a comprehensive, yet focused, review of Ethiopia's tourism sector, the study contributes to an improved understanding of the strategic paths for a tourism sector that is competitive and generates jobs for Ethiopians. It provides policy makers and stakeholders with a rich and diverse set of other country experiences from around the world. Tourism is a cross-sectoral economic activity that needs concerted efforts by both the public and private sectors. Every Ethiopian has a role to play in tourism. In this context, developing strategic public and private sector partnerships and sector dialogue, including with development partners, will be crucial.

Throughout the study's preparation and stakeholder consultations, significant contributions and feedback from a broad-based group of stakeholders informed the analysis. We would like to acknowledge and thank them for their active participation and contribution to the study. It demonstrates an admirable commitment fundamental to Ethiopia's tourism becoming truly competitive in Africa and globally in the coming decade and beyond.



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List of Acronyms and Abbreviations

ALIDE	Latin American Association of Financial Institutions for Development
AU	African Union
BDFI	Business development and investment facilitation institutions
CBI	Center for the Promotion of Imports
CSA	Central Statistical Agency of Ethiopia
CTTC	Catering and Tourism Training Center
EAE	Ecotourism Association of Ethiopia
EHA	Ethiopian Hotel Association
EIA	Ethiopian Investment Agency
ESTDP	Ethiopian Sustainable Tourism Development Project
ETOA	Ethiopian Tour Operators Association
ETPA	Ethiopian Tourism Professionals Association
EWCA	Ethiopian Wildlife and Conservation Authority
FDI	Foreign and Direct Investment
GDP	Gross Domestic Product
GNI	Gross National Income
GoE	Government of Ethiopia
GTP	Growth and Transformation Plan
HPAE	Hotel Professionals Association of Ethiopia
ICASA	International Conference on AIDS in Africa
ICCA	International Congress and Convention Association
ICT	Information and Communication Technology
IFC	International Finance Corporation
IMF	International Monetary Fund
IUCN	International Union for Conservation of Nature
KTDC	Kerala Tourism Development Corporation
MICE	Meetings, Incentives, Conventions, and Events tourism
MIGA	Multilateral Investment Guarantee Agency
MoCT	Ministry of Culture and Tourism
MoFED	Ministry of Finance and Economic Development
MSE	Micro and Small Enterprise
NTDP	National Tourism Development Policy
NBE	National Bank of Ethiopia

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ODI	Overseas Development Institute
OECD	Organization for Economic Co-operation and Development
PPPs	Public-Private Partnerships
REC	Regional Economic Communities
SME	Small and Medium Enterprises
SSA	Sub-Saharan Africa
TRKL	Tourism Resorts Kerala Limited
TSA	Tourism Satellite Account
TTCI	Travel and Tourism Competitiveness Index
TVET	Technical and Vocational Education and Training
UNDP	United Nations Development Program
UNECA	United Nations Economic Commission for Africa
UNEP	United Nations Environment Program
UNESCO	United Nations Educational, Scientific, and Cultural Organization
UNWTO	United Nations World Tourism Organization
VFR	Visiting Friends and Relatives
WDI	World Development Indicators
WEF	World Economic Forum
WTTC	World Travel and Tourism Council

Note: The cover pictures are courtesy of Pamela Robbie and Sylwia Pecio.

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This study is the second of its kind devoted to Ethiopia's tourism sector. Other recent tourism sector reviews have focused on countries such as Malawi (*Delivering Economic Growth and Diversification, 2010*) and Kenya (*Polishing the Jewel, 2010*). These studies, as well as additional related sector knowledge materials, are available for download from www.worldbank.org/afr/tourism

EXECUTIVE SUMMARY

Ethiopia's tourism sector is growing from a low base of a minimal 1 percent share of Africa's tourism market, but it continues to underperform despite its potential. With 427,286 total tourist arrivals in 2009, Ethiopia's share of the African tourism market is a minimal 1 percent. Despite economic imbalances, such as the highest double-digit inflation in Africa and limited access to financing for the private sector, Ethiopia's tourism sector has been showing a positive trend and steady growth in tourism arrivals and receipts.¹ Ethiopia has well-diversified source markets and tourism segments.² This is a critical foundation for a resilient position with respect to international volatilities. Africa provides the top source market, while the United States is currently the dominant source country (providing 15 percent of all tourists). China, India, Sudan and Nigeria are emerging source markets, and MICE³ and VFR⁴ segments are also important in numbers. In addition, there are indications that diaspora and domestic tourism could become important segments in the future.⁵

The Government has set ambitious growth targets for the tourism sector for 2015 that will shape sector strategies in the coming years. Ethiopia's National Growth and Transformation Plan (GTP) 2010-2015 has set ambitious targets for the tourism sector, such as a two-fold increase in tourism arrivals from about 500,000 currently to 1 million, and a twelve-fold increase in tourists' expenditures, from US\$250 million in 2010 to US\$3 billion by 2015.

Ethiopia's comparative advantage as a tourism destination is based on offering a safe, unspoiled and relatively unexplored "Africa in one country" experience, with Addis Ababa serving as a diplomatic capital and regional hub for air transport, while the country itself offers attractive complementarities with neighboring and well-marketed destinations such as Kenya and Tanzania. This study benchmarks Ethiopia's tourism competitiveness with respect to countries such as Tanzania, Kenya, Egypt, and South Africa, using the *World Economic Forum Tourism and Travel Competitiveness Index* and IFC's *Doing Business Report*. It finds that some of the bottlenecks hindering this potential are infrastructure inadequacies, limited access to credit, poor ancillary services, lack of comprehensive and timely tourism data, ineffective marketing and development strategies, and the limited supply and poor quality of training services.

This study analyzes strategic intervention options that can help improve Ethiopia's tourism sector competitiveness and build on its job-creation potential. These options are informed with experience from various countries and other economic sectors in Ethiopia, aligned with Ethiopia's National Tourism Policy pillars⁶ and with Ethiopian Sustainable Tourism Development Program's (ESTDP)⁷ areas of intervention, and set the analytical foundations for the technical assistance that will be provided to MoCT through ESTDP. The study's primary audience is Ethiopia's tourism policymakers, particularly in the Ministry of Culture and Tourism. Based on an extensive literature review, in-depth interviews, and

¹ In addition to growth figures for tourist arrivals and receipts, it is worth noting that the hotel and restaurants sub-sector has experienced the second-fastest growth in the last five years after the financial intermediation sub-sector, and Ethiopian Airlines has become one of the top service providers and exporters, beyond traditionally dominant export sectors such as coffee and oil seeds (Access Capital 2010).

² See Table 17 for more detailed information.

³ MICE tourism stands for "Meetings, Incentives, Conventions, and Events."

⁴ VFR tourism stands for "Visiting Friends and Relatives."

⁵ See Section II.1 for more detailed information.

⁶ For efficient presentation, the six policy strategies of the National Tourism Policy are referred to in this study as "pillars" and grouped into five categories by combining the two strategies that relate to institutional governance into one. Thus, the five policy pillars are: 1) Integrated tourism development and stakeholder dialogue, 2) Variety, scale and quality of tourism products, 3) Infrastructure development, 4) Branding, promotion, and awareness raising, and 5) Human resources capacity building.

⁷ The ESTDP (2010-2015) is a World Bank-funded program of \$35 million that aims at enhancing the quality and variety of tourism products in Ethiopia. It is expected that, under the ESTDP, a tourism specialist with international expertise will provide coaching and technical assistance to MoCT's staff at the technical and managerial level, and will support the development of the National Tourism Strategy.

stakeholder⁸ focus group discussions, the study presents seven key findings and recommendations with medium- and short-term strategic interventions, with those under Pillars 1 and 2 being a core priority.⁹ Additional alignment is shown between the study's findings and recommendations and available funding resources of existing and planned donor support interventions.¹⁰ They will be shared with MoCT, MoFED and relevant stakeholders in a broad consultation process that will form the basis for further stakeholder dialogue, for the development of a national tourism strategy, and for determining investment-generation processes.

The overall recommendation of the study is that only through a combination of strategic interventions, effective institutional structures for multi-stakeholder dialogue, and dedicated tourism investment generation can the growth and employment-generation potential of Ethiopia's tourism sector materialize. This combination of measures will help to improve the tourism sector's status from underperforming to a more competitive and economically productive one in the short to medium term.¹¹

Following Ethiopia's established National Tourism Development Policy (NTDP) pillars, this study's main findings, recommendations, and suggested strategic interventions are:¹²

Pillar 1: Integrated tourism development and stakeholder dialogue

Ethiopia's tourism sector is a major employment generator, especially for women, and can generate even more employment if its specificities are recognized and its development is addressed in a strategic manner, leveraging its comparative advantages. Tourism is one of the largest urban employment generators, even when compared to other labor-intensive and export-oriented sub-sectors such as floriculture and leather, especially for women.¹³ Though Ethiopia's tourism sector has built the basic institutional framework and has received substantial support from donors,¹⁴ it still lacks a National Tourism Strategy that can guide the implementation of the NTDP. A strategic development of Ethiopia's tourism sector has the potential to revitalize inclusive stakeholder dialogue and generate employment for about 1.8 million people, if GTP tourism targets are met by 2015.¹⁵

Strategic intervention:

➤ **Establish a tourism transformational committee of selected industry and government players and experts that can temporarily lead the development of Ethiopia's first National Tourism Strategy while a comprehensive tourism institutional framework is established. Also, implement a parallel peer-to-peer capacity-building program between MoCT's staff and other tourism ministries from emerging destinations to focus on improved policy making and partnership building. Strengthening the facilitation role of MoCT is critical to the success of this undertaking (see Box 1 for Rwanda's experience). A transitional advisory body can be an effective temporary tool in this regard, allowing a group of selected industry players and practitioners to lead the process of change while the institutional capacity is being built (see best practice experiences in Box 2).**

⁸ For the purposes of this study, a total of 34 stakeholders were interviewed individually or through focus group discussions, 65 percent of whom were from the private sector. See Annex 6 for a complete list of stakeholders interviewed.

⁹ See Annex 10 for the timeframe and level of priority for each strategic intervention suggested.

¹⁰ See Annex 8 for detailed information on alignment between the findings and recommendations of the study and ESTDP project components and other planned support interventions of the World Bank Group and other major donors.

¹¹ See Table 21 for detailed information on possible scenarios.

¹² A summary of findings, recommendations, and short-term strategic interventions suggested can be found at the end of the Executive Summary in Table 1.

¹³ Tourism contributes to 8 percent of urban employment as compared to 0.7 percent by the floriculture sector, and 0.4 percent by the leather sector; furthermore, 74 percent of tourism employment benefits women (CSA 2011).

¹⁴ The Ministry of Tourism was established in 2005, the National Tourism Development Policy was approved in 2009, and the sector has received a total of US\$56 million in donor support for the coming years.

¹⁵ Currently, it is estimated that approximately 770,000 people work directly in Ethiopia's tourism sector, which generated 430,000 visitors in 2009. Following this proportionally, the GTP target of 1 million visitors would suggest total sectoral employment of about 1.8 million people by 2015.

Pillar 2: Variety, scale and quality of tourism products

For GTP targets to be met, a greater and more conducive space for the private sector and Ethiopia's regions, and the direct involvement of tourism asset custodians¹⁶ is needed. Thus, enabling a strong multi-stakeholder and federal-regional dialogue, as well as an integration of regional development plans into tourism development strategies, are each critical steps. The regions and private sector are essential for the delivery of quality tourism products at the destination level, and the direct involvement of destination custodians is critical in order for cultural and natural assets to serve as a source of local economic growth. Some regions and private sector players are already acting as first movers and have important lessons to share. This requires the creation of an effective space for dialogue. Ethiopia's tourism private sector is characterized by a dual structure, comprised of a few large businesses and a majority of MSEs. It is weak on collective action, is dominated by domestic businesses with limited FDI participation, and is still characterized by an important, though declining, government presence in certain large tourism companies.¹⁷ There is a need to facilitate the expansion of the private sector, especially in the regions, but also to improve the private sector's capacity for collective action.

Strategic intervention:

➤ **Use the new National Tourism Strategy to revitalize and strategically guide the National Tourism Council** and multi-stakeholder platforms in an effort to establish effective dialogue mechanisms through which the regions, the private sector, destination custodians and all relevant sector stakeholders are represented.

Tourism's potential for cross-sectoral complementarities is yet to be realized. It is important that tourism strategies be anchored and that they integrate the new national MSE strategy as well as agricultural and industrial sector strategies. It is also essential to develop targeted and sector-specific regulations to facilitate investments and value chain linkages. Tourism, if well-integrated in the regional and local economies and other economic sectors, has the potential to generate and diversify local economic growth, create strong backward linkages with input sectors such as agriculture and manufacturing, generate large indirect economic impacts, and increase its pro-poor impact.¹⁸ In order to create these complementarities, the Tourism National Strategy will need to be informed not only by the tourism potential, but also by regional development strategies, geographically differentiated development strategies such as Special Economic Zones (SEZs) and growth corridors, and employment-generation opportunities, among others. In addition, sector-specific regulations that consider tourism business specificities will also be essential in rectifying the inefficiencies of some of the current regulations affecting tourism businesses¹⁹ (See Boxes 10, 11, and 12 for innovative country experiences). Some regulatory bottlenecks, such as bureaucratic visa and customs procedures, offer the best opportunities for short-term strategic interventions with possible quick returns demonstrated by productive increases in the number of tourists and their expenditures.

Strategic interventions:

➤ **Facilitate key tourism “anchor” projects as demonstration models and map potential tourism investment opportunities for domestic/international investors. Tap into cluster-based approaches such as Special Economic Zones (SEZs) and initiate sector-specific and targeted regulatory interventions to tap investment opportunities and achieve development impact potential.** A combination of research and evidence-based mapping of investment opportunities and value chain linkages, along with a clear commitment from the Government to create an enabling regulatory

¹⁶ Especially at World Heritage Sites and protected areas, custodians can include local communities, religious institutions, indigenous communities, etc.

¹⁷ Main state-owned tourism businesses include: Ethiopian Airlines, Ethiopia Hotel, Ethiopian Tourist Trading Enterprise, Ras Hotels, Felweha Services Enterprise, Wabe Shebelle Hotels, Ghion Hotel and Hilton Hotel.

¹⁸ ODI 2009.

¹⁹ See Section III.3 for more detailed information.

environment, are two critical factors in fostering informed decision making and investment generation. The experiences of the floriculture sector in Ethiopia (Box 8), of tourism investment generation in Tanzania (Box 9), and the integration of tourism investment in SEZs in Jordan (Box 6) provide inspiring examples.

➤ **Simplify visa and customs procedures for leisure and business tourists.** This short-term intervention offers important opportunities for attracting an increased number of tourists and tourists' expenditure.

Pillar 3: Infrastructure development

Tourism faces a combination of hard and soft infrastructure bottlenecks, but enjoys good international air transport accessibility and infrastructure thanks to Ethiopian Airlines' efforts to make Addis Ababa a regional air transport hub. To address these bottlenecks, it is important for tourism strategies to be anchored in and integrate existing infrastructure plans and to include innovative partnerships with the private sector, including Public-Private Partnerships (PPPs). Hard infrastructure bottlenecks include low road density and related high transport costs, non-competitive domestic air transport, and limited lodging capacity especially in the regions. Soft infrastructure bottlenecks include limited availability of payment systems (ATM, e-commerce). Innovative partnerships with the private sector can help to improve competitiveness related to air transport and lodging capacity as inspiring experiences in Latin America and Africa demonstrates (See Box 16, 18, and 19).

Strategic intervention:

➤ **Institute an effective platform for vertical and horizontal integration** between MoCT and infrastructure related ministries (roads, telecommunications, and finance), and explore innovative partnerships with the private sector.

Pillar 4: Branding, promotion, and awareness raising

The negative image of Ethiopia is persistent; there is an urgent need to develop and project a competitive and unique country image through the development of a research-based branding and marketing strategy, created through close collaboration with the private sector and cultural sector stakeholders. Marketing and destination branding is currently not receiving enough attention.²⁰ Strategic partnership with and direct involvement by the private sector is essential, as well as a parallel and complementary domestic campaign to raise tourism awareness (See Box 16 for good practices in India). Similarly, it will be crucial that higher-level Ethiopian officials and future brand champions embrace a proactive attitude to counterbalance negative images when natural disasters occur or when major events make international headlines and obscure the communication of Ethiopia's vibrant offerings.

In addition, the role of the cultural sector and cultural policies is critical. Ethiopia has very few cultural sector exports and weak ancillary services (culture and entertainment services or products) that undermine the value of the tourism experience in Ethiopia. Competitive ancillary services can play a critical role in enriching the tourism experience, as well as increasing tourists' average stay and expenditure. Finally, supporting the cultural sector is vital for changing external perceptions about Ethiopia and building a unique and rich country image.

Strategic intervention:

➤ **Establish a Tourism Board that develops a research-based marketing and branding strategy for leisure and business tourism with direct involvement from the private sector, the regions, and the cultural sector.** Engage as brand champions both the general public and Ethiopian

²⁰ The marketing budget allocated per tourist in Ethiopia amounts to \$0.0004, as opposed to \$4.11 by Jordan and \$7.84 by South Africa. Participation in international tourism fairs absorbs most of the budget allocated for marketing purposes.

celebrities. Closely collaborate with Ethiopia's embassies abroad and foreign embassies in country. As Ethiopia's national cultural policy is currently being drafted, use this opportunity to establish and project a sustained and rich country image to the outside world, and integrate both cultural and tourism strategies in the new cultural policy. Use tourism as an effective channel for marketing, promotion and distribution of Ethiopia's cultural products both domestically and internationally, and leverage cultural products to enrich the tourism experience and increase tourist expenditure and average stay.

Ethiopia's tourism competitiveness is hindered by a lack of comprehensive and timely tourism data; it is urgent to establish a well-functioning national tourism statistics system with strong federal-regional coordination. Current official data on tourist receipts are based only on projections, and the country's annual tourism statistical bulletin lacks important data related to tourism employment, investments, regional tourism efforts, tour operators' activities, and demand for tourism products, such as World Heritage Sites and Protected Areas. A strong and valid national tourism statistics system will form the basis for future Tourism Satellite Account (TSA) efforts. While TSA is more important as an advocacy tool for the tourism sector and for assessing its economic size and impact,²¹ a well-functioning national tourism statistics system is an essential instrument for informed tourism policy planning and implementation.

Strategic intervention:

➤ **Develop a Technical Committee that will help to institute an effective national tourism statistics collection and dissemination system,** composed of at least National Bank of Ethiopia (NBE), Central Statistical Agency (CSA), Immigration, MoCT, and the regions, and agree on an action plan to produce comprehensive and timely tourism data yearly.

Pillar 5: Human resources capacity building

The critical gap between tourism work force supply and demand and the limited private sector investment in tourism training is crippling the sector's advancement. Training supply needs to keep pace with current growth and prepare for future growth in the sector. Private sector investment and the dialogue between training institutions and the industry need to be facilitated and incentivized. The Government is still directly involved in the provision of tourism training through state-owned training institutions that suffer from clear signs of limited capacity. In this line, Ethiopia's new TVET reform aims to tackle these bottlenecks, focusing on a facilitating private sector investment, and implementing a competence-based training model with effectivelinkages between the industry and training institutions.

Strategic interventions:

➤ **Facilitate private sector investment and public-private partnerships for the provision of tourism training, and develop a Tourism Human Resource Strategy through close collaboration with the private sector.** A tourism HR strategy needs to be informed by the prospective growth of the sector and an assessment of the quantity and type of tourism workforce that is needed. The institutional platform could take the form of a special committee within the Tourism National Council comprised of representatives from industry and training institutions; similar committees could be developed at the regional level. The platform must not only ensure that the trained workforce aligns with industry and market needs, but also that industry actively participates in the development process, providing adequate on-the-job and practical training. The Caribbean Tourism Human Resource Council experience is noteworthy in this regard (Box 18).

²¹ OCDE (2010)

Table 1: Summary table of findings, recommendations and strategic interventions

MAIN FINDINGS AND RECOMMENDATIONS	STRATEGIC INTERVENTIONS
Pillar I: Integrated tourism development and stakeholder dialogue	
<p>1. The tourism sector is a major employment generator, especially for women. Its specificities must be recognized and its development addressed in a strategic way, leveraging its comparative advantages.</p>	<ul style="list-style-type: none"> ▪ Establish a tourism transformational committee of selected government and industry players and experts that can temporarily lead the development of Ethiopia's first National Tourism Strategy while a comprehensive tourism institutional framework is put in place. ▪ Implement a parallel peer-to-peer capacity-building program between MoCT's staff and other tourism ministries from emerging destinations focused on policy making and partnership building.
Pillar II: Variety, scale and quality of tourism products	
<p>2. A greater and more conducive space for the private sector and Ethiopia's regions, and the direct involvement of tourism asset custodians is needed. A strong multi-stakeholder and federal-regional dialogue as well as integration of regional development plans into tourism development strategies will be critical.</p>	<ul style="list-style-type: none"> ▪ Revitalize and strategically guide the National Tourism Council and multi-stakeholder platforms as effective dialogue platforms aligned with the new National Tourism Strategy.
<p>3. Tourism's potential for cross-sectoral complementarities is yet to be realized. It is important that tourism strategies be anchored and that they integrate the new national MSE strategy as well as agricultural and industrial sector strategies. It is also essential to develop sector-specific regulations that facilitate investments and linkages.</p>	<ul style="list-style-type: none"> ▪ Facilitate key tourism "anchor" projects as demonstration models and map potential tourism investment opportunities for domestic/international interested investors. ▪ Tap into the cluster-based approaches and assess the feasibility of integrating tourism into planned Special Economic Zones (SEZs) or establishing pilot Special Tourism Economic Zones (STEZs). ▪ Subject to mapping and feasibility exercises, initiate sector-specific and targeted regulatory interventions that can facilitate investments and positive development impacts. ▪ Simplify visa and customs procedures for leisure and business tourists.
Pillar III: Infrastructure development	
<p>4. Hard and soft infrastructure bottlenecks are handicapping tourism development. Despite good international air transport accessibility, integration of tourism and infrastructure strategies is pressing.</p>	<ul style="list-style-type: none"> ▪ Institute an effective platform for vertical and horizontal integration between MoCT and infrastructure related ministries (roads, telecommunications, and finance). ▪ Explore innovative partnerships with the private sector for tourism infrastructure development, including PPPs.
Pillar IV: Branding, promotion, and awareness raising	
<p>5. The negative image of Ethiopia is persistent; it renders the country less attractive as a tourist destination. There is an urgent need to develop and project a competitive and unique country image through a research-based marketing and branding strategy, requiring close collaboration with the private sector and the broader cultural sector.</p>	<ul style="list-style-type: none"> ▪ Establish a Tourism Board that will develop a research-based marketing and branding strategy for leisure and business tourism with direct involvement of the private sector, the regions, and the cultural sector.
<p>6. There is a lack of comprehensive and timely tourism data hindering tourism competitiveness. It is important to establish a well-functioning national tourism statistics system with strong federal-regional coordination.</p>	<ul style="list-style-type: none"> ▪ Develop a Technical Committee that will help to institute an effective national tourism statistics system (including NBE, CSA, Immigration, MoCT, and the Regions), and agree on an action plan to produce comprehensive and timely tourism data.
Pillar V: Human resources capacity building	
<p>7. There is a critical gap between the supply and demand of tourism work force and limited private sector investment in tourism training that is crippling the sector's advancement.</p>	<ul style="list-style-type: none"> ▪ Develop a Tourism Human Resource Strategy and establish an institutional platform for dialogue between training institutions and the private sector. ▪ Facilitate private sector investment and public-private partnerships for the provision of tourism training.

የጥናቱ ዋና ሀሳብ

የኢትዮጵያ ቱሪዝም ኢኮኖሚ ዘርፍ በማደግ ላይ ቢሆንም፣ የቱሪዝም ኢኮኖሚው ከንውህ በዝቅተኛ ደረጃ ላይ ይገኛል። እንደ ኤውሮፓውያን አቆጣጠር (እ.ኤ.አ) በ2009 ኢትዮጵያን የጎበኙት ቱሪስቶች ጠቅላላ ቁጥር 427,286 ነበር፤ ይህም በዚህ ዓመት አፍሪካን ከጎበኙት ቱሪስቶች አንድ በመቶ ብቻ ነበር። ሆኖም የኢትዮጵያ ቱሪዝም ኢኮኖሚ ዘርፍ፣ ከአፍሪካ ከፍተኛ ከሚባለው የሀገሪቱ የዋጋ ግሽበት እንዲሁም ለግሉ ኢኮኖሚ ዘርፍ የሚቀርበው ውስን የፋይናንስ አገልግሎት ሳይገቡት፣ ለተከታታይ ዓመታት እድገት በማሳየት ላይ ይገኛል²²።

ኢትዮጵያ በርካታና የተለያዩ የቱሪስቶች መነሻ አገሮችና የቱሪዝም መስህቦች አላት። ይህም አንዳንድ ዓለም አቀፍ የኢኮኖሚ ነውጦችን መቋቋም ያስችላታል። ኢትዮጵያን ከሚጎበኙ ቱሪስቶች ከፍተኛውን ቁጥር የሚይዙት ከአፍሪካ የሚጎበኙ ናቸው።

በአሁኑ ወቅት በሃገር ደረጃ አሜሪካ ከፍተኛውን የቱሪስቶች መነሻነት የያዘችው 15 ከመቶ የሚሆኑት ወደ ኢትዮጵያ የሚመጡ ቱሪስቶች መነሻ በመሆኗ ሲሆን፤ ቻይና ህንድ፣ ሱዳንና ናይጄሪያ ከቅርብ ጊዜ ወዲህ ታዳጊ የቱሪስት መነሻዎች ሆነዋል። በተጨማሪም ለስብስባዎችና ወዳጅ ዘመድ ለመጎብኘት የሚመጡ ቱሪስቶች ዳጎስ ያለ መጠን ላይ እየደረሱ ናቸው። በውጭ ሀገር የሚኖሩ ኢትዮጵያውያንና ትውልደ-ኢትዮጵያ የሆኑ ጎብኚዎችም ጋር ተዳምሮ ከፍተኛ የቱሪስቶች ቁጥር ድርሻ እንደሚኖረውም ይገመታል።

በሚመጡት ዓመታት መንግሥት ከቱሪዝም ኢኮኖሚ ዘርፍ ለማግኘት ያቀደው ውጤት እጅግ ከፍተኛ ነው። ይህም የዘርፉን የዕድገት እስትራቴጂ ለማስተካከል ይረዳል። ከ 2010 እስከ 2015 /እ.ኤ.አ/ ያለውን ጊዜ የሚሸፍነው የኢትዮጵያ የዕድገትና ትራንስፎርሜሽን ዕቅድ (ዕትዕ) እጅግ ከፍተኛ የውጤት ግቦችን አስቀምጧል፤ እነዚህም የቱሪስቶችን ቁጥር በአጥፍ ለማሳደግ፣ ከ 500,000 ወደ 1,000,000 ማድረስና ከቱሪስቶችም የሚገኘውን ገቢ በ12 እጅ ጨምሮ ከ 250,000,000 የአሜሪካን ዶላር ወደ 3 ቢሊዮን የአሜሪካ ዶላር ማድረስ ናቸው።

ኢትዮጵያን ለቱሪስቶች የተሻለ ተመራጭ የሚያደርጋት ሀገሪቱ ያሏት የቱሪስት መስህቦች ከአደጋ ነፃ፣ ያልተበላሹና እንደውም ጨርሶ ገና ያልታወቁ መሆናቸውና 'አፍሪካን በአንድ ሃገር' ማሳየት መቻሉ ነው። አዲስ አበባ የአፍሪካ አህጉር ዲፕሎማሲያዊ ዋና ከተማና የአየር ትራንስፖርት ማዕከል ከመሆኗም በተጨማሪ አገሪቱ ያሏት የቱሪዝም እሴቶች እንደ ኬንያና ታንዛኒያ ካሉ አጎራባች አገሮች መዳረሻዎች ጋር ሊኖር የሚችለውን ተጨማሪነት ያስፋዋል። ይህ ጥናትም የኢትዮጵያን ለቱሪዝም ኢኮኖሚ ዘርፍ የሚያወዳድረው ከግብጽ፣ ደቡብ አፍሪካ፣ ኬንያና ታንዛኒያ ጋር ነው። ይህም ውድድር በዓለም ኢኮኖሚ ፎረም የቱሪዝምና ጉዞ አገልግሎቶች ተወዳዳሪነት ኢንዱስትሪና የዓለም ባንክ አንዱ ክፍል የሆነው አለማቀፍ የፋይናንስ ኮርፖሬሽን በየዓመቱ በሚያወጣው የንግድ አሠራር ምቹነት ሪፖርት ላይ ተመሥርቶ ነው።

የጥናቱ ግኝቶች የሚያመለክቱት የኢትዮጵያ ቱሪዝም ኢኮኖሚ ዘርፍ የዕድገት እንቅፋቶች መካከል ጥቂቶቹ፡-

- 1ኛ. በቂ ያልሆኑ መሰረተ ልማቶች (መንገድ፣ አየር ማረፊያ፣ ወዘተ . . .)፤
- 2ኛ. የብድር አቅርቦት ውሱንነት ፤
- 3ኛ. የተዛማጅ/ተያያዥ አገልግሎቶች ደካማነት፤
- 4ኛ. ወቅታዊ የቱሪዝም መረጃዎች እጥረት፤
- 5ኛ. ውጤታማ ያልሆነ የቱሪዝም ልማትና ማስተዋወቅ ትልቅ-አቅጣጫ (ስትራቴጂ) እንዲሁም፤
- 6. በብዛቱ አነስተኛና፤ በጥራቱም ዝቅተኛ የሆነ የቱሪዝም ሙያ ማሰልጠኛ አገልግሎት ናቸው።

ጥናቱ የቱሪዝም ኢኮኖሚው ዘርፍ ተወዳዳሪነት የሚያደግበትንና የስራ ዕድል የመፍጠር አቅሙ የሚጎለብተውን የአተገባበር አማራጮች መርምሯል። የሌሎች አገሮች መልካም ልምዶች እንዲሁም በኢትዮጵያም በሌሎች የኢኮኖሚ ዘርፎች (እንደ አበባ ልማት ወዘተ.) የተገኙ ውጤታማ ልምዶች በታሰቡበት ተወስደዋል። በተጨማሪም ጥናቱ የኢትዮጵያ ቱሪዝም ልማት ፖሊሲንና በትግበራ ላይ ያለውን የቱሪዝም ልማት ፕሮግራም²³ ያገናኘው ሆኖ እነኚህን ለመተግበር ለባህል እና ቱሪዝም ሚኒስቴር እና ለቱሪዝም ልማት ፕሮግራም የሚሰጠውን ቴክኒካል ድጋፍ ለመወሰን የሚረዳ ይሆናል። ጥናቱ በዋናነት የሚያገለግለው ለኢትዮጵያ ቱሪዝም ፖሊሲና የልማት አቅጣጫ ቀያሾች፣ በተለይም ለባህልና ቱሪዝም ሚኒስቴር ነው። ጥናቱ ሌሎች የቱሪዝም ልማት ጥናቶች ላይ ባደረገው ሰፊ ዳሰሳ እና፣ ከባለድርሻ አካላት²⁴ ጋር በተደረጉ ጥልቅ ቃለ-መጠይቆች እንዲሁም የጋራ ወይይቶች ላይ ተመሥርቶ ሰባት ዋና ዋና ግኝቶችና የቅርብና የመሃከለኛ የጥቅም ጊዜ የትግበራ ሀሳቦችን ያቀርባል። በወቅቱ በመተግበር ላይ ያሉና ወደፊትም በሚተገበሩ የልማት ተባባሪዎች ድጋፍና፣ በጥናቱ ግኝቶችና የመፍትሄ ጥቆማዎች መካከል ጠንካራ ተያያዥነት ይታያል። በዚህም መልክ የሚቀርቡት ሀሳቦች ከባህልና ቱሪዝም ሚኒስቴር፣ ከገንዘብና ኢኮኖሚ ልማት ሚኒስቴር እንዲሁም ሌሎች አጋር ወገኖች ጋር በሚደረጉ ወይይቶች አማካኝነት ይዳብራሉ። በውጤቱም ወደፊት በአጋር ወገኖችና በመንግሥት መካከል ለሚደረጉ ችግር ፈቺ ወይይቶችና የኢትዮጵያን ቱሪዝም ኢኮኖሚ ዘርፍ ለማሳደግ የሚቀረጸውን ብሔራዊ ስትራቴጂ ለማዘጋጀትና ለአፈፃፀሙም የሚያስፈልገውን መዋዕለ-ነዋይ (ኢንቨስትመንት) የማመንጨት ሥራ አፈፃፀም ይረዳሉ።

²² ከቱሪስቶች ብዛትና ከሚገኘው ገቢ በተጨማሪ የሆኑት የፋይናንስ አገልግሎት እድገት ከፋይናንስ ዘርፍ እድገት ቀጥሎ እጅግ ከፍተኛውን ደረጃ ይይዛል። የኢትዮጵያ አየር መንገድም የሚያስገኘው ገቢ ወትሮ፣ ከፍተኛ የገቢ ምንጭ ከሚባሉት ቡናና የቅባት አህሎች በላይ ከመሆኑም በተጨማሪ አሉ ከሚባሉ ከፍተኛ አገልግሎት አቅራቢዎች አንዱ ሆኗል።

²³ የኢትዮጵያ መንግሥትና የዓለም ባንክ የተስማሙበት የቱሪዝም ልማት ፕሮጀክት የአ/ደ 35 ሚሊዮን የተመደበለትና መዳረሻዎችን የማልማት የአቅም ግንባታና የማስተዋወቅ ተግባሮች ላይ ያተኮረ ፕሮጀክት ነው።

²⁴ ለዚህ ጥናት በጥቅሉ 34 ባለድርሻ አካላት በቃለ-መጠይቅ ወይም በጋራ ወይይት እንዲሳተፉ ተደርጓል፤ ከነኚህም ውስጥ 65 በመቶ ከግሉ ሴክተር ናቸው። የባለድርሻ አካላቱን ዝርዝር በስተመጨረሻ ይመልከቱ

የጥናቱ አጠቃላይ ግኝቶችና የመፍትሄ ጥቆማዎች የሚያመለክቱት የኢትዮጵያ ቱሪዝም ኢኮኖሚ ዘርፍ የሥራ ዕድልና ተያያዥ የኢኮኖሚ እድገት ውጤቶችን ሊያፈራ የሚችለው አንደኛ ስትራቴጂያዊ የትግበራ አቅጣጫ በመቀየስ፤ ሁለተኛ የዘርፉን የልማት ተግባሮች በተገቢው ለመምራትና ከአጋር ወገኖች ጋር ችግር ፈቺ ውይይቶችን ለማድረግ የሚያስችሉ ጠንካራ ድርጅታዊ መዋቅሮች ሲኖሩ፤ ሦስተኛ ለዘርፉ ልማት የሚውል የመዋዕለ-ነዋይ (ኢንቨስትመንት) በማሰባሰብ ረገድ ያላሰለሰ ጥረት ሲደረግ ብቻ እንደሆነ ነው። እነዚህ ሃሳቦች ሲተገቡ የኢትዮጵያ ቱሪዝም ኢኮኖሚ ዘርፍ ብዙም ሩቅ ባልሆነ ጊዜ አሁን ከሚሰጠው አነስተኛ ውጤት ወደ ተሻለና ተወዳዳሪ ወደ ሚያደርገው ደረጃ ይደርሳል።

የኢትዮጵያን ብሔራዊ የቱሪዝም ልማት ፖሊሲ መሻሻ ሃሳቦች ይዞ ጥናቱ የሚያቀርባቸው ግኝቶች፤ የመፍትሔ ጥቆማዎች እና ስትራቴጂያዊ የድጋፍ አቅጣጫዎች የሚከተሉት ናቸው።²⁵

1ኛ. የተቀናጀ የቱሪዝም ልማት እና ከአጋር ወገኖች ጋር የሚደረግ ተያያዥነት ያለው ልማት አጋዥ ውይይት

የኢትዮጵያ ቱሪዝም ኢኮኖሚ ዘርፍ በተለይም ለሴቶች ከፍተኛ የሥራ ዕድል የሚከፍት ነው። በበለጠም ውጤታማ እንዲሆን የዘርፉን ልዩ ባሕሪያት ያገናዘበና ያሉትንም ውድድር አጋዥ እሴቶች ኢኮኖሚያዊ ጥቅም እንዲሰጡ የሚያስችል ስትራቴጂያዊ ሥራዎች በተቀናጀ መልኩ መፈፀም ይኖርባቸዋል። ቱሪዝም ለከተማ ነዋሪዎች በተለይም ለሴቶች ከፍተኛ የሥራ ዕድል ይከፍታል። ዘርፉ ከሌሎች ሰፊ የሥራ ዕድል የሚፈጥሩ የኢኮኖሚ ዘርፎች ማለትም ለውጪ ገበያ አቅራቢ ከሆኑት እንደ አበባና ቆዳ አምራች ዘርፎች ጋር እንኳን ቢነጻጸር የተሻለ ተወዳዳሪ ሆኖ ይገኛል²⁶። ዘርፉ እስካሁን ከመንግሥትና ከልማት ተባባሪዎች የማይናቅ ድጋፍ ቢደረግለትም በአሁኑ ወቅት ብሔራዊ የዕድገት ትግበራ ስትራቴጂ ኖሮት የዘርፉን የልማት ፖሊሲ ለማስፈፀም በሚችልበት ደረጃ ላይ አይደለም። እዚህ ደረጃ ላይ ቢደርስ የዘርፉን ልማት አጋዥ ባለድርሻዎች አሳታፊ ሊያደርግ እና ፤ የአገሪቱ የእድገትና ትራንስፎርሜሽን ዕቅድ እ.ኤ.አ በ2015 ግብን ከመታ ለ1.8 ሚሊዮን ኢትዮጵያውያን ተጨማሪ የሥራ እድል ሊፈጥር ይችላል።

የሚያስፈልገው ስትራቴጂያዊ ድጋፍ

➤ ከዘርፉ ዋና ዋና ባለድርሻ አካላት በተለይም በቱሪዝምና በተያያዙ የሥራ ዘርፎች ውስጥ ካሉት የተወጣጣ አንድ ግብረ ሀይል ወይም የአማካሪ ቦርድ ተቋቁሞ፣ የቱሪዝም ልማት ስትራቴጂ ቅየሳን በጊዜያዊነት (የተሟላ የቱሪዝም አደረጃጀት መዋቅር እስከሚደራጅ ድረስ) እንዲመራ እንዲደረግ፣ እንዲሁም ከሌሎች አገሮች በተለይም ተሳትፎዎቻቸው እያንሰራራ ካሉ የቱሪስት መሻሻ ሃገሮች ልምድ ለመቅሰም ከነኚሁ አገሮች የ ቱሪዝም ሚኒስቴሮች እና ተቋማት ጋር የእርስ በርስ ምክክርና ልምድ ልውውጦች በማካሄድ የአቅም ግንባታ ተግባሮችን ማከናወን፣ ይህም ተግባር አዳዲስ ሀሳቦችንና አሠራሮችን ለመቀየስና ለመተግበር ያግዛል።

2ኛ. የቱሪዝም አገልግሎቶች/ምርቶች ጥራት፣ ዓይነትና ደረጃ፡-

የዕድገትና ትራንስፎርሜሽን ዕቅዱን ግቦች ለማሳካት፣ ለግሉ የኢኮኖሚ ዘርፍ፣ ለክልሎችንና ቅርሶችን ለመጠበቅ ኃላፊነት ለተሰጣቸው አካላት የተሻለ አሳታፊ የሆነ ሚና መፍጠርና ያስፈልጋል። ለዚህም በበርካታ ባለድርሻዎች፣ በፌዴራልና በክልሎችም መካከል የተጠናከረ የውይይትና ችግሮችን ማስወገጃ መድረክ መፍጠር እና የክልሎችን የቱሪዝም ልማት ዕቅዶች በአገራዊ የዕድገት ትልሞች /ስትራቴጂዎች/ ማካተት የዘርፉን ኢኮኖሚ እድገት ለማገዝ ወሳኝ ተግባራት ናቸው። ተግባር ነው።

የቱሪዝም አገልግሎቶችን ምርቶችን የጥራት ደረጃ ለማሻሻል የግሉ ኢኮኖሚ ዘርፍና የክልሎች ትብብር ከፍተኛ ጠቀሜታ አላቸው። እነዚህ አካላት፣ የቅርስና የባህል ጥበቃና እንክብካቤ ኃላፊ ተቋማትን ጨምሮ የሚያደርጉት አስተዋፅዖ በየመዳረሻው ዙሪያ ላሉት ህብረተሰቦች ኑሮ መሻሻልም ይጠቅማል። የዚህ ዓይነቱ ትብብር ጅምር የሆኑ ተግባሮች በግሉ ኢኮኖሚ ዘርፍና በአንዳንድ ክልሎች ጠቃሚ አመክሮዎችን አበርክተዋል። ይህን ልምድ ለማስፋፋት ውጤታማ ውይይቶችን በሰፊው ማካሄድ ይጠቅማል። የኢትዮጵያ የግል ቱሪዝም ኢኮኖሚ ብዛት ያላቸው አነስተኛና ጥቃቅን ድርጅቶችን በአንድ በኩል፣ ቁጥራቸው አነስተኛ የሆነ ከፍተኛ ድርጅቶችን በሌላ በኩል የያዘ ሆኖ ሃገር በቀል ድርጅቶች የበዙበትና በዘርፉ የውጪ መዋዕለ-ነዋይ ፍላጎት ውሳኔን የሆነበት ሁኔታ ይታያል። በዚህ መልኩ የግሉ ዘርፍ አካላት ባልተቀናጀ መልኩ የሚጫወቱት ሚና መስተካከል ይኖርበታል። በአሁኑ ወቅት እየቀነሰ ቢሆንም ጉልህ የነበረው የመንግሥት ድርጅቶች ሚና ብቃትና ጥራት ባላቸው የግል ድርጅቶች ሊተካ እና ሊስፋፋ የሚችልበት ሁኔታ በተጠናከረ መልክ መጠናቀቅ አለበት። ይህም የግሉን ኢኮኖሚ በአንድ ላይ ወደ ከፍተኛ አቅም እንዲደርስ ያግዛዋል።

የሚያስፈልገው ለስትራቴጂያዊ ድጋፍ፣

➤ የተዘጋጀውን ብሔራዊ የቱሪዝም ልማት እስትራቴጂ ማዕከል አድርጎ ፤ የብዙ ዘርፎችን ባለድርሻ አካላት በሚያሳትፍ መልኩ የውይይትና እንቅፋቶችን የማስወገጃ መድረክ አበጅቶ፣ የብሔራዊ ቱሪዝም ካውንስሉን አቅም አጠናክሮ፣ በየክልሎች ያሉ የቱሪዝም ቅርሶች ባለአደራዎች እና የግሉ ኢኮኖሚ ተዋጊዎችን እንዲሳተፉ ማድረግ፤

²⁵ የጥናቱን ጥቅል ግኝቶች፣ የመፍትሔ ጥቆማዎች እና ስትራቴጂያዊ የድጋፍ አቅጣጫዎችን ጨምሮ ያስቀመጠ ሰንጠረዥ ከዚህ የጥናቱ ዋና ሃሳብ ጽሁፍ መጨረሻ ላይ ያገኛሉ።

²⁶ ቱሪዝም በከተሞች ከተፈጠረው የስራ እድል 8 በመቶ ሲይዝ በተነጻጻሪ የአበባው ዘርፍ 0.7 በመቶ እንዲሁም የቆዳ አምራች ዘርፎች 0.4 በመቶውን ይይዛሉ። በተጨማሪም የቱሪዝም የስራ ዘርፍ ከከፊተው የስራ እድል 74 በመቶው ተጠቃሚዎች ሴቶች ናቸው።

ቱሪዝም የብዙ ኢኮኖሚ ዘርፎች አዎንታዊ አስተዋፅዖ ተጠቃሚ መሆኑን በመገንዘብ የዚህ ዘርፍ የልማት ስትራቴጂ ከሌሎች እንደ የአስተዳደር ጥቃቅን ማህበራት፣ እንዲሁም የግብርናና የኢንዱስትሪ ልማት ስትራቴጂዎች ጋር መቀናጅቱ ጠቀሜታ አለው። በተጨማሪም ከቱሪዝም ጋር የተሳሰሉ የንግድ ሥራዎች ከሌሎች በሚለዩባቸው ባህሪያቸው ምክንያት ለነርሱ ተገቢ የሆኑ ህጎችና ደንቦች ቢተገበሩ እና ማንቆ የሆኑ ህጎች ቢስተካከሉ የዘርፉን ኢኮኖሚ ከሌሎች የኢኮኖሚ ዘርፎች ጋር ለማስተሳሰር ይጠቅማል። ይህም የተመሳሳዮች ትስስርና የአስተዋፅዖ ቅንጅት እንዲኖር ሲያደርግ፤ በተለያዩ አካባቢዎችና በተለያዩ የሥራ ዘርፎች የሚገኘው የኢኮኖሚ ዕድገት ይጎለብታል። እንዲሁም ደግሞ፣ የስትራቴጂና የንግድ ትስስሮቹ ተጠናክረው ጥሬ ዕቃ አቅራቢዎችና ጥሬ ዕቃ ተቀባዮች በተቀናጀ መልኩ እየተናበቡ እንዲሠሩ ሲደረግ የቱሪዝም ዘርፉ በቀጥታና በተዘዋዋሪ መልኩ ለኢኮኖሚው ከፍተኛ አስተዋፅዖ ያደርጋል፤ ለድህነት ቅነሳም አይነተኛ ሚና ይኖረዋል። እያንዳንዱ ክልልም ያለውን የቱሪዝም እሴቶች መግለፅ ብቻ ሳይሆን የልማት ስትራቴጂውን ከሌሎች ክልሎችና የኢኮኖሚ ዘርፎች ጋር ቢያስተሳስብ፣ ያሉትን የከፍተኛ ዕድገት ቀጠናዎች ልማት ዕቅድ፣ የሥራ ፈጠራ ስትራቴጂና ለነዚህም የልማት ዕቅዶች አጋዥ እንዲሆኑ የሚወጡት ሕጎችና ደምቦች የቱሪዝም ኢኮኖሚውን በወጥነት እንዲያግዝ ቢደረግ ይጠቅማል። ከዚህ በተጨማሪ አንዳንድ እንቅፋት የሆኑ ህጎች እና መመሪያዎችን ማስወገድ በአጭር ጊዜ ውጤታማ ለመሆን ይረዳል። ለምሳሌ በጉምሩክና ቪዛ አገልግሎት ዙሪያ ያሉ እንቅፋቶች መወገድ ብቻ በአጭር ጊዜ ውስጥ የቱሪስቶች ቁጥር ዕድገትና የሚገኘውም ገቢ በጣም ሊጨምር ያስችላል።

የሚያስፈልገው ስትራቴጂካዊ ድጋፍ፡-

- ቁልፍ የቱሪዝም ልማት ፕሮጀክቶች ለመልካም ተሞክሮ ማሳያነት በሚሆን መልኩ ማመቻቸት እና ለሃገር ውስጥም ሆነ አለምአቀፍ ኢንቬስትሎች የሀገሪቱን የቱሪዝም ኢንቬስትመንት ዕድሎች በዝርዝር መግለጽ። ልዩ የኢኮኖሚ ልማት ቀጠናዎችን ከቱሪዝም ልማት ቀጠና ጽንሰ ሃሳብ ጋር በማያያዝ፣ ለተደጋጋሪ ዕድገትና ለትግበራ አመቺና አበረታች የሆኑ ሕጎችንና መመሪያዎችን ማዘጋጀት። ይህ ተግባር ጠለቅ ያሉ ጥናቶችን ማካሄድ፣ የዕድገት ተደጋጋሪነት ያላቸውን (በእሴት ተቀባይነትና ሰጪነት ሰንሰለት ውስጥ የሚጠቃለሉ) የኢንቬስትመንት ዕድሎችን አጥርቶ ማውጣት የሚጠይቅ ሲሆን በተጨማሪም መንግስት ለአፈጻጸማቸው አስፈላጊና ወሳኝ የሆኑ፤ ፈጣን ውሳኔ መስጠት የሚያስችሉና የአሠራር ቅልጥፍን የሚያመጡ ህጎችን እና መመሪያዎችን በማውጣት፤ የአሠራር ሁኔታዎችን ማመቻቸት ይጠበቅበታል።
- ቱሪስቶች የተሻሻለና ፈጣን የቪዛና የጉምሩክ አገልግሎት እንዲያገኙ ቀልጣፍና ቀላል የሆነ አሠራር ቀይሶ በተግባር ላይ ማዋል።

3ኛ. ለቱሪዝም ኢኮኖሚ ዘርፍ አጋዥ የሆነ መሠረተ ልማት ግንባታ

የኢትዮጵያ የቱሪዝም ኢኮኖሚ ዘርፍ በመሠረተ ልማት ረገድ ዋናዋና እንቅፋቶች ተደቅነውበታል። በአንድ በኩል እንደ መንገድ፣ የመብራት ኃይል እና ቴሌኮሚውኒኬሽን ያሉት አገልግሎቶች አቅርቦታቸው እና ሽፋናቸው ውሱን ሲሆን (የአለም አቀፍ አየር ትራንስፖርት ብቻ በኢትዮጵያ አየር መንገድ ምክንያት አዲስ አበባ የ ቀጠናው የአየር ትራንስፖርት ማዕከል እንድትሆን በማድረግ፤ ጥሩ ሁኔታ ላይ ይገኛል)። በሌላ በኩል ደግሞ የመረጃ (ኢንፎርሜሽን) ቴክኖሎጂ ሽፋንና ጥራት፣ የገንዘብ አከፋፈል /አላላክ/ አስተላለፍ ስርዓት (የዱቤ ካርዶችን ጨምሮ) ሽፋን፣ አስተማማኝነትና ቅልጥፍና፣ የንግድ ሥርዓቱ (የግድ ሥርዓቱ) በኢንፎርሜሽን ቴክኖሎጂ የተደገፈና ቀልጣፋ አለመሆናቸው የዘርፉን ዕድገት እንደገቱት ይታወቃል። ከላይ የተጠቀሱት መሠረተ ልማቶች ከቱሪዝም ኢኮኖሚ ዘርፍ ጋር በተቀናጀ መልኩ እየታቀዱ ሲተገበሩ የቱሪዝም ዘርፍ ወደ ላቀ የእድገት ደረጃ እንዲሸጋገር ያደርገዋል። ለዚህም ከግሉ ዘርፍ ጋር ጠንካራ የትብብር አሰራር በመቀየስ ውጤታማ ለውጥ ማምጣት ይቻላል። ከህንድና ከላቲን አሜሪካ የተገኘው ተመክሮም ይህንኑ አስተሳሰብ የሚያጠናክር ነው።

የሚያስፈልገው አስተራጅካዊ ድጋፍ፤

- በቱሪዝምና ባህል ሚኒስቴርና የመሠረተ ልማት ሥራዎችን በሚያቅዱና በሚተገብሩ የሚኒስቴር መሥሪያ ቤቶችና ተቋማት መካከል በምክክርና ሀሳብ/ዕቅድ ልውውጥ ላይ የተመሠረተ የተቀናጀ የሥራ ግንኙነት እንዲኖር አንድ የጋራ መድረክ ማዘጋጀት፤ ስለውጤታማነቱም ከግሉ ኢኮኖሚ ዘርፍ ባለቤቶች ጋር በአዲስ መልክ በተደራጀ ሁኔታ በአጋርነት መሥራት የሚያስችል ሁኔታን መፍጠር።

4ኛ. ኢትዮጵያን እንደ አንድ ታዋቂ የቱሪዝም መዳረሻ መሰየምና (Branding) ለገበያ ማስተዋወቅ፣ እንዲሁም ህዝቡ ስለ ዘርፉ ኢኮኖሚያዊ ልማት ያለውን አመለካከት ማሳደግ።

ኢትዮጵያ በሌሎች ዘንድ ያላት አሉታዊ ገጽታ አሁንም በስፋት ይታያል። ይህም የአገሪቱን ቱሪስት የመሳብ ተወዳዳሪነት ይጎዳዋል። ይህንን አሉታዊ አመለካከት መለወጥ ጊዜ የማይሰጠው ጉዳይ ነው። ለዚህም በጥናት ላይ በተመሠረተና ትክክለኛ የሆነውን አዎንታዊ ገጽታዋን አስመርኩዞ ሃገሪቱን እንደ አንድ ታዋቂና ተፈላጊ የቱሪዝም መዳረሻነት፣ ከሌሎች ጋር የምትወዳደርበትንና ልዩ የሚያደርጋትን አዎንታዊ መልኮች በማገልገል የሚያስተዋውቃት የገበያ ስልት (ስትራቴጂ) መቀየስና መተግበር ያስፈልጋል። ይህንንም ተግባር መንግሥት ብቻውን ሳይሆን ከግሉ የኢኮኖሚ ዘርፍና ከሌሎችም ባለድርሻ አካላት ጋር በቅርብ ትብብር ሊሰራው ይገባል። ኢትዮጵያን እንደ ታዋቂ የቱሪዝም መዳረሻ አገር የማስተዋወቅ ሥራ ብዙም ያልተተኮረበት ጉዳይ ነው። ይህንን ሁኔታ ለመቀየር ከግሉ ኢኮኖሚ አካላት ጋር በአጋርነት መሥራት፣ በአገር ውስጥም ህዝቡ ስለቱሪዝም ልማት ጥቅም ያለውን ግንዛቤ መለወጠና ማሳደግ ያሻል። በተጨማሪም ከፍተኛ የመንግሥት ባለሥልጣናት እና ታዋቂ ግለሰቦች ለቱሪዝም ኢኮኖሚ ዘርፍ የልማት እንቅፋት የሚሆኑ ለ ሃገሪቱ መጥፎ ገጽታን የሚሰጡ ሁነቶች በሚከሰቱበት ጊዜ፤ ይህንን አሸንፎ መውጣት የሚችል የሃገር መልካም ጎን አስተዋዋቂነት ሚና በመጫወት ከፍተኛ ድጋፋቸውን ቢልግሱ

በአጠቃላይ ሁሉም ባለድርሻ አካላት ዘርፉ ያሉበትን ችግሮች በቅድሚያ የያዘውን ሚናቸውን ተቀብለው በመሥራት የአገሪቱ የታሪክና የባህል ቅርሶች ኢኮኖሚያዊ ጥቅማቸው ወደ ፍሬያማነት እንዲለወጥ በጋራ ቢሠሩ የአገሪቱ የልማት ገፅታም በተሻለ መልኩ ይለወጣል።

የሚያስፈልገው ስትራቴጂካዊ ድጋፍ፡-

- ከግሉ ኢኮኖሚ ዘርፍ፣ ከክልል ባለድርሻ አካላትና የባህል ማዕከሎች የተወጣጡና ስለ ቱሪዝም ኢኮኖሚ በጥናትና በተመክሮ ላይ የተመሠረተ የማስተዋወቅ (Branding) ስትራቴጂ የሚቀይስ ከፍተኛ ዕውቀት ያላቸው አባላት ያሉት የቱሪዝም ቦርድ ማቋቋም፣ ታዋቂ ኢትዮጵያውያን የኢትዮጵያን ቱሪዝም እሴቶችና ባህሎች እንዲያስተዋውቁ በሀገር ውስጥ ያሉ የውጪ ኤምባሲዎች ለዚህ ተግባር እንዲጠቅሙ አቅዶ በተለይም በውጭ ሀገር የኢትዮጵያ ኤምባሲዎችና ባገር ውስጥ ያሉ የውጪ ኤምባሲዎች ለዚህ ተግባር እንዲጠቅሙ አቅዶ መሥራት፣ በመዘጋጀት ላይ ያለውን ብሔራዊ የባህል ማዳበር ፖሊሲ አጋጣሚ በመጠቀም የአገሪቱ አምንታዊ መልኮች መገለጫ የሆኑት ላይ ያተኮረ የማስተዋወቅ ሥራዎችን ከአገር ውጭና በውስጥም አቅዶ በመተግበር በአጠቃላይ የቱሪስቶችን ቁጥር መጨመርና ከዚያም የሚገኘውን ገቢ ለማሳደግ ይጠቅማል።

የኢትዮጵያ ቱሪዝም ኢኮኖሚ ዘርፍ እድገት በየጊዜው ለጥናትና እቅዶችን አዘጋጅቶ ለመተግበር አስፈላጊ የሆኑ የቱሪዝም መረጃዎች እጥረት ይታይበታል። ስለሆነም የቱሪዝም መረጃዎች የሚሰበሰቡበትና ተመዝግቦው በተፈለጉ ጊዜ በቀላሉ እንዲገኙ በሚያስችል ሁኔታ የሚደራጁበት የመረጃ አሰባሰብ ስርዓት መመስረት ያስፈልጋል። ይህም በጠንካራ የፈደራል እና ክልሎች ትስስር መደገፍ አለበት። በአሁኑ ወቅት የሚገኘው የቱሪዝም መረጃ በቀድሞ ስታስቲክስ ላይ የተመሠረተ ግምት እንጂ በቀጥታ የተመዘገበ አይደለም። በተጨማሪም የቱሪዝም ኢኮኖሚውን ዘርፍ አስተዋዕጥና እድገት ጠንቅቆ ለማወቅና የወደፊት ዕቅዶችንም ለማዘጋጀት የሚጠቅሙ ለምሳሌ ከዘርፉ የሚገኙና በወቅቱም ያሉ የሥራ ዕድሎችን፣ የዘርፉን የመዋዕለ ነዋይ ይዘት፣ የየክልሎችን የቱሪዝም መረጃዎች ዝርዝርና ሌሎችም ተፈላጊ የመረጃ ዓይነቶች በስርዓት መሰብሰብና መደራጀት አለባቸው። ለዚህም ተግባር በሌሎች አገሮችም በሥራ ላይ የዋሉና የታወቁ የመረጃ አሰባሰብና አዘገጃጀት ሥርዓቶች አሉ፤ ከነዚህም አንዱና ሰፊ ያለ ታዋቂነት ያለው “ቱሪዝም ሳተላይት አካውንት” የተሰኘው ነው። ይህም ሥርዓት በይበልጥ የቱሪዝም ኢኮኖሚውን ዘርፍ መጠንና በአጠቃላይም ለኢኮኖሚ ዕድገት ያለውን አስተዋዕጥ ለመገምገም ጠቃሚ ነው። ዋናው ቁም ነገር በደምብ የሚሰራና ቀልጣፋ የመረጃ ስርዓት ኖሮ የዘርፉን የዕድገት አቅጣጫ በተመለከተ የሚዘጋጅ ፖሊሲና ተያያዥ ሕጎችና ደምቦች እንዲሁም የዘርፉን ዕድገት የተሟላሙ ሥራዎች በተጨማሪም አስተማማኝ መረጃ ላይ የተመሠረቱ እንዲሆኑ ማድረግ ነው።

የሚያስፈልገው ስትራቴጂካዊ ድጋፍ

- አስተማማኝ የቱሪዝም መረጃ ሥርዓት ተቀርቦ በሥራ ላይ እንዲውል የሚያግዝ የባለሙያዎች ቡድን ተቋቁሞ በብሔራዊ ደረጃ፣ በክልልና በንዑስ ዘርፎች ደረጃ የመረጃዎች ዝርዝር ለማግኘት የሚያስችል ዝግጅት እንዲተገበር ማድረግ፤ ለዚህም ተግባር የኢትዮጵያ ብሔራዊ ባንክ የማዕከላዊ ስታስቲክስ ድርጅት የኢሚግሬሽን መሥሪያ ቤት የቱሪዝምና ባህል ሚኒስቴርና የክልሎች ቱሪዝም ቢሮዎች በዋናነት እንዲተባበሩ ቢደረግ ይጠቅማል።

5ኛ. የሰው ኃይል አቅም ግንባታ

በቱሪዝም ዘርፉ ወሳኝ የሆነ የሰለጠነ የሰው ኃይል እጥረት ይታያል። ክፍተቱን ለመሙላት የግሉ የኢኮኖሚ ዘርፍ ለሥልጠና የሚያውለው መዋዕለ-ነዋይ ውሳኔነት የዘርፉን ኢኮኖሚ ዕድገት አቀጭጭታል። የሥልጠና የሰው ኃይል ማፍራት ተግባር የዘርፉን ኢኮኖሚ ዕድገት ጠብቆ እየተሟላ እንደውም ቀድሞ መሄድ ሲገባው፣ በአሁኑ ወቅት ይህ እየሆነ አይደለም። ይህን ሁኔታ ለመቀየርና አሁን ያሉት የመንግሥትም ሆነ የግል የሥልጠና ድርጅቶች ከቱሪዝም ምርትና አገልግሎት አቅራቢ ድርጅቶች ጋር በቅርብ መነጋገርና መደጋገፍ ይኖርባቸዋል። የግሉ ኢኮኖሚ ዘርፍ አባላትም ለቱሪዝም የሥልጠና የሰው ኃይል ለማፍራት ለሚያደርጉት ጥረት ማበረታቻ እንዲኖራቸው ማድረግ ይጠቅማል። በአጠቃላይ መንግሥትና የቱሪዝም የግሉ ኢኮኖሚ ወገኖች አንድ የስምምነትና የትብብር ሜሞራንደም ቢኖራቸውና ወጥነት ባለው መልክ ዘወትር ተደጋግፈው አብረው የሚሠሩበት ማዕቀፍ ቢነደፍ ጠቃሚ ይሆናል። ሥልጠናውም የሚሰጠው ለትልልቅ ድርጅቶች ብቻ ሳይሆን ከቱሪዝም ጋር የተያያዙትን አነስተኛና ጥቃቅን የገንድ ድርጅቶችንም ቢጨምር ይጠቅማል። ለዚህም የቴክኒክና ሙያ ማሰልጠኛ ማዕከላት የጀመሩትና በተሻሻለ መርህ ወደ ፊት ሊያሟሉ ያቀዱት ተግባር አበረታች ነው።

አስፈላጊ ስትራቴጂካዊ ድጋፍ

- ብሔራዊ የቱሪዝም የሰው ኃይል አደረጃጀት/ልማት/ ስትራቴጂ ተቀይሶ አጋር ወገኖች/ድርጅቶች የግሉ ኢኮኖሚ ዘርፍ ጭምር የሚሳተፉበት መድረክ እንዲሆን ማድረግ። ይህም አሠራር የሚመለከታቸው አጋር ወገኖች በሙሉ በየደረጃው በመወያየት የቱሪዝም ክፈለ ኢኮኖሚው የሚያስፈልገውን የሰው ኃይል ዓይነትና ጥራት በቂ እንዲሆን ከማድረግ በተጨማሪ የትብብር ማዕቀፍ/ፍሬም ወርክ/ ቀይሶ ሰልጣኞች በቀጥታ በየድርጅቱ እየሠሩ ተግባራዊ የሆነ ልምድ እንዲያገኙ ለማድረግም ይረዳል። የሰው ኃይል አደረጃጀት ስትራቴጂው በብሔራዊና በክልል የቱሪዝም ካውንስሎች ደረጃ በሚዋቀሩ፣ አጋር ወገኖችን የሚያሳትፉ ኮሚቴዎች ሊተገበሩ ይችላሉ። የካሪቢያን አገር የቱሪዝም የሰው ኃይል ካውንስል ልምድ ጠቃሚ ተመክሮ ሊሆን ይችላል።

የጥናቱን ግኝቶች ጠቃሚ ሀሳቦችና አስፈላጊ የሆኑ ስትራቴጂካዊ ድጋፎችን የሚያሳይ ሰንጠረዥ

ዋና ዋና ግኝቶችና ጠቃሚ ሀሳቦች	አስፈላጊ የሆኑ ስትራቴጂካዊ ድጋፎች
1ኛ/ የተቀናጀ የቱሪዝም ልማት እና ከአጋር ወገኖች ጋር የሚደረግ ተያያዥነት ያለው ልማት አጋዥ ውይይት	
<p>ሀ) የቱሪዝም ኢኮኖሚ ዘርፍ፣ በተለይም ለሴቶች ከፍተኛ የሥራ ዕድል የሚፈጥር ነው። በበለጠም ውጤታማ እንዲሆን የዘርፉን ልዩ ባሕሪያት በማገናዘብና ያሉትንም ውድድር አጋዥ እሴቶች ታሳቢ በማድረግ ልማቱን ስትራቴጂካዊ በሆነ ዕቅድ መምራት ያስፈልጋል።</p>	<ul style="list-style-type: none"> • ከዘርፉ ዋና ዋና ባለድርሻ አካላት በተለይም በቱሪዝምና በተያያዙ የሥራ ዘርፎች ውስጥ ካሉት የተወጣጣ አንድ ግብረ ሀይል ወይም የአማካሪ ቦርድ ተቋቁሞ፣ የቱሪዝም ልማት ስትራቴጂ ቅየሳን በጊዜያዊነት (የተሟላ የቱሪዝም አደረጃጀት መዋቅር አስከፊደራጅ ድረስ) እንዲመራ ማድረግ፣ • ከሌሎች አገሮች በተለይም ተሳትፎዎቻቸው እያንሰራራ ካሉ የቱሪስት መነሻ ሃገሮች ልምድ ለመቅሰም ከነኚህ አገሮች የቱሪዝም ሚኒስቴሮች እና ተቋማት ጋር የአርስ በርስ ምክክርና ልምድ ልውውጦች በማካሄድ የአቅም ግንባታ ተግባሮችን ማከናወን።
2ኛ / የቱሪዝም አገልግሎቶች /ምርቶች በጥራት፣ ዓይነትና ደረጃ	
<p>ለ) ለግሉ የኢኮኖሚ ዘርፍ፣ ለክልሎችንና ቅርሶችን ለመጠበቅ ኃላፊነት ለተሰጣቸው አካላት የተሻለ አሳታፊ የሆነ ሚና መፍጠርና ያስፈልጋል። ለዚህም በበርካታ ባለድርሻዎች፣ በፌዴራልና በክልሎችም መካከል የተጠናከረ የውይይትና ችግሮችን ማስወገጃ መድረክ መፍጠር እና የክልሎችን የቱሪዝም ልማት ዕቅዶች በአገራዊ የዕድገት ትልሞች /ስትራቴጂዎች/ ማካተት የዘርፉን ኢኮኖሚ እድገት ለማገዝ ወሳኝ ተግባራት ናቸው።</p>	<ul style="list-style-type: none"> • የተዘጋጀውን ብሔራዊ የቱሪዝም ልማት እስትራቴጂውን ማዕከል አድርጎ ፣ የብዙ ዘርፎችን ባለድርሻ አካላት በሚያሳትፍ መልኩ የውይይትና እንቅፋቶችን የማስወገድ መድረክ አበጅቶ የብሔራዊ ቱሪዝም ካውንስሉን አቅም አጠናክሮ፣ በየክልሎች ያሉ የቱሪዝም ቅርሶች ባለአደራዎች የግሉ አኮኖሚ ተዋንያን እንዲሳተፉ ማድረግ፣
<p>ሐ) ቱሪዝም ከብዙ ኢኮኖሚ ዘርፎች ጋር ያለውን አዎንታዊ ተደጋጋሚነት በመገንዘብ የዚህ ዘርፍ የልማት ስትራቴጂ ከሌሎች እንደ የአነስተኛና ጥቃቅን ማህበራት፣ እንዲሁም የግብርናና የኢንዱስትሪ ልማት ስትራቴጂዎች ጋር ማቀናጀት ያስፈልጋል። በተጨማሪም ቱሪዝም ዘርፉ ከሌሎች በሚለዩት ባህሪዎች ላይ በማተኮር ኢንቬስትመንት እና የገበያ ትስስርን የሚያሳልጡ ተገቢ ህጎችና ደንቦች መቅረጽ ያስፈልጋል።</p>	<ul style="list-style-type: none"> • ቁልፍ የቱሪዝም ልማት ፕሮጀክቶች ለመልካም ተሞክሮ ማሳያነት በሚሆን መልኩ ማመቻቸት እና ለሃገር ወሰጥም ሆነ አለምአቀፍ ኢንቬስተሮች የሀገሪቱን የቱሪዝም ኢንቬስትመንት ዕድሎች በዝርዝር መግለጽ። • ቱሪዝምን ማዕከል ያደረገ ልዩ የኢኮኖሚ ልማት ቀጠና አዋጪነት ተጠንቶ የሙከራ /ፓይሎት/ ሥራ ማከናወን፣ • ከላይ የተጠቀሰው የአዋጪነት ጥናትና የሙከራ/ፓይሎት/ ሥራ ውጤት ታይቶ ተግባራዊነቱን ለማገዝ የሚረዱ ሕጎችንና ደምቦችን ማዘጋጀትና፣ የዘርፉን አሴቶች ተደጋጋሚነት እና ኢንቬስትመንትን ማገልበት፣ • የቪዛና የጉምሩክ አገልግሎት አሰጣጡን ሥርዓት ቀላልና የተቀላጠፈ ማድረግ፣
3ኛ/ ለቱሪዝም ኢኮኖሚ ዘርፍ አጋዥ የሆነ መሠረተ ልማት ግንባታ	
<p>መ) የቱሪዝም ኢኮኖሚ ዘርፉን በሁለንተናዊ መልኩ የሚያግዙ መሠረተ ልማቶች ደካማነት የዘርፉን ዕድገት አቀጭጨውታል። አለም አቀፍ የአየር ትራንስፖርት አገልግሎቱ ጥሩ ቢሆንም፣ ሌሎች የመሠረተ ልማት ዕቅዶችና አፈፃፀማቸው የቱሪዝም ኢኮኖሚውን ዘርፍ ያገናዝብ እና የተቀናጀ መሆኑ አስፈላጊ ነው።</p>	<ul style="list-style-type: none"> • የባህልና ቱሪዝም ሚኒስቴር በመሠረተ ልማት ስራዎች (መንገድ፣ ቴሌኮሚውኒኬሽን፣ የፋይናንስ አገልግሎት፣ ወዘተ.) ዙርያ ከሚሰሩ ሚኒስቴር መሥሪያ ቤቶች እንዲሁም ከክልሎች የቱሪዝም ቢሮዎች ጋር በቅርብ ውይይት እንዲሠሩ የሚያስችል መድረክ መፍጠርና ውጤታማ ማድረግ። • በቱሪዝም መሰረተ ልማት ሥራ ከግሉ የኢኮኖሚ ዘርፍ አባላት ጋር በተጋጋዥነት ለመሥራት የሚቻልባቸውን አማራጮች ማፈልግ በተግባር ላይ ማዋል።
4ኛ/ ኢትዮጵያን እንደ አንድ ታዋቂ የቱሪዝም መዳረሻ መሰየም (Branding) ለገበያ ማስተዋወቅ፣ እንዲሁም ህዝቡ ስለ ዘርፉ አኪኖሚያዊ ልማት ያለውን ግንዛቤ ማሳደግ።	
<p>ሠ) ኢትዮጵያ በሌሎች ዘንድ ያላት አሉታዊ ገጽታ አሁንም በስፋት ይታያል። ይህም የአገሪቱን ቱሪስት የመሰብ ተወዳዳሪነት ይጎዳል። ይህንን አሉታዊ አመለካከት መለወጥ ጊዜ የማይሰጠው ጉዳይ ነው። ለዚህም በጥናት ላይ በተመሠረተና ትክክለኛ የሆነውን አዎንታዊ ገጽታዎን አስመርኩዞ ሃገሪቱን እንደ አንድ ታዋቂና ተፈላጊ የቱሪዝም መዳረሻነት፣ ከሌሎች ጋር የምትወዳደርበትን ልዩ የሚያደርጓትን አዎንታዊ መልኮች በማጥፋት የሚያስተዋውቃት የገበያ ስልት (ስትራቴጂ) መቀየርና መተግበር ያስፈልጋል። ይህንንም ተግባር መንግሥት ብቻውን ሳይሆን ከግሉ የኢኮኖሚ ዘርፍና ከሌሎችንም ባለድርሻ አካላት ጋር በቅርብ ትብብር ሊሰራው ይገባል።</p>	<ul style="list-style-type: none"> • ከግሉ ኢኮኖሚ ዘርፍ ከክልል ባለድርሻ አካላትና የባህል ማዕከሎች የተወጣጡና ስለ ቱሪዝም ኢኮኖሚ በጥናት እና በተመክሮ ላይ የተመሠረተ የማስተዋወቅ (Branding) ስትራቴጂ የሚቀይስ ከፍ ያለ ዕውቀት ያላቸው አባላት ያሉት የቱሪዝም ቦርድ ማቋቋም፣
<p>ረ) ሰፊ ያለ ደዘት ያለውና ወቅቱን የጠበቀ የቱሪዝም አኮኖሚው ዘርፍ መረጃ አለመኖር ዘርፉ በተወዳዳሪነት ዳብሮ እንዳያደግ ከልክሎታል። ስለሆነም በብቃትና በጥራት የሚያገለግል የመረጃ አሰባሰብና አደረጃጀት ሥርዓት በብሔራዊና በክልል ደረጃ በትብብር ታቅዶ እንዲተገበር ማድረግ አስፈላጊ ነው።</p>	<ul style="list-style-type: none"> • ከብሔራዊ ባንክ፣ ከማዕከላዊ ስታሱቲስት ድርጅት፣ ከኢሚግራሽን መሥሪያ ቤት፣ ከባህልና ቱሪዝም ሚኒስቴርና ከክልል የቱሪዝም ቢሮዎች የተወጣጡ ባለሙያዎችን ያካተተ የቴክኒክ ኮሚቴ ተቋቁሞ፣ ለሁሉም የሚያገለግልና ወቅቱን ጠብቆ የሚገኝ የቱሪዝም ኢኮኖሚ ዘርፍ የመረጃ ሥርዓት ተቀርጾ ለሥራ ላይ እንዲውል ማድረግ።

5ኛ/ የሰው ኃይል አቅም ግንባታ	
<p>ሰ) በቱሪዝም ዘርፉ ወሳኝ የሆነ የሰለጠነ የሰው ኃይል እጥረት ይታያል። ክፍተቱን ለመሙላት የግሉ ኢኮኖሚ ዘርፍ ለሥልጠና የሚያውለው መዋዕለ-ነዋይ ውሳኔነት የዘርፉን ኢኮኖሚ ዕድገት አቀጣጫታል።</p>	<ul style="list-style-type: none"> • የቱሪዝም ዘርፍ የሰው ሐብት ልማት ስትራቴጂ መቅረጽ፤ ለቱሪዝም ኢኮኖሚ ዘርፍ ባለሙያዎችን የሚያሰለጥኑ ተቋማትና የግሉ ኢኮኖሚ ዘርፍ አባላት የሚወያዩበትና ሥራቸውን የሚያስተባብሩበት መድረክ አሰጅቶ ተግባራዊ ማድረግ። • የግሉ ኢኮኖሚ ዘርፍ አባላት በሰው ኃይል ስልጠና ላይ በብቃት እንዲሰማሩ ሁኔታዎችን ማመቻቸት።

I. INTRODUCTION

1. Purpose and scope of the study

This study analyzes strategic intervention options that can inform the implementation process of Ethiopia's National Tourism Development Policy in an effort to make the sector globally competitive. It also outlines the analytical foundations for technical assistance that will be provided to MoCT by the World Bank-funded Ethiopian Sustainable Tourism Development Program (ESTDP).²⁷ This study uses the *World Economic Forum Tourism and Travel Competitiveness Index* and IFC's *Doing Business Report* to benchmark Ethiopia's tourism competitiveness with respect to that of countries such as Tanzania, Kenya, Egypt, and South Africa. It also draws lessons from and measures the tourism sector against other successful national economic sectors, such as floriculture.

The focus of this study is on competitiveness at the value chain and destination levels. It identifies constraints affecting competitiveness and proposes strategic interventions that can help to address these challenges by taking advantage of existing opportunities.

This study is mainly prepared for Ethiopia's tourism policymakers, particularly in MoCT. Secondary audiences include tourism-related ministries and public institutions, such as the Ministry of Trade and Investment, the Ministry of Education, the Ministry of Transport, the Ministry of Finance and Economic Development, the Ministry of Foreign Affairs and the Ministry of Communication and Information Technology, among others. Tourism sector stakeholders—in particular the private sector—as well as training institutions and donors are also targeted as readers.

Having the National Tourism Policy as its main reference, this study focuses on short-term strategic interventions that can help to improve tourism competitiveness under the major pillars outlined in the Policy. It also emphasizes growth and employment generation in line with current national targets and priorities as described in the Government of Ethiopia's National Growth and Transformation Plan 2010/11-2014/15.²⁸

2. Methodology

The key question addressed is in what ways the Government of Ethiopia (GoE) in general, and its Ministry of Culture and Tourism (MoCT) in particular, can facilitate growth and generate employment in the tourism sector through strategic interventions. Examining current constraints on the sector's competitiveness, this study proposes a set of strategic interventions to address these bottlenecks. Simultaneously, it seeks to define MoCT's role in facilitating this process, specifically by fostering collective action and a shared vision throughout the sector. This work builds on previous World Bank studies²⁹ devoted to Ethiopia's tourism sector, as well as on tourism studies conducted in other countries and recent reports on global tourism trends. The present document is based on a synthesis of relevant literature and analyses, which then served as a starting point for in-depth interviews and focus group discussions with key tourism stakeholders.³⁰

The study additionally aims to set the foundation for stakeholder sector dialogue concerning the development of the first National Tourism Strategy, as well as to support investment-generation processes in the tourism sector through a broad and consultative stakeholder engagement process.

²⁷ The ESTDP (2010-2015) is a World Bank-funded program of \$35 million that aims to enhance the quality and variety of tourism products in Ethiopia. It is expected that, under the ESTDP, a tourism specialist with international expertise will provide coaching and technical assistance to MoCT's staff at the technical and managerial levels, and will support the development of the National Tourism Strategy.

²⁸ MOFED 2010.

²⁹ World Bank 2006, World Bank 2004, Mitchell and Coles 2009. See reference list for detailed information.

³⁰ For the purposes of this study, a total of 35 stakeholders were interviewed individually or through focus group discussions, 63 percent of whom were from the private sector. See Annex 6 for a complete list of stakeholders interviewed.

3. Context: the GTP 2010-2015 and the National Tourism Development Policy

Macroeconomic context

Ethiopia has a population of 83 million and per capita income (at market prices) estimated at US\$377 in 2009/10. It has a low Human Development Index of 0.328 and ranked 157th out of 177 countries globally in 2009/10, but it shows continued improvement in poor households' access to basic services. In recent years, Ethiopia has been one of the fastest-growing non-oil economies in Africa, with a GDP average growth rate at over 11 percent per annum between 2004/05 and 2009/10. The sources of growth have been broad, with agriculture, industry, and service sectors on the average growing at rates of 9, 10 and 14 percents, respectively. The country is vulnerable to multiple shocks of internal and external origin. These include drought, health-related shocks, adverse terms of trade, domestic inflation and geo-political volatility. Tensions with Eritrea and instability in neighboring South Sudan and Somalia continue. Ethiopia is subject to terms-of-trade shocks from international food and fuel prices and to large domestic weather-related shocks, as the current East Africa drought demonstrates, out of an estimated 10 million people in need of humanitarian assistance in the Horn of Africa, 4.5 million are in Ethiopia, mostly in the southern regions close to the Somali border. The inflation rate has remained high (the highest in Africa and second-highest in the world), despite showing a decelerating trend in recent months. End-of-period inflation reached 32 percent in January 2012 from its recent peak of 40.6 percent in August 2011.

In terms of GDP contribution, agriculture accounts for 43.1 percent, industry 13.0 percent, and services 43.9 percent. While agriculture remains the dominant sector in terms of employment generation (accounting for 85 percent of the Ethiopian labor force), the service sector's contribution to GDP has been rising in recent years and actually exceeded that of agriculture in 2008/9. Ethiopia's service sector includes real estate, hotels, transportation, communication, banking, health and education. Thus, the rise in the service sector is mainly a reflection of government investments in education, health, public administration and defense, but also of an important increase in activity in the fields of real estate and renting, wholesale and retail trade, hotels and restaurants, and banking.³¹ There has also been significant growth in the service sector's share of exports. Ethiopian Airlines, for its part, has become one of the top service providers and exporters, outperforming traditionally dominant exports such as coffee, oil seeds, and flowers.³²

Development policies

The new National Growth and Transformation Plan (GTP) 2010-2015 will shape development policies in Ethiopia for the coming years. Its vision is *“Build an economy that has a modern and productive agricultural sector with enhanced technology and an industrial sector that plays a leading role in the economy, sustaining economic development and securing social justice and increasing the per capita income of the citizens so as to reach the level of those in the middle-income countries.”* It has seven main pillars: 1) Sustaining rapid and equitable economic growth; 2) Maintaining agriculture as a major source of economic growth; 3) Creating the conditions necessary for industry to play key role in the economy; 4) Enhancing the expansion and quality of infrastructure development; 5) Enhancing the expansion and quality of social development; 6) Building capacity and deepening good governance; and 7) Cross-cutting issues: promoting gender and youth empowerment and equity, environment & climate change, HIV/AIDS prevention and control, and ICT.

One of the GTP's main targets—employment generation—is an area in which tourism could play a key role. The Plan aims to generate three million new jobs through MSE development.

³¹ Access Capital 2010.

³² Access Capital 2010.

Though the GTP considers tourism a cross-cutting sector, it does not identify opportunities for integrating it with other economic sectors, such as agriculture and manufacturing, nor does it detail the ways in which tourism might help to achieve general growth and employment targets beyond tourism-specific goals as outlined in the Plan.

As for tourism development, the GTP establishes ambitious targets, such as a 100 percent increase or doubling of tourism arrivals³³ from 500,000 currently to one million, and a twelve-fold increase of tourists' expenditures from 250 million Birr in 2010 to 3 billion Birr in 2015.³⁴ If GTP targets are met, the tourism sector could generate employment for about 1.8 million people by 2015.³⁵

Tourism policies

Ethiopia has established solid institutional bases for the development of the tourism sector. This work has been built on Prime Minister Zenawi's³⁶ guiding statement to transform the tourism sector into a "*pivotal component of [Ethiopia's] economic development*," and on commendable joint efforts by the private sector advocating that tourism be recognized as an important economic sector.³⁷ The Ministry of Tourism was established in 2005 and the National Tourism Development Policy (NTDP) was approved in 2009. Additionally, it is receiving a total of \$56 million in donor support for the development of the sector over the coming years;³⁸ however, it still lacks a National Tourism Strategy that can guide the implementation of the NTDP.

The new Tourism Development Policy adopted by the Council of Ministers in August 2009 establishes the legal framework for the development of the tourism sector in Ethiopia and will be the main legal document that will guide its growth trajectory, alongside the GTP. Complementary policies—for example, the Cultural Policy (1995) and the Wildlife Development Conservation and Utilization Policy and Strategy (2005)³⁹—will additionally need to be taken into account. Though these legal instruments integrate tourism in a very limited way, if at all, they must nonetheless be considered when developing specific sub-sectors, such as eco-tourism and cultural tourism.

The vision of Ethiopia's National Tourism Development Policy is "*To see Ethiopia's tourism development led responsibly and sustainably and contributing its share to the development of the country by aligning itself with poverty elimination.*"⁴⁰ The new Policy sets the sector's general objectives, placing an emphasis on tourism's potential in terms of growth, employment generation (particularly for women and youth), foreign exchange earnings, and image building for the country. It also stresses the importance of achieving tourism growth sustainably, in alignment with other national development policies, and with broad participation by the different stakeholders.

In order to align the development of the sector with the GTP, MoCT has recently developed a five-year Culture and Tourism Growth and Transformation Tourism Plan (2010-2015). This document is a

³³ This includes conference, business, visiting friends and relatives (VFR) and leisure and transit travelers.

³⁴ MOFED 2010.

³⁵ Currently, it is estimated that approximately 770,000 people work directly in Ethiopia's tourism sector, which generated 430,000 visitors in 2009. Following this proportionally, the GTP target of one million visitors would suggest employment of roughly 1.8 million people by 2015.

³⁶ "*My government believes that an increased focus on tourism can play a more significant role in the war on poverty, both in Ethiopia and across Africa as a whole. We have set in train a 'Tourism Paradigm' to rapidly build the sector as a pivotal component of our economic development programs. And in so doing provide a model, which can not only help to transform our own country but play an important role in the transformation of Africa and the achievement of our collective Millennium Development Goals.*"³⁶ Prime Minister Meles Zenawi's statement to the African Union in April 2005.

³⁷ The Tourism Public-Private Participation Forum's Discussion Paper (2004) was produced by all private sector associations in the sector; it presented tourism's main challenges, opportunities, and key interventions.

³⁸ World Bank-funded and EU-funded projects mainly.

³⁹ In addition to the Wildlife Development Conservation and Utilization Policy and Strategy (2005), other important environment-related policies include the Conservation Strategy of Ethiopia (1997), the Environmental Policy of Ethiopia (1997), the National Biodiversity Conservation and Research Policy (1998), and the National Biodiversity Strategy and Action Plan (2005).

⁴⁰ MoCT 2009.

commendable planning effort, not only because it tries to integrate culture and tourism into one common plan for the first time, but also because it integrates GTP targets into the national sector plan. The plan also reflects an important funding gap for the achievement of the planned targets.⁴¹ In addition to this, MoCT is currently working on the integration and alignment of regional tourism plans with its national plan.

4. Tourism as an economic force: African and global trends

Tourism is a large contributor to worldwide economic activity, growing at a slightly faster pace than the world economy. Though there are important differences between countries, it is clear that tourism has a crucial role in supporting growth, development, and employment generation. This section presents some of the major trends that are shaping tourism supply and demand as a context for Ethiopia's quest to become more competitive in the global tourism marketplace.

Tourism globally

• *Tourism supply: Growth, diversification and the increased role of emerging destinations*

Tourism has experienced continued expansion over the past six decades, quickly becoming one of the largest and fastest growing economic sectors in the world. The contribution of tourism to economic activity worldwide is estimated at 5 percent (direct), and 6-7 percent (indirect) in terms of employment generation. Tourism growth has recovered faster than expected from the impacts of the global financial crisis, with the number of international tourist arrivals estimated to have reached 935 million in 2010. Growth in international tourism receipts, although lagging, reached an impressive US\$852 billion in 2009.

Interestingly, this growth is being driven by emerging economies, especially in Asia and the Pacific and the Middle East, while Africa has continued its positive growth trend with an estimated rate of 6 percent in 2010.⁴² The share of tourism growth in emerging regions has steadily risen, from 32 percent in 1990 to 47 percent in 2009, and their share of tourism receipts reached 35.8 percent in 2009.

• *Tourism demand: The "young elders", an emerging travel class, and experiential versus materialistic tourism*

One important trend relates to the expanding older population in developed countries with an increasingly healthy life expectancy. This so-called "young older" group is becoming a primary target market and is expected to play an important role in tourism demand over the coming decades.⁴³ They may tend to travel in non-peak seasons and enjoy considerable levels of disposable income as retirees. Other demand trends relate to the changes in household composition in developed countries and the increased importance of single travelers and the affluent youth.⁴⁴

The other important trend relates to the increasing level of tourism expenditure by emerging source markets. In fact, though tourism source markets are still largely concentrated in the industrialized countries (Europe 55 percent, Asia and the Pacific 20 percent, and the Americas 16 percent), among tourism spenders, China has shown the fastest growth in the last decade, having overtaken France (US\$38 billion) in 2009 by spending US\$44 billion and moving into the fourth position worldwide after Germany,

⁴¹ The current MoCT GTP plan points out the big existing gap (91 percent) between the financial resources collected by MoCT and the resources needed to implement the current plan (17 million Birr of collected revenue in 2009/10 vs. 189 million Birr of financial requirements for 2010/11).

⁴² UNWTO 2011b.

⁴³ UNWTO 2011a.

⁴⁴ With youth tourism accounting for 20 percent of the global market (UNWTO 2011a).

the United States and the United Kingdom. Other emerging economies, such as Russia, Saudi Arabia and Brazil,⁴⁵ are also showing significant growth.

In terms of travel motivations, there is an interesting combination of trends. On one side, people in developed countries, especially those with sufficient levels of economic comfort, are increasingly seeing themselves more as “travelers” than as “tourists.” They are looking for authenticity and personal fulfillment from their holidays, and the tourism *experience* is becoming the main objective, favored over pure relaxation or passive sightseeing.⁴⁶ On the other side is the emerging travel class, whose motivations are often characterized more materialistic and hedonistic in nature, as opposed to the more experiential and spiritual motivations of established source markets.⁴⁷ While the first represents a shift in demand toward more tailored, niche tourism products, the latter indicates a move toward more mainstream and mass-tourism products.

These dynamic trends point to the need to understand the changing motivations and travel patterns of the travel class for both domestic and international tourism markets.

Tourism in Africa

The importance of the tourism sector for Africa has been recognized by the Plan for the New Partnership for Africa's Development (NEPAD), which developed a Tourism Action Plan⁴⁸ in 2003 under the guidance of the African Ministers of Tourism and the World Tourism Organisation Commission for Africa.

• *Tourism supply: Growth potential and the importance of value-chain linkages*

Following global trends, the tourism sector in Africa has been the fastest growing sector in the recent term, contributing to the diversification of many African economies. Although tourism's market share in GDP between the years 2002 and 2007 in Africa has been only 2 percent, it has nevertheless been the fastest growing sector ahead of the financial intermediation and telecommunication sectors with a compound annual growth of 8.7 percent.

⁴⁵ UNWTO 2010a.

⁴⁶ UNWTO 2009.

⁴⁷ UNWTO 2009.

⁴⁸ “The potential of tourism to contribute to economic development in terms of foreign exchange earnings, employment and income generation, contribution to government revenues, and as a development catalyst (or a stimulus to inward investment), are the usual reasons advanced for governments' support for tourism. For Africa, these economic benefits will, if realized, be used to overcome resource problems, increase the region's economic wellbeing, improve the opportunity and quality of life of its inhabitants and thereby facilitate the development continuum. Otherwise, the continent will inevitably continue to depend on international aid to support development efforts” (NEPAD 2004).

Table 2: Africa's growth across sectors, 2002-2007

Sector	Share ⁴⁹	Compound annual growth rate
Tourism	2%	8.7%
Financial intermediation	6%	8.0%
Transport and telecommunication	10%	7.8%
Construction	5%	7.5%
Utilities	2%	7.3%
Resources	24%	7.1%
Other services ⁵⁰	6%	6.9%
Wholesale and retail	13%	6.8%
Real estate, business services	5%	5.9%
Agriculture	12%	5.5%
Manufacturing	9%	4.6%
Public administration	6%	3.9%

Source: McKinsey 2010

While Africa has continued its positive growth trend, attracting an estimated 6 percent share of international tourists in 2010, Sub-Saharan Africa's global market share is still minimal, claiming only 3.2 percent of international arrivals and 2.2 percent of tourism receipts.⁵¹

Tourism growth and its total contribution to GDP in Africa have mainly been driven by tourism's induced and indirect economic impacts. According to WTTC data, the total contribution of tourism to GDP in Africa is twice as large as its direct contribution, reflecting the important role of induced and indirect⁵² tourism economic impacts. This also underscores how critical it is to facilitate strong linkages along the tourism value chain and between the tourism value chain and other economic sectors in order to fully realize all potential.

• ***Tourism demand: Diversification opportunities from MICE and domestic tourism***

Market segments in Africa are less diversified than in other regions and leisure tourism still plays a dominant role. According to WTTC tourism data, leisure tourism spending (inbound and domestic) is expected to generate 70.8 percent of direct tourism GDP in Africa in 2011, as compared with 29.2 percent for business travel spending. These projections reflect the growth potential of the MICE⁵³ segment in Africa, with only a minimal market share to date of the international meetings segment worldwide. According to the International Congress and Convention Association (ICCA),⁵⁴ though Europe is still the most popular destination for MICE tourism (see Table 3), its share has been decreasing over the last decade while Asia, the Middle East and Latin America are increasingly attractive. Especially in urban

⁴⁹ Sector share of change in real GDP 2002-2007 percent, 100%= US\$235 billion in 2005 dollars. The total is the sum of 15 countries for which data were available and which together account for 80 percent of Africa's GDP: Algeria, Angola, Cameroon, Egypt, Ethiopia, Kenya, Libya, Morocco, Nigeria, Senegal, South Africa, Sudan, Tanzania, Tunisia, and Zimbabwe.

⁵⁰ Other services: Education, Health, Social Services, Household Services.

⁵¹ UNWTO 2010a.

⁵² The indirect and induced impacts include areas such as tourism capital investment, general government spending in support of the sector, tourism supply-chain purchase of domestic goods and services, and the spending by those who are directly or indirectly employed in the sector.

⁵³ MICE tourism stands for "Meetings, Incentives, Conventions, and Events."

⁵⁴ ICCA 2011.

centers and regional air transport hubs such as Nairobi and Addis Ababa, where good air transport connectivity already exists and world class accommodation facilities are operating, MICE's economic impact could be easily tapped and could also contribute to tourism diversification, as is the case in Kenya.

Table 3: Worldwide market share for meetings, 2008

Regions worldwide	Market share (%)
Europe	52.73
America (North & South)	17.83
Asia	21.67
Africa	4.7
Australasia / Pacific	3.07
<i>Source: EIBTM 2009</i>	

With respect to domestic versus international tourism spending in Africa, domestic tourism spending is expected to generate 55.9 percent of direct tourism GDP in 2011, as compared with 44.1 percent of international tourism receipts.⁵⁵ These projections reinforce the importance of understanding and measuring the economic impact of domestic tourism. Although it may be considered of less interest because it is not a source of foreign exchange, data shows that domestic tourism is more important than its international counterpart, not only in terms of economic impact, but also as a counter-cyclical and resilient segment.

Whether the importance of business and domestic tourism may vary greatly between countries, it is clear that there is increased opportunity for and potential benefit from tourism diversification in Africa.

⁵⁵ WTTC 2011.

II. THE TOURISM SECTOR IN ETHIOPIA

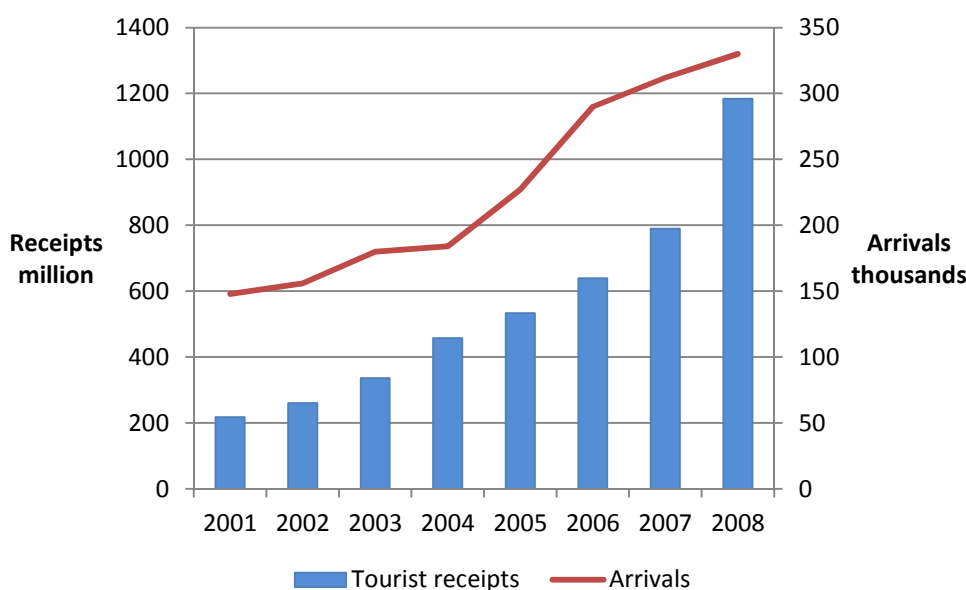
1. Tourist arrivals, expenditure and markets

Tourism arrivals

International tourist arrivals in Ethiopia in 2008 totaled 330,000,⁵⁶ while the last official data shows 427,286 arrivals in 2009.⁵⁷ However, Ethiopia only ranked 22nd out of 27 countries for arrivals volume in the Africa Region⁵⁸ in 2008, highlighting the need for improvement. While Sub-Saharan Africa's tourism market share is only 3.2 percent of global international arrivals, Ethiopia's share within Africa's share is a minuscule 1 percent, with close competitors such as Kenya and Tanzania claiming 4 percent and 2 percent of the same share respectively. By contrast, South Africa has a 32 percent share.⁵⁹

Despite this minimal market share, the annual average growth rate of tourism arrivals to Ethiopia between 2000 and 2008 is 12 percent, higher than Sub-Saharan Africa's average of 7 percent. It is worth noting the substantial increase of Ethiopia's tourism arrivals in 2003 and 2005-2006. According to MoCT's data, this unusual increase may be partly explained by an important increase of transit tourists in 2003 and 2005, and in leisure and conference tourists in 2006. However, we do not have enough data to draw conclusions about the causes of these significant increases and further analysis may be needed.

Figure 1. Tourist arrivals and receipts in Ethiopia, 2001-2008



Source: World Development Indicators 2010

⁵⁶ This total arrivals figure is the same one used by World Development Indicators and does not include arrivals through land ports (Dire-dawa, Galafi, Moyale, Dewale, and Metema & Wichale), which account for an additional 14 percent of total arrivals (53,242).

⁵⁷ MoCT 2011b.

⁵⁸ UNWTO 2010a.

⁵⁹ UNWTO 2010a.

Table 4: Sub-Saharan Africa and Ethiopia tourist arrivals, 2001-2008

Year	Sub-Saharan Africa (million)		Ethiopia (000)	
	Tourist arrivals	% growth	Tourists arrivals	% growth
2001	18.0	2%	148	9%
2002	19.3	7%	156	5%
2003	20.2	5%	180	15%
2004	21.5	6%	184	2%
2005	23.4	9%	227	23%
2006	26.5	13%	290	28%
2007	29.0	10%	312	8%
2008	30.2	4%	330	6%
Average		7%		12%

Source: World Development Indicators 2010

But data presented in Table 4 may be not be capturing the real picture, mainly for two reasons:

1. **The number of transit tourists boosts total arrival figures.** Unlike official tabulations for most countries, the number of total arrivals in Ethiopia includes airport transit travelers. The current role of Ethiopian Airlines and its utilization of Addis Ababa as a major regional air transport hub, combined with its expansion plans in terms of capacity and route connectivity, is expected to not only continue but to increase this boost to total arrival numbers. Thus, caution may be taken when interpreting total arrival figures, as they may reflect Ethiopian Airlines' growth rather than overall tourism growth.
2. **Number of land port entry arrivals are only projections** since 2005, and this fact may account for a considerable amount of intra-regional tourism flows for both leisure and business tourism.

Tourism receipts

According to Ministry of Culture and Tourism, tourist receipts totaled US\$250 million in 2009. For a comparative perspective, and according to World Bank World Development Indicators,⁶⁰ tourist receipts in Ethiopia achieved higher growth than on average in Sub-Saharan Africa, and have also increased more than twice as fast as tourist arrivals. However, a main reason to explain this substantial increase may be the fact that MoCT originally calculated the data in 2004-05 but has only been using projections for the following years.

⁶⁰ For tourism expenditure data, UNWTO uses balance of payments data from the International Monetary Fund (IMF), supplemented by data from individual countries. The aggregates shown here are calculated using the World Bank's weighted aggregation methodology and differ from the World Tourism Organization's aggregates (WB 2010b).

Table 5: Sub-Saharan Africa and Ethiopia tourist receipts, 2001-2008

Year	Sub-Saharan Africa (US\$ billion)		Ethiopia (US\$ million)	
	Tourist receipts	% growth	Tourists receipts	% growth
2001	8.5	7%	218	6%
2002	9.4	10%	261	20%
2003	13.3	41%	336	29%
2004	15.4	16%	458	36%
2005	17.5	14%	533	16%
2006	19.4	11%	639	20%
2007	23.2	19%	790	24%
2008	23.8	3%	1,184	50%
Average		15%		25%

Source: World Development Indicators 2010

Tourism arrivals and receipts in protected areas

Though MoCT's statistical bulletin does not include tourism flows in Protected Areas, Ethiopian Wildlife Conservation Authority (EWCA) compiles a comprehensive set of comprehensive tourism data (see Table 6). It is interesting to note that domestic tourists account for more than half of the total arrivals, except in 2009, the last year recorded, when international tourists reached 54 percent. This may be an indication of the existence of an important flow of domestic tourists, probably linked to educational tourism. Another interesting point is that tourist arrivals and tourism receipts⁶¹ in protected areas have shown an important growth trend and have grown faster than overall tourist flows and receipts in Ethiopia. If we take into account that this growth has occurred despite very limited promotion and weak tourism infrastructure development in protected areas, the figures can serve as a good indication of the potential of Ethiopia's nature-based tourism.

⁶¹ Ethiopia recognizes the importance of both consumptive and non-consumptive sources of revenue. The Ethiopian wildlife sector income in 2008/9 was mainly derived from trophy hunting (36.1 percent), followed by tourism (30 percent). Licenses for civet musk exports (19.8 percent) and other concession fees (10.3 percent) also provide a considerable income. However, Park entrance fees are set on a national level, are not market-based, and do not vary in accordance with the level of attraction and quality of tourism experience in each national park. According to a willingness-to-pay survey conducted by park staffs, international tourists to Bale Mountain National Park were willing to pay US\$17, compared to the current charge of US\$7. The potential to increase tourism income by applying market rates is approximately 2.5 fold (EWCA 2009).

Table 6: Tourism arrivals and receipts in protected areas, 2001-2009

Year	Tourist arrivals	International tourists	% International tourists	% Growth total tourists	Tourist receipts (Birr)	Tourist receipts (US \$)	Receipts growth (%)
2001	21,045	6,346	30%		840,509	48,222	
2002	22,920	10,401	45%	9%	1,106,176	63,464	32%
2003	30,109	12,120	40%	31%	1,141,163	65,471	3%
2004	34,077	14,644	43%	13%	1,662,161	95,362	46%
2005	39,532	18,818	48%	16%	2,018,731	115,819	21%
2006	51,943	23,810	46%	31%	2,477,774	142,156	23%
2007	64,735	26,485	41%	25%	3,116,255	178,787	26%
2008	61,506	29,421	48%	-5%	3,469,436	199,050	11%
2009	66,973	35,959	54%	9%	5,844,158	335,293	68%
Average				16%			29%

Source: EWCA 2011b

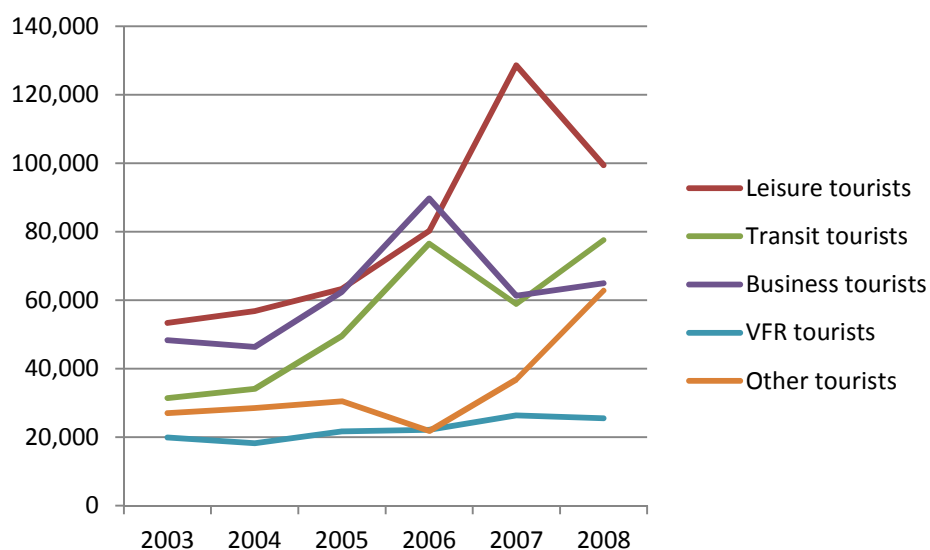
Tourism segments by purpose of visit

Ethiopia's tourism sector is characterized by a diversified set of tourism segments between leisure and business tourism. In both relative and absolute terms, its leisure segment is smaller than those of neighboring countries due to a low base of tourism development; by contrast, its business segment is bigger in relative but not in absolute terms than those of neighboring countries, thanks to a dynamic economy and in light of Addis Ababa's increasing status as a regional hub (see Table 7). Business tourism tends to be less seasonal;⁶² this is also true of domestic tourism and, to a lesser extent, diaspora tourism. Additionally, conference and business tourism have a higher average daily rate of spending, though the typical length of stay is usually shorter.⁶³ Non-leisure segments, such as VFR, MICE, and transit tourists, together account for more than half of total arrivals. It is important to note that transit tourists comprise the only segment showing a growth trend; moreover, there is a significant number of unclassified tourists (19 percent), highlighting once again the need for more accurate data.

⁶² WB 2010e.

⁶³ Business tourism also has an important multiplier effect. Research conducted on the US MICE segment identified a multiplier effect of eight; for every dollar spent directly on the event, seven dollars flow into the economy indirectly (Kant 2009). Furthermore, research suggests that approximately 40 percent of MICE travelers will return with their families or colleagues as leisure visitors. Though comprehensive research on the impact of MICE tourism in Addis is yet to be conducted, initial research (Mitchell and Coles 2009) suggests that it may have a considerable economic impact—even greater than that of leisure tourism. Though MoCT's Tourism Statistical Bulletin includes general data the number of business and conference tourists, the triangulation of data with conference centers and specialized tour operators may help to produce a more accurate picture of the real importance of MICE in Ethiopia's tourism sector.

Figure 2: Tourism segments by purpose of visit, 2003-2008



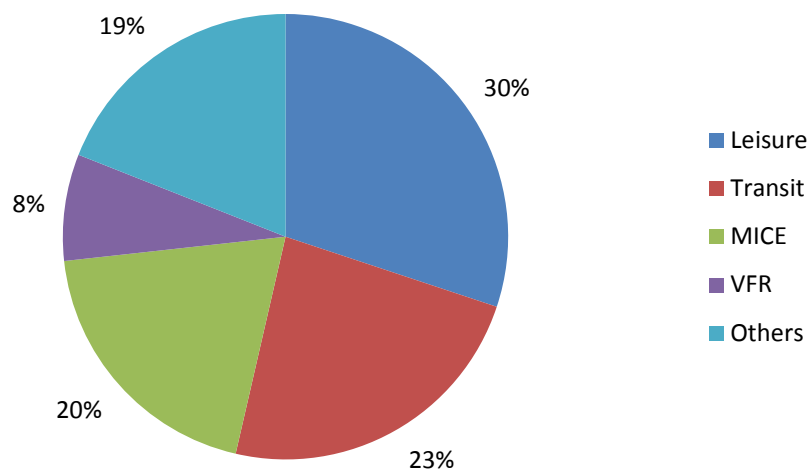
Source: MoCT Statistical Bulletin 2006-2008

Table 7: Tourism segments by purpose of visit, 2003-2008

	Leisure		Transit		MICE		VFR		Others	
	Arrivals	%	Arrivals	%	Arrivals	%	Arrivals	%	Arrivals	%
2003	53,315	30%	31,414	17%	48,276	27%	19,895	11%	27,010	15%
2004	56,790	31%	34,129	19%	46,393	25%	18,209	10%	28,558	16%
2005	63,246	28%	49,558	22%	62,393	27%	21,732	10%	30,469	13%
2006	80,184	28%	76,556	26%	89,724	31%	22,180	8%	21,814	8%
2007	128,533	41%	58,916	19%	61,337	20%	26,337	8%	36,820	12%
2008	99,394	30%	77,572	23%	64,930	20%	25,482	8%	62,779	19%

Source: MoCT Statistical Bulletin 2006-2008

Figure 3: Tourism segments by purpose of visit, 2008



Source: MoCT Statistical Bulletin 2006-2008

However, there is reason to believe that the data presented in Table 7 is not accurately reflecting the real picture, for two main reasons:

1. **The size of the MICE segment may be underestimated.** As is the case with other African countries, procedures involved in securing a business visa to Ethiopia are often more time-consuming and bureaucratic than when seeking to obtain a tourist visa. As a result, some business short-stay travelers may prefer to enter the country using a tourist visa. Initial research has shown that business travelers entering Ethiopia may be much more numerous than official data would suggest.⁶⁴
2. **The VFR segment may also be underestimated.** There is a need to assess the importance of VFR and diaspora tourism and to better ascertain their characteristics. The paucity of information on this topic has been pointed out in previous studies.⁶⁵ Motivations and characteristics of travel by these segments may fall somewhere between established source markets and emerging ones,⁶⁶ with special emphasis on experiential and locally-rooted tourism in their home countries,⁶⁷ thus with important economic impact potential. The Ethiopian Diaspora community is estimated to be around 1,300,000, with 37 percent concentrated in the United States,⁶⁸ and the current size of the U.S. Diaspora market for SSA is estimated to be in the region of 2 percent of the total tour operator market.⁶⁹

Domestic tourism

Domestic tourism helps to create a more sustainable foundation for tourism development because it helps to diversify tourism segments and to counterbalance seasonality, volatilities, and the dependency on

⁶⁴ This point was developed in Mitchell and Coles (2009). They estimated that conference and business tourism constitutes up to 83 percent of total international arrivals, including transit tourists. In addition, they estimated that business tourism generates over half the total pro-poor benefits of international tourism in Ethiopia.

⁶⁵ Mitchell and Coles (2009) estimated that VFR could account for up to 20 percent of the total international tourist market in Ethiopia, due in part to the large Ethiopian Diaspora.

⁶⁶ See section I.4 for more details.

⁶⁷ Newland and Taylor (2010).

⁶⁸ Ministry of Foreign Affairs email correspondence.

⁶⁹ Twining-Ward 2010a.

international tourism flows. Still, domestic tourism, especially religious domestic tourism, can also be very seasonal. Previous studies estimated that domestic tourism in Ethiopia may account for roughly 20 percent of total arrivals.⁷⁰ Domestic tourism is believed to be predominantly business-oriented and concentrated mainly in Addis Ababa, but it is also believed to increasingly have a leisure and religious dimension.⁷¹ Domestic religious tourism/pilgrimage is especially seasonal. It is estimated that Lalibela received around 25,000 foreign visitors during 2010, but four times more and around 100,000 pilgrims in the same year.⁷² Data on tourist visitors in protected areas also show an important number of domestic tourists, probably related to educational trips.

In terms of the potential for future domestic tourism development, the size of the Ethiopian middle class can serve as a proxy indicator (see Table 19). Ethiopia is expected to be one of the African countries, together with Nigeria and South Africa, which will have the largest middle class by the year 2030.⁷³ In Ethiopia, as in the majority of African countries, the largest portion of the middle class (61.4 percent) is composed of the unstable and vulnerable floating subclass, whose daily per capita consumption is between \$2 and \$4. However, Ethiopia has a considerable upper-middle class, both in relative terms (3 percent of the total population) and in absolute terms (2.4 million), more sizeable in fact than those of close competing destinations such as Tanzania and Kenya.⁷⁴ The upper-middle subclass is especially important for domestic tourism development because it is supposed to be the most likely both to save and to consume non-essential goods and services, such as entertainment and tourism services.

Source markets by region and country

Ethiopia's set of source markets is also well-diversified and less dependent on international leisure tourist flows. The top source market overall is Africa, driven in part by a growing number of business and conference tourists. Within Africa, the top three source markets for Ethiopia are Kenya, Sudan, and Nigeria. In terms of leisure tourists, the top regional source market is Europe. The United States is the dominant source country, accounting for 15 percent (leisure and business tourists) of all arrivals. The United Kingdom and Germany are also among the top individual source countries, accounting for a total of 6 percent and 4 percent respectively (leisure and business tourists).

Table 8: Ethiopia's main international source markets, 2008

Regions	Total tourists %	Business and conference %	Leisure %
Africa	35.9	24	5
Europe	26.7	20	46
America	18.0	12	36
Middle East	9.1	16	7
Asia	9.3	27	4
Oceania	1.0	1	2
Total	100%	100%	100%

Source: MoCT Statistical Bulletin 2006-2008

⁷⁰ Mitchell and Coles 2009.

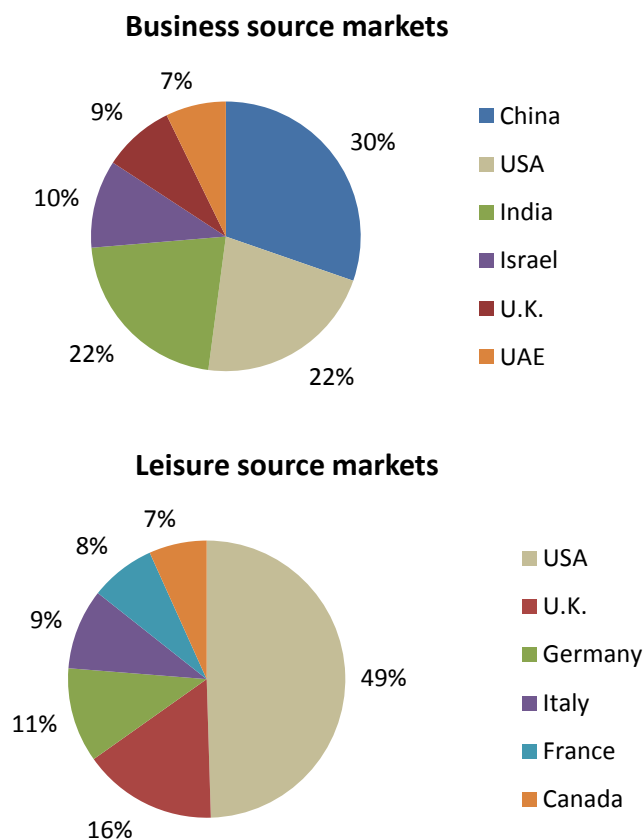
⁷¹ Mitchell and Coles 2009.

⁷² European Commission 2011.

⁷³ AfDB 2011.

⁷⁴ See Table 17.

Figure 4: Ethiopia's main source markets for business and leisure tourists by country, 2008



Source: MoCT Statistical Bulletin 2006-2008

Table 9: Ethiopia's main source markets for business and leisure tourists by country, 2008

Country	Total business tourists	%	Country	Total leisure tourists	%
China	8,721	13%	USA	31,371	32%
USA	6,248	10%	U.K.	9,914	10%
India	6,211	10%	Germany	7,006	7%
Israel	3,032	5%	Italy	5,951	6%
U.K.	2,458	4%	France	4,828	5%
UAE	2,081	3%	Canada	4,264	4%

Source: MoCT Statistical Bulletin 2006-2008

If we look at the dynamism of country source markets, there has not been a major change in the last five years, according to MoCT data. The countries showing relative dynamism as emerging source markets are China, India, Sudan, and Nigeria, all of which are related to the MICE segment.

Table 10: Dynamism among main source markets, 2003-2008

Main source markets	% from total 2008	Average growth % 2003-2008
USA	15%	0%
U.K.	6%	1%
China	4%	2%
Germany	4%	1%
Italy	3%	0%
India	3%	1%
Kenya	3%	-1%
Sudan	3%	1%
Nigeria	3%	1%

Source: MoCT Statistical Bulletin 2006-2008

Length of stay

In addition to tracking arrivals and determining tourism-generated receipts, estimating the average length of stay of visitors is integral to tracking the tourism sector's progress. This is a problematic task, given the many types of tourists, their varied activities, and the need to have consistent data collection and analysis in order to complete this calculation. MoCT's last estimate on the average length of stay was 4.5 days and dated from 2004-2005.

2. Contribution to GDP, employment and poverty reduction

Contribution to GDP and employment

According to the last data reported by MoCT,⁷⁵ in 2006-07 tourism in Ethiopia contributed to 0.8 percent of GDP and generated 14 percent of total national export earnings.

In terms of tourism's contribution to job creation, MoCT's Tourism Statistical Bulletin offered no estimates. However, the Ethiopian Central Statistical Agency (CSA) provides comprehensive annual data that can serve as an initial estimate of tourism employment, and can also be compared with data from other labor-intensive and export-oriented economic sectors. According to CSA data, tourism employment (hotels and restaurants) contributes to 2.5 percent of total employment and 8 percent of urban employment.

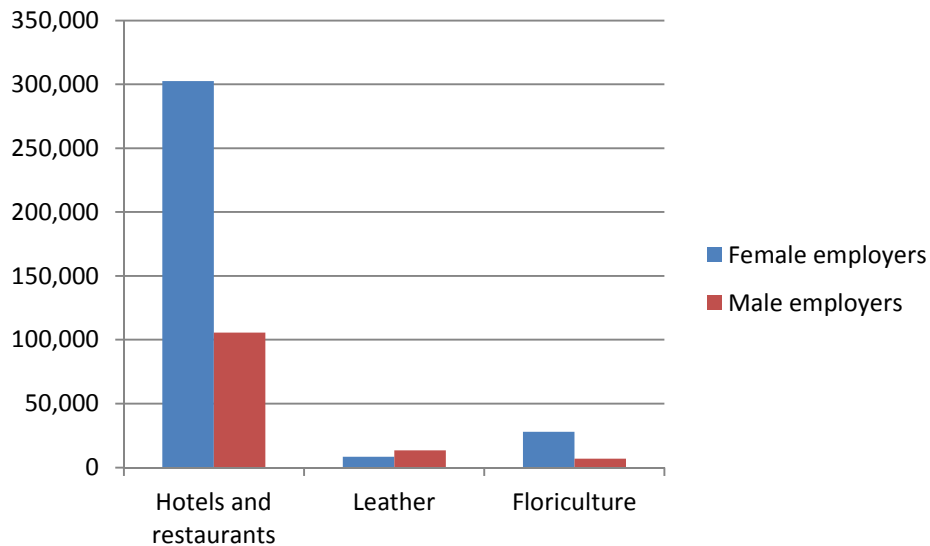
⁷⁵ MOCT (2010)

The limitations of using CSA employment data to estimate tourism employment are the following:

- The CSA’s Urban Employment and Unemployment Survey (2011) refers only to urban areas in which tourism employment may be overrepresented.
- CSA UEUS 2011 categorization of sectors and occupational groups, following the ILO international standard definition of economic activities, does not allow for an accurate comparison across sectors, so comparison must be used with caution mainly because:
 - a. The major industrial division related to hotels and restaurants accounts only partially for the employment generated in the tourism sector because the tourism employment generated in other tourism-related sectors such as transport, tour operation, and cultural industries and entertainment is not counted separately. The minor industrial division related to leather accounts for the whole subsector that includes the tanning and dressing of leather, as well as the manufacture of luggage, handbags, saddles, harnesses and footwear. Finally, data on floriculture concerns the cut flower activity specifically. Thus, tourism-related data may be underestimated.
 - b. Employment in hotels and restaurants is mainly generated by restaurants, bars and canteens (78.4 percent), in which the distinction between local regular customers and tourists becomes more difficult to ascertain.

Tables 11 and 12 show the CSA’s Urban Employment and Unemployment Survey 2011 (UEUS) data; Table 13 presents the results of the CSA’s 2005 National Labour Force Survey (NLFS). UEUS collected information from roughly 20,000 households in urban areas, while the NLFS collected information from about 35,000 households in both rural and urban areas.

Figure 5: Urban employment in hotels and restaurants, leather and floriculture, 2011



Source: CSA (2011) for hotels and restaurants, crafts, and leather sectors, and WB (2011b) for floriculture.

Table 11: Urban employment in hotels and restaurants, floriculture and leather, 2011

	Hotels and restaurants	Leather	Floriculture
Female	302,531 (74%)	8,294 (38%)	28,000 (80%)
Male	105,545 (26%)	13,414 (62%)	7,000 (20%)
Total	408,076 (8%)	21,709 (0.4%)	35,000 (0.7%)
<i>Source: CSA (2011) for hotels and restaurants, crafts, and leather sectors, and WB (2011b) for floriculture</i>			

Table 12: Hotels and restaurants, urban employment per region, 2011

Regions	Hotels and restaurants, employment, 2011
Tigray (%)	27,482 (6.7%)
Afar (%)	4,427 (1%)
Amhara (%)	79,505 (19.5%)
Oromia (%)	135,683 (33.2%)
Somali (%)	6,781 (1.6%)
Benishangul-Gumuz (%)	5,439 (1.3%)
SNNP (%)	67,492 (16.5%)
Gambella (%)	3,526 (0.9%)
Harari (%)	1,251 (0.3%)
Addis Ababa (%)	73,300 (18%)
Dire Dawa (%)	3,190 (1%)
<i>Source: CSA 2011</i>	

Table 13: Total (urban and rural) employment in hotels and restaurants, manufacturing, and construction, 2005

	Hotels and restaurants (urban and rural employment)	Manufacturing (urban and rural employment)	Construction (urban and rural employment)
Self-employment	465,743 (60.5%)	705,770 (46.1%)	133,073 (30%)
Unpaid family workers	200,021 (26%)	574,583 (37.5%)	39,469 (9%)
Female (% of total)	672,326 (87.4%)	1,085,337 (71%)	95,692 (21.5%)
Male (% of total)	96,823 (12.6%)	444,039 (29%)	349,926 (78.5%)
Total (%)	769,149 (2.5%)	1,529,376 (4.9%)	445,618 (1.4%)
<i>Source: CSA 2006</i>			

The main findings using CSA employment data, taking into consideration all of the abovementioned cautions, are:

- **Tourism's job-generation capacity by far exceeds that of the other labor-intensive sectors such as leather, floriculture and construction.**
- In line with global trends,⁷⁶ **Ethiopian women are major beneficiaries of tourism's employment-generation capacity.**
- In line also with global trends,⁷⁷ **employment generated in the tourism sector is highly concentrated in SMEs**, with an important number of unpaid family workers.
- Tourism employment is highly concentrated in the regions of Oromia, Amhara, and SNNP, as well as in Addis Ababa.

Contribution to poverty reduction

The tourism sector is an economic engine with the potential to create business and employment opportunities for the poor through generation of many and diverse jobs at all levels. Along the tourism value chain, many businesses are SMEs contributing to the sector's valuable labor intensity. However, finding rigorous evidence of tourism's contribution to poverty reduction is not an easy task. IFC, together with the Overseas Development Institute (ODI) and the Netherlands Development Organization (SNV), have made commendable attempts to find this evidence through "pro-poor value chain" analysis that goes beyond the traditional supply chain analysis of a firm by looking at the entire sector and its relationships.⁷⁸ Comparative studies using this approach show that the impact in terms of poverty reduction varies greatly by country and that there are no fixed recipes for interventions; In some countries spending in the context of business tourism has a higher potential for poverty reduction, while in other countries cultural tourism has a greater impact.⁷⁹

⁷⁶ According to the International Labour Organization (ILO), women make up 70 percent of the labor force in the tourism industry, and half are under 25 years of age (Concern Universal 2009).

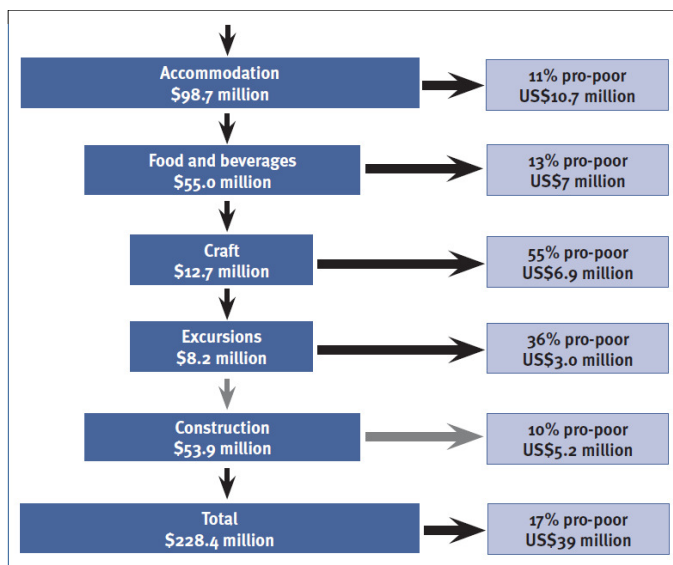
⁷⁷ In most tourism destinations, tourism SMEs account for 80-90 percent of businesses. In a mature and leading tourism markets such as Europe, SMEs make up most of the tourism sector, with 94 percent of European tourism enterprises employing less than 10 persons (UNWTO 2001).

⁷⁸ ODI 2009. The pro-poor value chain analysis tracks the "tourist dollar" and identifies which nodes in the tourism chain create more opportunities for the tourist dollar to be turned into wages and opportunities for poor households.

⁷⁹ ODI 2009.

In 2009, ODI assessed Ethiopia's tourism value chain and its potential for poverty reduction using the "pro-poor value chain" analysis. A graphic representation of the flow of the tourist dollar along the tourism value chain in Ethiopia can be seen in the following figure:

Figure 6: Ethiopia's tourism value chain pro-poor impact



Source: ODI 2009.

The main findings of the study were the following:⁸⁰

1. Ethiopia's **craft sector has the highest pro-poor impact** (see Figure 6: 55 percent of tourist expenditure in crafts benefits poor households in the form of wages and/or profits) relative to accommodation, excursions, construction, and food and beverages.
2. Ethiopia's food and beverage supply to the tourism sector has a relatively high pro-poor impact (See Figure 6 with 13 percent of tourist expenditure on food and beverage benefits poor households in the form of wages and/or profits), with few imports and an agricultural sector dominated by small-holders.
3. Comparing two major tourism products, such as business tourism in Addis Ababa and cultural tourism in the Northern Circuit, it was found that roughly 17 percent of tourist expenditure in business tourism in Addis benefits poor households, with the food supply being the main source of this pro-poor impact (48 percent), and that about 28 percent of tourist spending on cultural tourism is pro-poor, with cultural excursions being the main source of pro-poor impact (29 percent). Though cultural tourism seems to have a higher pro-poor impact, cultural tourists typically spend less than do business tourists. However, cultural tourists tend to stay longer than their counterparts; as such, there is no conclusive evidence as to whether business or cultural tourism is more pro-poor.

⁸⁰ ODI (2009) and Mitchell and Coles (2009).

In addition to the “pro-poor value chain analysis,” we can use Ethiopia's official poverty data⁸¹ to shed some additional light on tourism's potential to contribute to poverty reduction. The main findings are:

- **Tourism development is concentrated in regions where the incidence of poverty is higher.** Though we cannot conclude on causal relations, this can be an indication of tourism's potential to generate growth where it is most needed. Tourism in Ethiopia is concentrated in urban areas and in regions such as Amhara, Oromia, SNNP, and Tigray. Tigray has the highest poverty per capita (48.5 percent), while Amhara has the third-highest (40 percent). Urban poverty is worst in Tigray, Amhara and SNNP (38 percent). Oromia has the greatest number of poor people, while Amhara and Tigray are two of the regions with highest poverty gap.
- **Tourism is employing segments of the population among which the incidence of poverty is also higher.** Again, though we cannot determine causal relations in this context, this can be an indication of tourism's potential to generate growth where is most needed. The concentration of females in Ethiopia is higher in urban areas (50.3 percent) and even higher still in Addis Ababa (52.3 percent), whereas poverty is higher among female-headed households in urban areas. Tourism is not only concentrated in urban areas and in Addis Ababa especially, but it is also employing a majority of women (72 percent of the tourism work force).
- **Tourism offers productive employment opportunities relative to other labor-intensive sectors.** Poverty is found to be lower, relative to farming, in households headed by individuals who work in hotels and restaurants and in other occupations, while the same does not apply for people working in manufacturing and construction for whom the incidence of poverty is similar to those with primary occupations (agriculture, hunting, forestry, and fishing). This could be an additional indication of the positive effects of tourism employment on general wellbeing, though additional research will be needed in order to determine causal relationships.

3. Tourism products and services

Through its (i) cultural tourism, (ii) nature-based tourism, and (iii) conference and business tourism, Ethiopia provides a variety of tourism offerings. These all benefit from Ethiopia's underlying comparative advantages, such as:

- A relatively untapped resource, an “**Africa in one country**” destination, with a interesting mix of unspoiled or underexplored culture and nature-based tourism resources: the abundant cultural heritage in the North, the strong presence of the Arabic world and the historical birthplace of humankind in the East, the Rift Valley landscape in the North and South, the uniqueness of the Danakil desert, the rich Southern tribal cultures, and a relatively safe capital city with a wide array of cultural activities and entertainment.
- The reputation of being a **safer and more secure destination** than its close competitors;
- **Proximity to major traditional European source markets and emerging ones** in the Middle East, India and China, for leisure and business tourism respectively, as well as being well-situated with respect to regional destinations such as Kenya, which presents an opportunity to tap into regional and international tourism demand;
- An **unsaturated tourism market** with a positive growth trend in tourism arrivals and receipts;
- Good accessibility and competitive airfares with Addis Ababa serving as a **major regional hub for air transport**; and
- Promising opportunities to build on **complementarities with well-marketed neighboring wildlife and nature-based destinations**, such as Kenya, Tanzania, and Djibouti.

⁸¹ MoFED 2008.

The defining characteristics of Ethiopia's main tourism offerings are:

- **Cultural tourism (CT):** Ethiopia's cultural heritage tourism resources contribute to the uniqueness of Ethiopia as a tourism destination. Since 2011,⁸² Ethiopia boasts nine World Heritage Sites (including both natural and cultural sites), which is more than any other country in Africa. Sites of particular interest include the town of Aksum, the center of the 1st-7th century AD Aksumite Empire, the medieval capital of Lalibela, with its monolithic rock-hewn churches carved below ground level and regarded by many as one of the wonders of the world, and with Gondar and its 17th century castles and palaces. Ethiopia's cultural heritage resources are more concentrated in the northern areas of the country, in sites such as Lalibela, Aksum, Addis Ababa and its environs, Bahir Dar, Gondar, and Harar. All the main tourism sites are accessible by air and are served by Ethiopian Airlines. Ethiopian ethnic groups are also rich and varied, with approximately 80 different languages; the major ethnic groups are the Oromo (40 percent), Amhara (22 percent), Tigrean (10 percent), Sidamo (10 percent), Shankella (6 percent), Somali (6 percent), Afar (4 percent), Gurage (2 percent), and Falasha.⁸³ Ethiopia is also rich in intangible cultural heritage. Festivals such as Timkat (Ephiphany) in Gondar, Meskel, and Fasika (Easter) in Lalibela attract Ethiopians, pilgrims, and tourists alike. Other intangible aspects of the country's rich heritage relate to traditional crafts, religious music, painting traditions, and vernacular architecture. Most intangible heritage—as well as current expressions of Ethiopian culture in the form of modern music, gastronomy, visual arts and sports—remain unexplored avenues for tourism development.
- **Nature-based tourism (NBT):** Ethiopia's size and location imply a rich variety of geography and climate. NBT offerings and opportunities are dispersed throughout the country. There are mountains for trekking, lakes of the Rift Valley for resort-like accommodations and water-based activities or birdwatching, and deserts to explore in the East. Ethiopia is rich in biodiversity, with 14 percent of its landmass being under a Protected Area System.⁸⁴ Species endemic to Ethiopia are the Ethiopian Wolf, Walia Ibex, Gelada Baboon, and Giant Lobelia, among others. These species are characteristic of the Ethiopian afro-alpine eco-region. Other examples of the exceptional biodiversity of the Ethiopian Protected Area System are the wetlands and floodplains found in Gambella National Park. Ethiopia and Sudan share the second-largest mammal migration zone on the continent. Almost one million White-Eared Kobs migrate between the two countries to take advantage of the vast grassland areas and floodplains.⁸⁵ Ethiopia also has potential for attracting bird-watching tourism, welcoming 866 bird species, of which 16 are endemic.⁸⁶ Most protected areas, however, are increasingly being encroached upon and settled, which accelerates unsustainable resource use, such as overgrazing and deforestation. Site-level planning, management and business planning are performed at only a very basic level. There are

⁸² The Konso's cultural landscape, stone walled terraces and fortified settlements in the Ethiopia's highlands, was included as a World Heritage Site in 2011. The rest of World Heritage Sites include cultural sites: Aksum, Fasil Ghebbi (Gondar), Harar Jugol, the Fortified Historic Town, Lower Valley of the Awash, Lower Valley of the Omo, Rock-Hewn Churches of Lalibela, Tiya, and Simien National Park as a natural World Heritage Site. Other sites that have been included in the tentative list include: Bale Mountains National Park, Dirre Sheik Hussein Religious, Cultural and Historical Site, and Holqa Sof Omar: Natural and Cultural Heritage

⁸³ African Business 2012.

⁸⁴ EWCA 2011. These protected areas include National Parks, Wildlife Sanctuaries and Reserves, Forest Protected Areas, and Controlled Hunting Areas managed by the Ethiopian Wildlife Authority (EWCA), a semi-autonomous body within MoCT, as well as regional authorities. Protected Areas managed and regulated by EWCA include Abijatta-Shalla Lakes, Alatish, Awash, Babile Elephant Sanctuary, Bale Mountains, Gambella, Geraille, Kafta-Sheraro, Nechisar, Omo, Senkelle Hartebeest Sanctuary, Simien Mountains, and Yangudi-Rassa (EWCA 2009).

⁸⁵ EWCA 2011.

⁸⁶ The endemic bird species in Ethiopia are: Harwood's Francolin, the Spot-Breasted Plover, the Yellow-Fronted Parrot, Prince Ruspoli's Turaco, the Nechisar Nightjar, the Abyssinian Woodpecker, the Abyssinian Longclaw, the Abyssinian Catbird, the Black-Headed Siskin, the Degodi Lark, the Sidamo Long-Clawed Lark, the White-tailed Swallow, the Yellow-Throated Serin, the Ankober Serin, Salvadori's Seedeater, and the Abyssinian Bush Crow. Solimar International conducted a survey in 2011 among 16 international and specialized birdwatching tour operators and 78 percent of them were of the view that Ethiopia was not exploiting its potential for birdwatching tourism, and 83 percent of those that did not operate in Ethiopia showed interest in offering birdwatching tours in Ethiopia. Though the sample was very small, the opinions of specialized tour operators confirmed Ethiopia's potential for birdwatching.

important areas that still require the establishment of explicit legal provisions and/or policies regarding the modalities of public-private partnerships in protected areas, business concessions, co-management governance systems, national categorization of protected areas, financing mechanisms, resettlement issues, etc.⁸⁷ In addition to the national tourism strategy, the sector is also in great need of a national strategy for conservation areas, which could create an additional basis for eco-tourism and community-based tourism development in protected areas.

- **Conference and business tourism:** Ethiopia's position as a regional air transport hub and as a center for regional development and diplomatic institutions such as the United Nations Economic Commission for Africa (UNECA) and the African Union (AU) offers opportunities to capitalize on Addis Ababa as a site for meetings, incentives, conventions and exhibitions, or MICE-related travel. In the same way, Addis offers opportunities to develop high-quality ancillary services, such as spas and entertaining facilities, creative industry products, crafts, and one- to two-day excursions to nearby satellite sites. Currently, Addis is ranked sixth among Africa's cities when it comes to attracting MICE tourism (see Table 14). Future mega-conference events, such as the World Economic Forum Africa planned for 2012, and the AU anniversary planned for 2013, offer important opportunities to further develop and adequately plan this tourism segment.

Table 14: African cities' rankings for MICE tourism, 2011

African Cities' Rankings	Africa Ranking	World Ranking	No. of Meetings
Capetown	1	46	41
Nairobi	2	74	24
Cairo	3	86	21
Marrakech	4	129	14
Johannesburg	5	196	9
Addis Ababa	6	215	8
Accra	7	249	7
Gaborone	8	249	7
<i>Source: ICCA 2011</i>			

Besides these, other promising niche products include core cultural-heritage tourism, community-based tourism, sports tourism (marathon), paleontological tourism, birdwatching tourism, agro-tourism, and religious tourism, among others, most of them still unexplored.

One of the clear comparative advantages of Ethiopia as a tourism destination is its interesting mix of cultural and nature-based tourism resources. The Travel and Tourism Competitiveness Index, compiled by the World Economic Forum (see Table 15), can be used to compare Ethiopia's set of nature- and culture-based resources with those of other emerging tourism destinations and competitors. Such a review shows Ethiopia to have an appealing mix of tourism resources, as it is relatively well-positioned for both cultural and nature-based offerings, as compared to other emerging destinations with imbalanced sets of culture and nature-based resources, such as Morocco, Nepal and Croatia (see Diagram1). This highlights the potential for Ethiopia to build its tourism sector to offer a diversified set of products and to capitalize on the complementarities between cultural and nature-based resources, a critical factor for differentiating itself from competitors.

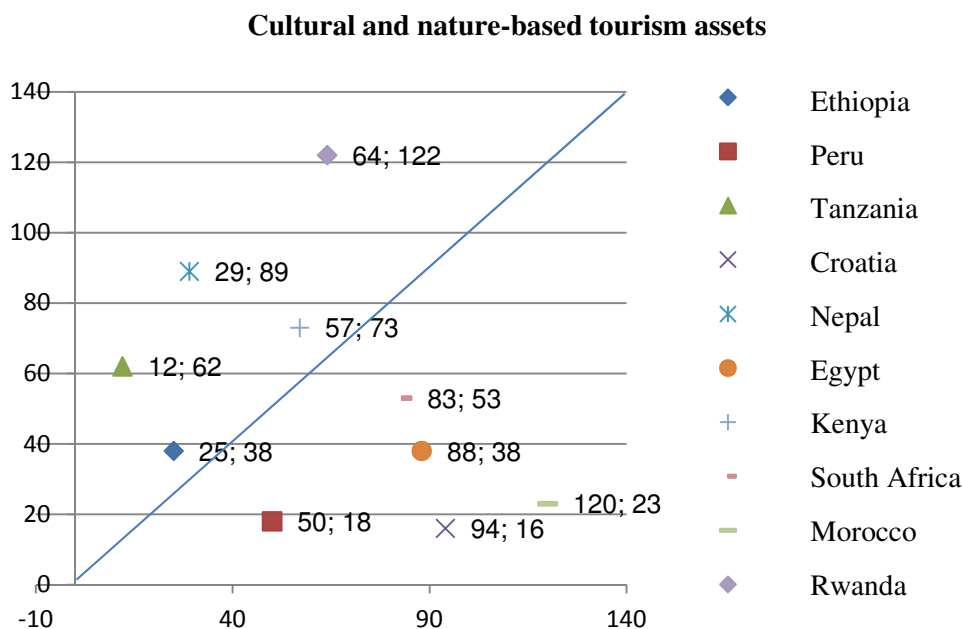
⁸⁷ EWCA 2009.

Table 15: Natural and cultural tourism resources, 2011

WEF TTCI ranking ⁸⁸ (out of 139)		
Countries	Protected areas ranking ⁸⁹	World Heritage cultural sites ranking ⁹⁰
Ethiopia	25	38
Peru	50	18
Tanzania	12	62
Croatia	94	16
Nepal	29	89
Egypt	88	38
Kenya	57	73
South Africa	83	53
Morocco	120	23
Rwanda	64	122

Source: WEF 2011

Diagram 1: Balanced set of cultural and nature-based resources



Source: The authors.

⁸⁸ The World Economic Forum (WEF) Travel & Tourism Competitiveness Index (TTCI) reports on the tourism performance of 139 economies; the lower the rank, the higher the level of competitiveness.

⁸⁹ This indicator refers to protected areas as a percentage of total land area. WEF TTCI uses IUCN’s definition of *protected area*. A *protected area* is an area of land and/or sea especially dedicated to the protection and maintenance of biological diversity, and of natural and associated cultural resources, and managed through legal or other effective means.

⁹⁰ This indicator refers to the number of World Heritage cultural sites and oral and intangible heritage as per 2010

Despite this appealing mix of tourism products, there seem to be weak linkages and complementarities between them. Comparing visitor flows among complementary tourism products can serve as an initial indication. Table 16 shows a comparison between major business, leisure nature-based, and leisure culture-based tourism products that belong to the same circuit (Simien and Lalibela), or between products that could potentially build on their complementarities (MICE-Lalibela).

Table 16: Comparison of tourist arrivals for some of Ethiopia's main tourism products

Tourism products	Total tourists (year)
MICE ⁹¹ Addis	64, 930 (2008)
Lalibela	25,225 (2010)
Semien Mountains	14,016 (2009)
<i>Source: MoCT 2010, EWCA tourism data 2010, and information provided by ESTDP/SMU</i>	

Hotels, restaurants and tour operators

Hotels and restaurants

The hotel and restaurant subsector represents 7.6 percent of the total service sector and has experienced the second-fastest growth trend in the last five years, trailing only the financial intermediation subsector.⁹² It has a low level of FDI and most of the businesses are owned and managed by the domestic private sector, with domestic capital accounting for 69 percent of the registered investment⁹³, and with 54 percent of hotel and restaurant investments concentrated in Addis Ababa.⁹⁴

In terms of lodging capacity, Ethiopia offers 17,217 beds, the majority being unclassified (56 percent) and in the middle-low end, and only 15 percent in the four to five star category. High end and star-rated accommodation facilities are highly concentrated in Addis Ababa, with 72 percent of all star-rated hotels located in the capital.

Table 17: Tourist accommodation by classification, 2008

Classification	Number of businesses	%	Number of beds	%
Five Star	3	1%	1,264	7%
Four Star	16	4%	1,331	8%
Three Star	30	7%	1,872	11%
Two Star	42	10%	2,101	12%
One Star	21	5%	967	6%
Not classified	325	73%	9,682	56%
Total	437	100%	17,217	100%
<i>Source: MoCT 2010</i>				

⁹¹ MICE data includes business and conference tourists. Though this figure indicates the total amount for Ethiopia, it is assumed that the destination of the majority of business and conference tourists arriving by air transport is, in fact, Addis Ababa.

⁹² Access Capital 2010.

⁹³ EIA 2011.

⁹⁴ MOCT 2010.

It is worth mentioning the limited lodging capacity in protected areas; Omo National Park can provide only a total of 177 beds with camping facilities, while only three of the country's national parks (Awash, Semien, and Bale) have lodging capacity.

Though Ethiopia is considered one of the Sub-Saharan African countries with an attractive system of incentives for the hospitality industry,⁹⁵ it has much lower bed capacity and international standard accommodation facilities than other more developed destinations (see Table 18). However, it is also worth mentioning that the country's comparators are considered some of the most mature hospitality markets in SSA, with Kenya boasting some of the largest hotels, at an average of 180 rooms per hotel.⁹⁶

Table 18: Comparison of accommodation facilities and bed capacity

Tourism Supply	Ethiopia	Tanzania	Kenya
# of international hotels (year)	3 (2010)	22 (2009)	17 (2007)
# rooms (year)	13,683 (2010)	31,365 (2005)	24,354 (2007)
# beds (year)	17,217 (2010)	56,562 (2005)	48,708 (2007)
# international hotel rooms (year)	855 (2010)	1,588 (2009)	2,284 (2007)
<i>Source: World Bank 2009a</i>			

While there are a number of hotels in the pipeline and/or under construction, there seems to be an important gap between the supply and future demand of accommodation facilities particularly for mega-events, such as the African Union commemoration planned for 2013 that calls for careful tourism planning and destination management. Mega-conference events tend to create a hotel construction boom that, if it is not carefully sustained with future tourism planning and further development and linkages along the value chain, can lead to a temporary over-development of hotel rooms unable to sustain adequate occupancy rates in the future.⁹⁷

Tour operators

Ethiopia has a limited ground tour operation capacity, but strong prospects for future expansion.⁹⁸ According to MoCT 2009 data, there are roughly 292 licensed tour operators and travel agents in Ethiopia, the majority of them concentrated in Addis Ababa. The growth of tour operators in recent years has been huge, considering that in 1990 there was only one government-run tour operator.

Ethiopia's tour operations have a weak presence and penetration in the international market. According to 2008 data from the Center for the Promotion of Imports (CBI), of the 321 Belgian and Dutch tour operators specialized in Africa, only 15 percent offered a tour package to Ethiopia, as compared to 31.5 percent and 29 percent for Kenya and Tanzania respectively.

⁹⁵ Ernst & Young 2010.

⁹⁶ Ernst & Young 2010.

⁹⁷ Ernst and Young (2010) mentioned the effect of the World Cup on some South African regions as an example from which to learn.

⁹⁸ Twining-Ward 2010a.

Transport

Road and air transport services are very important for overall tourism competitiveness, as they can represent up to 60 percent of the total amount spent by tourists. The northern area of the country is well-served by air transport connections. The southern area is at present more dependent on air transport because of accessibility problems, especially during the rainy season.

Road network

With a total road network of 48,800 km in 2010,⁹⁹ Ethiopia has one of the lowest road densities in Africa.¹⁰⁰ The current Growth and Transformation Plan 2010-2015 acknowledges the importance of road network expansion for tourism development and the need for road infrastructure planning to be integrated with tourism strategies.

Air transport and infrastructure

Ethiopian Airlines is Ethiopia's flag carrier,¹⁰¹ owned and managed by the Government. Like most airlines in Africa, it has followed a "hub model" and the air transport supply in Ethiopia has been developed along a "grid network," providing connections to surrounding cities from its hub, supplemented by some intra-hub connectivity.¹⁰² With this hub model, transit tourists become increasingly important as a demand segment, particularly as Ethiopian Airlines keeps expanding its routes and connection capacity.

Ethiopian Airlines has one of the youngest fleets on the continent, with 46 aircrafts currently and 32 on order, reflecting its future expansion plans. It is currently serving 63 international and 17 domestic destinations (Africa, 40; Europe and America, 8; Middle East and Asia, 15; and domestic, 17).

Data on Ethiopian Airlines' revenue by business segment reveals that passengers represent the largest revenue source at 74.46 percent, compared to an increasing cargo business representing 17.14 percent.¹⁰³ When it comes to revenue by geographical origin, African countries (other than Ethiopia) represent 33 percent, while the Gulf/Middle East and Asia represent 34 percent; Europe and America 27 percent; and Ethiopia a minimal 6 percent.¹⁰⁴ This shows the increasing importance that the Middle East and Asia are having on the airline's revenue. It also underscores its route expansion, as compared to the more traditional routes to Europe and America,¹⁰⁵ while intra-African travel continues to be one of the main travel segments. These figures also seem to reflect an important focus on business tourism segments as opposed to traditional leisure ones.

Ethiopian Airlines has been referred to as the new top-performing export by economic analysts, even more important than traditional agricultural exports such as flowers and coffee. This is also a reflection of the increasing importance of the service sector in Ethiopia.¹⁰⁶

In terms of air transport infrastructure, Ethiopia has very good coverage of the whole country, with four international airports and 14 domestic airports. However, according to Ethiopian Airlines, the Addis

⁹⁹ MOFED 2010. This figure excludes Woreda/district level roads.

¹⁰⁰ IDA 2010.

¹⁰¹ Air transport businesses are only open to Ethiopian investors and have a limited capacity of up to 20 passengers.

¹⁰² SH&E 2010.

¹⁰³ Ethiopian Airlines 2010.

¹⁰⁴ Ibid.

¹⁰⁵ According to Access Capital 2008-2009 data, flight connections to the MIC (Middle East, India and China) are increasing in importance as compared to more stagnant markets, such as the traditional routes to the West (59 weekly and 28 percent of total weekly flights versus 29 and 13 percent respectively) (Access Capital 2010).

¹⁰⁶ Access Capital 2010.

Ababa Bole International Airport is already showing signs of saturation and appears to be experiencing difficulties in keeping up with Ethiopian Airlines' growing business volume.

4. Institutional framework and stakeholders

Ministry of Culture and Tourism

The Ministry of Culture and Tourism (MoCT) was established in 2005 and is the leading public entity in charge of supporting the development of tourism in Ethiopia. Its responsibilities include policy planning, collection and dissemination of culture and tourism data, supervision of tourism public enterprises, promotion and marketing, and standardization.

As a result of the Business Process Reengineering (BPR) program, the Ministry has a new institutional structure (see Annex 4). It has refocused its efforts, aiming to improve service delivery and process management, and has recently hired 70 new staff members. The current structure of MoCT includes two state ministers (culture and tourism), five core directorates, nine support directorates, and six independent but accountable institutions, among which are the Ethiopian Wildlife Development and Protection Authority (EWCA) and the Authority for Research & Conservation of Cultural Heritage (ARCCCH).¹⁰⁷

The public budget in 2010-2011 for MoCT and its satellite agencies was approximately US\$4.7 million, including US\$368,000 in revenues, mainly from the National Theatre, the Ethiopian Convention Center, and the Catering and Tourism Training Institute.¹⁰⁸

Important regulatory instruments are in the pipeline and are waiting to be adopted, such as a draft proclamation for the establishment of a Tourism Board and a draft proclamation for the management of cultural heritage resources.

In terms of tourism data, the Ministry of Culture and Tourism coordinates with the Immigration Office, the National Bank of Ethiopia and the Central Statistics Agency to prepare the Tourism Statistics Bulletin, which is the official reference document for tourism data in Ethiopia. The Bulletin provides a three-year compilation of data. The last edition (9th) published in 2010 presented data from 2006 through 2008. Such a lag in tourism data dissemination highlights the urgent need for more timely data profiling of the sector.

At the level of regional government and at the district level, there are Regional, Zone and Woreda (District) Culture and Tourism Bureaus and offices, with different arrangements in each of the regions. Most notably, in the Tigray region, the tourism sector is managed by a Tourism Agency and does not have Cabinet representation, as do other Regional Tourism Bureaus, thus depending exclusively on direct interaction with the president of the region for designation of resources related to the sector. At the local level, tourism in Tigray is managed by "clusters" (tourism and culture separated) that do not follow Woreda's (district) administrative boundaries but are determined by the location of heritage resources. This recently implemented administrative hierarchy continues to evolve with mixed indications of efficiency and effectiveness.

There are three main national policies that define the legal framework for the development of the sector: the Cultural Policy (1995), the Wildlife Development Conservation and Utilization Policy and Strategy (2004), and the Tourism Development Policy, adopted by the Council of Ministers in August 2009. Only the Wildlife Policy addresses cross-cutting issues and mentions tourism (i.e., promotion of ecotourism) in its strategies.

¹⁰⁷ See Annex 4 for MOCT's organization chart.

¹⁰⁸ Based on MOCT 2011 and MOFED 2011 Budget Federal Government of Ethiopia.

Private Sector Organizations

Some of the main associations representing the interests of the private sector in tourism are:

- Hotel Professionals Association of Ethiopia (HPAE)
- The Ecotourism Association of Ethiopia (EAE)
- The Ethiopian Tour Operators Association (ETOA)
- The Ethiopian Hotel Association (EHA)
- The Ethiopian Tourism Professionals Association (ETPA)
- Society of Tour Operators in Addis Ababa (STOA)

The Hotel Association and the Tour Operators Association are considered the strongest tourism trade organizations. Yet both, as well as the others, face ongoing challenges of funding and membership. Most of the SMEs and unregulated businesses, such as guesthouses, entertainment and craft-related businesses, are not organized. Despite previous attempts at establishing a framework for cohesive collective action,¹⁰⁹ the sector is still lacking an umbrella association that can speak with one voice. This fragmented and weak nature of the private sector associations represents an important challenge for fostering an effective and legitimate public-private dialogue.

Training institutions and academic offerings

Ethiopia's main government-operated vocational tourism training institution is the Catering and Tourism Training Center (CTTC) located in Addis Ababa. CTTC includes the Genet Hotel, which serves as a center for hands-on training in hotel and catering services. The Institute has trained a total of 559 students from 2006 to 2010.¹¹⁰

In addition to Addis Ababa University, various universities in the regions of the country have opened Heritage and/or Tourism Management Departments (including Axum, Gondar, Awasa, and Madawalabu).¹¹¹ In some of the main sites of the Northern Circuit there are also vocational institutions. For example, in Lalibela there is a Vocational Training Institute with about 290 tourism students registered annually. In Axum, the Axum University, Axum Business and Service College and the Vocational Education Training Institute together account for about 227 students registered annually.

Ethiopian Investment Agency (EIA)

Established in 1992, EIA is the public organization in charge of promoting private investment—primarily foreign direct investment—including for the tourism sector. The agency's overall activities are monitored and evaluated by an Investment Board, which is chaired by the Minister of Industry. Its activities include the promotion of investment opportunities, the issuing of investment permits and business licenses, advising the Government on policy measures for a conducive investment climate, and providing pre- and post-approval services to investors.

Financial sector

Ethiopia's financial sector is relatively small, tends to favor trade finance, and has a low level of SME lending.¹¹² The Government dominates lending, controls interest rates, and owns the largest bank, the Commercial Bank of Ethiopia, which accounts for two-thirds of outstanding credit. Ethiopia's central

¹⁰⁹ The Tourism Public-Private Participation Forum was a joint initiative undertaken in 2004 by the main tourism private sector associations with the aim of presenting the sector's challenges, opportunities, and needed policy interventions; it advocated for an upgrade of the sector from the existing Tourism Commission to a ministerial level.

¹¹⁰ MOCT 2011.

¹¹¹ European Commission 2010.

¹¹² GDS 2011.

bank, the National Bank of Ethiopia, has a monopoly on all foreign exchange transactions and supervises all foreign exchange payments and remittances.¹¹³

FDI in the banking sector is not allowed and is only open for Ethiopian investors. As of 2011, there were three government-owned banks, fourteen private banks, and fourteen insurance companies.

The Ethiopian microfinance sector is relatively young (started in 1997) and consists of 31 regulated microfinance institutions (MFIs) that reach over 2.5 million clients (June 2011). The MFIs have a rural orientation and largely work with the group-lending methodology. The industry is very concentrated, with more than 80 percent of the clients (and more than 90 percent of outstanding loans) being served by the five largest MFIs. Moreover, as these large MFIs are bound to their own “territory”—being one of the regions—competition in the industry is very limited. These five largest MFIs are likely to be influenced in different ways by their respective regional governments, which practically own the MFI and provide below-market-rate funds. MFIs are supervised by the National Bank of Ethiopia and operate within a clear regulatory framework.¹¹⁴

Development partners

A recent donor-mapping analysis conducted by UNESCO¹¹⁵ documents the fragmented and multiple donor support in the areas of tourism and culture in Ethiopia. There are about 40 active support initiatives with funding ranging from about US\$4,000 to US\$35 million, and about 60 percent of the projects are small-scale with funds ranging from US\$4,000 to US\$100,000. In terms of existing or under-preparation projects, the main donors are the World Bank (US\$35 million), the European Union (US\$ 21 million), the Spanish Agency for International Development Cooperation (US\$7 million, including a UNDP-UNESCO joint Millennium Development Goals-Fund project), and USAID (US\$6 million). Other important donors, particularly in areas of cultural and natural heritage conservation, include the French and German embassies and their cultural institutes, as well as the Norwegian Embassy.

¹¹³ <http://www.mfw4a.org/>

¹¹⁴ See NBE proclamation no. 40/1996 and no. 626/2009, together with NBE directive no. 18/2006.

¹¹⁵ UNESCO 2011a.

5. Benchmarking tourism development and competitiveness in Ethiopia

Tourism development

Although comparability of tourism data among African countries is challenging because of persistent differences in data collection methods and varying levels of accuracy, comparison can provide a useful perspective and reference point. In particular, comparing Ethiopia with Tanzania, Kenya, South Africa and Egypt¹¹⁶ provides a useful context for Ethiopia's tourism potential and limitations. Such comparison helps to identify areas for improvement as well as to highlight comparative advantages that could be turned into competitive ones. Comparison also provides indications of possible synergies with neighboring countries. It must, however, be taken into account that we are comparing an emerging African destination (Ethiopia) with mature destinations such as Egypt and high-performing destinations such as South Africa. Thus, Egypt and South Africa work more as a source of contrast than as real comparators, while Tanzania as a high-performing destination and Kenya as a destination in the process of repositioning itself are used more as real comparators. The rationale behind choosing these particular countries for benchmarking is the following:

- They have the same top international source markets and thus represent potential competitors for Ethiopia.
- They have similar types of tourism products, such as conference and business tourism in Kenya and South Africa, and cultural heritage tourism in Egypt.
- Tanzania can tap into the international visitors to Kenya; Ethiopia may have a similar potential.
- Kenya, a potential partner in the development of multi-country, complementary packages (such as safari-cultural heritage), is an important reference for Ethiopia in terms of capacity and product-offering diversification.

¹¹⁶ In addition to the examples provided by these countries, other countries are noted throughout this study either because they share similar constraints or because their tourism development practices can be a source of inspiration for Ethiopia.

Table 19: Tourism benchmarking: Ethiopia, Tanzania, Kenya, South Africa, and Egypt

	Ethiopia	Tanzania	Kenya	South Africa	Egypt
General data					
Population (million) 2010	83	41.9	38.8	49.3	84.5
Population growth (%)	2.5%	2.8%	2.6%	1.1%	1.7%
Human Development Index (HDI) value	0.328 (low)	0.398 (low)	0.47 (low)	0.597 (medium)	0.62 (medium)
Economy					
GNI (US\$ billions), 2008	22.4	18.4 ¹¹⁷	28.4	283.2	146.8
GNI per capita (US\$), 2008	280	440 ¹¹⁸	730	5,820	1,800
GDP annual growth %, 2007-08	11.3%	7.5% ¹¹⁹	1.7%	3.1%	7.2%
Contribution to GDP					
Agriculture	43.1%	26.4%	22.6%	3.0%	13.7%
Industry	13%	22.6%	15.3%	31.1%	37.3%
Services	43.9%	50.9%	62.1%	65.8%	49.0%
Tourism					
World Heritage Sites	9	7	4	8	7
Tourism arrivals, 2008 (000)	330	750	1,141	9,592	12,296
Average growth tourist arrivals (2000-2008)	12%	6%	5%	6%	12%
Tourism receipts (US\$ million)	1,184	1,293	1,398	9,178	12,104
Average tourists receipts growth (2000-2008)	25%	18%	15%	16%	14%
Average length of stay	4.5	12	12.1	7.5	n.a
Tourism segments (% of total arrivals) (2008)¹²⁰					
Leisure	30%	84%	71%	95%	n.a
Business	20%	5%	18%	3%	n.a
Others	50%	11%	11%	2%	n.a
Middle class composition (2010)¹²¹					
Upper-middle class	3%	1.3%	1.6%	5.7%	11.0%
Lower-middle class	5.3%	1.5%	15.2%	14.0%	20.6%
Floating middle class	13.2%	9.2%	28.1%	23.4%	48.2%
Top international markets	USA, UK, China, Germany, Italy, India	UK, USA, Italy, Germany, France	UK, USA, Italy, Germany, France	UK, USA, Germany, Netherlands, France	Russia, Germany, UK, Italy, France
<i>Sources:</i> World Bank At A Glance Factsheets, UNDP Human Development Report 2010, UNESCO, World Development Indicators (2010), AfDB (2011).					

¹¹⁷ Covers Tanzania mainland only.¹¹⁸ Covers Tanzania mainland only.¹¹⁹ Covers Tanzania mainland only.¹²⁰ UNWTO (2010a) mentioned in Twining-Ward (2010a).¹²¹ The middle class can be divided in the following sub-classes according to per capita consumption levels per day: Floating Class=\$2-\$4; Lower-Middle=\$4-\$10 and Upper-Middle=\$10-\$20 (AfDB 2011). The size of the upper-middle sub-class can serve as an indication of potential for domestic tourism development, as this group is the most likely to save and consume non essential goods and services such as entertainment and tourism.

Comparison of Ethiopia's socioeconomic and tourism indicators with the benchmarking group shows Ethiopia's strengths:

- **Fastest economic growth** with an important growth of the service sector,¹²² offering a good basis for the development of business tourism. This is also reflected by the lower average stay of tourists in Ethiopia and the important role of China and India as emerging source markets.
- **Strong tourism endowments.** Ethiopia has the highest number of World Heritage Sites, mainly cultural but also natural, reflecting the existence of a good foundation of tourism assets on which to build its tourism sector.
- **Fastest tourism growth,** though starting from the lowest base and having the smallest leisure tourism segment of the benchmarking group. This reflects the unsaturated nature of the tourism sector in Ethiopia and the potential for growth.
- **Potential for a diversified tourism development.** Between business and leisure segments, and also between international and domestic tourism, with a considerable number of upper-middle class in relative and absolute terms.

Tourism competitiveness

Competitiveness in the tourism sector is much more complex than in industrial sectors. In tourism, the production and consumption processes occur simultaneously and there is no “factory,” as such, where the production process can be controlled and the final product tested before consumption. This is why tourism development requires an integrated and holistic approach along the value chain in order to strategically capture the productivity and linkages of the sector.

Competitive tourism destinations¹²³ combine a fairly-priced and valued tourism product and services that satisfy (or at times, even exceed) tourists' expectations. The tourist experience consists of a series of individual experience points provided by multiple entities from transport services to tours to lodging,¹²⁴ all along the tourism value chain.¹²⁵ Failure to provide an attractive experience at any point may undermine the overall experience and affect the destination's competitiveness.¹²⁶

A country's competitiveness in the provision of tourism services is, consequently, complex and depends on a diverse set of actors and inter-dependencies among them,¹²⁷ such as the tourists/market, the private sector, the public sector, the destination's custodians (communities, church, etc.) and local population overall.¹²⁸

¹²² The service sector includes real estate, hotels, transportation, communication, banking, health and education, etc. See Section I.3 for more detailed information.

¹²³ UNWTO defines tourism destinations as “a physical space in which a tourist spends at least one overnight. It includes tourism products such as support services and attractions and tourist resources within one day's return travel time. It has physical and administrative boundaries defining its management, and images and perceptions defining its market competitiveness. Local destinations incorporate various stakeholders often including a host community, and can nest and network to form larger destinations. Destinations could be on any scale, from a whole country (e.g. Australia), a region (such as the Spanish ‘Costas’) or island (e.g. Bali), to a village, town or city, or a self-contained center (e.g. Center Park or Disneyland)” (UNWTO 2011a).

¹²⁴ Braithwaite (1992), mentioned in IFC (2006).

¹²⁵ A tourism product value chain can be defined as “anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need. It includes physical objects, services, places, organizations and ideas” (UNWTO 2011a).

¹²⁶ Taylor (1996), mentioned in IFC (2006).

¹²⁷ IFC 2006.

¹²⁸ The destination's custodians can be at the local level—local communities, religious institutions, indigenous communities, etc.—and at the national level—the nationals at large, as they are the custodians of the overall national identity of the country.

Consequently, the institutional structure required for the implementation of tourism policies is often referred to as “whole government,”¹²⁹ with multiple levels of coordination and integration between the national and destination levels; between tourism and cross-cutting related ministries (education, environment, transport, telecommunication, and industry, among others); and between public-private entities among the different types of stakeholders (e.g., private, public, and destination custodians). Developing and managing partnerships between these very diverse actors is a critical element for achieving tourism competitiveness.

Ethiopia's tourism sector competitiveness: challenges and opportunities

Two tools are useful in benchmarking Ethiopia's tourism competitiveness globally: (i) the World Economic Forum's *Tourism and Travel Competitiveness Index* (TTCI) and (ii) the IFC's *Doing Business Report* (DB).

The World Economic Forum's *Tourism and Travel Competitiveness Index* provides a tool for comparing the level of competitiveness in the tourism sector across countries. The TTCI profiles the complexity of the sector's competitiveness by measuring the factors and policies that characterize a tourism sector. The main categories included in the Index gauge the regulatory framework, business environment and infrastructure, as well as human, cultural, and natural resources.

The TTCI covers 139 countries. Competitive advantages are defined in relation to the overall rank. Areas or subareas in which the rank is higher get a lower number, and if this number is lower than the overall rank then it constitutes a competitive advantage for the country in the respective area or subarea.

The *Doing Business Report* is an annual IFC publication measuring regulations that enhance business activity and those that constrain it. The regulations considered affect different stages of a business's life cycle, such as starting a business, dealing with construction permits, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. The data set covers 183 economies; the lower the rank, the better the business climate.

A comparison of the TTCI and DB rankings between Ethiopia and key competitors highlights Ethiopia's main competitive advantages and suggests competitive challenges in the tourism sector.

Table 20: Overall competitiveness benchmarking, 2011

	Ethiopia	Tanzania	Kenya	South Africa	Egypt
Business Competitiveness ranking					
Overall Doing Business rank (out of 183)	104	128	98	34	94
Tourism Competitiveness ranking					
Overall WEF rank (out of 139)	122	110	103	66	75
<i>Sources:</i> IFC 2011 Doing Businesses Reports and World Economic Forum Travel and Tourism Competitiveness Report 2011 <i>Note:</i> Lower rankings (higher number) indicate lower competitiveness					

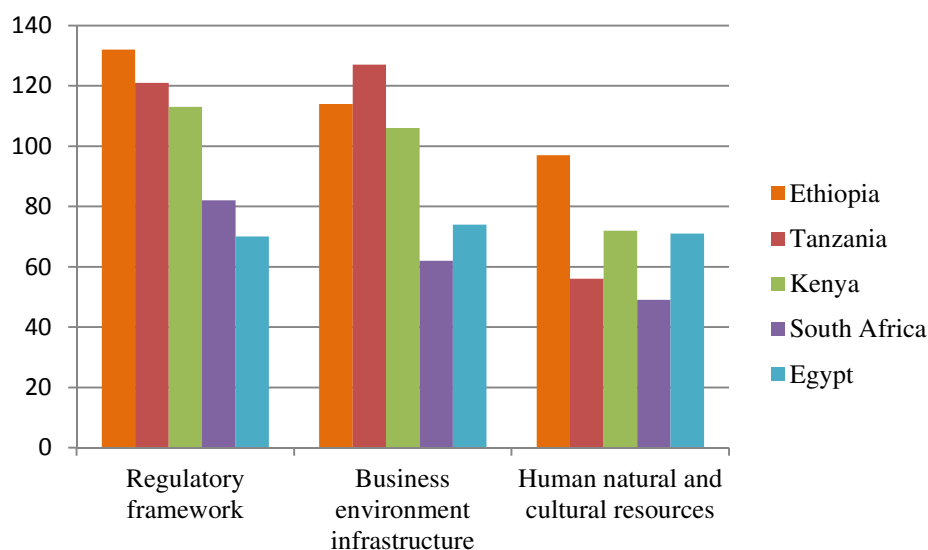
Overall, Ethiopia has the lowest rank in terms of tourism competitiveness, although it fares relatively better in the overall business competitiveness ranking, mainly due to a good ranking for the starting and closing of businesses and taxation. Two countries in this group, Egypt and Tanzania, have better sector-

¹²⁹ OECD 2010.

specific competitiveness in the tourism sector than overall, highlighting a good tourism-specific conducive environment.

The subareas of each of the rankings further highlight Ethiopia's specific competitive advantages and challenges.

Figure 7: WEF Travel and Tourism Competitive ranking, 2011



Sources: World Economic Forum Travel and Tourism Competitiveness Report 2011.

Note: Lower rankings (higher number) indicate lower competitiveness.

Table 21: Competitive advantages benchmarking, 2011

	Ethiopia	Tanzania	Kenya	South Africa	Egypt
WEF Travel and Tourism Competitiveness ranking (out of 139)					
Business environment infrastructure	114	127	106	62	74
Quality of air transport infrastructure ¹³⁰	48	118	57	18	39
Ticket taxes and airport charges	29	76	116	57	42
Hotel price index (first class hotels)	46	86	75	63	4
Human, natural and cultural resources	97	56	72	49	71
Attitude of population toward foreign visitors ¹³¹	50	128	31	59	36
Protected areas (as % of total land)	25	12	57	83	88
# World Heritage Natural sites	43	10	24	10	43
# World Heritage Cultural Sites	38	62	73	53	38
# International fairs and exhibitions	82	69	66	35	51
Sources: World Economic Forum Travel and Tourism Competitiveness Report 2011					
Note: Lower rankings (higher number) indicate lower competitiveness					

¹³⁰ Based on qualitative data from the World Economic Forum's annual Executive Opinion Survey.

¹³¹ Based on qualitative data from the World Economic Forum's annual Executive Opinion Survey.

Based on these rankings, the main comparative advantages of Ethiopia's tourism sector, in comparison to selected countries, can be summarized as follows:

- Quality **air transport infrastructure** with Addis as an important regional hub for air transport
- **Price competitiveness** in air transport and first-class hotels
- **Well-positioned for competitive development of the MICE** segment
- Good mix of both **cultural and nature-based tourism resources**
- Ethiopians' **amicable attitude** towards foreign visitors

In contrast with those comparative advantages, benchmarking further points to critical challenges for Ethiopia:

Table 22: Competitive challenges benchmarking, 2011

	Ethiopia	Tanzania	Kenya	South Africa	Egypt
Business Competitiveness ranking					
Overall Doing Business rank (out of 183)	104	128	98	34	94
Getting credit	128	89	6	2	72
Trading across borders	157	109	144	149	21
Enforcing contracts	57	32	125	85	143
Tourism Competitiveness ranking					
Overall WEF rank (out of 139)	122	110	103	66	75
Regulatory framework	132	121	113	82	70
Travel and tourism government expenditure (% total budget)	98	30	20	134	21
Government prioritization of travel and tourism ¹³²	93	95	41	24	46
Visa requirements	136	92	95	38	77
Effectiveness of marketing and branding ¹³³	89	74	19	26	42
Business environment infrastructure	114	127	106	62	74
Extent of business internet use (per population)	134	122	73	52	77
Mobile subscribers (per population)	139	123	115	73	101
Road density	132	117	107	69	114
# Hotel rooms (per capita)	133	115	119	98	78
ATMs accepting VISA (per population)	136	126	104	45	101
Human natural and cultural resources	97	56	72	49	71
Creative industries ¹³⁴ exports	113	79	82	53	45
Availability of research and training services ¹³⁵	122	107	56	49	64
<i>Sources:</i> IFC 2011 Doing Businesses Reports and World Economic Forum Travel and Tourism Competitiveness Report 2011					
<i>Note:</i> Lower rankings (higher number) indicate lower competitiveness					

¹³² Based on qualitative data from the World Economic Forum's annual Executive Opinion Survey.

¹³³ Based on qualitative data from the World Economic Forum's annual Executive Opinion Survey.

¹³⁴ Includes exports of art crafts such as carpets, celebration articles, paperware, wickerware, yarn, other; films; architecture, fashion, glassware, jewelry; music; books, newspapers and other; antiques, paintings, photography, sculpture, and other.

¹³⁵ Based on qualitative data from the World Economic Forum's annual Executive Opinion Survey.

Analysis of these rankings shows main competitiveness challenges facing Ethiopia's tourism sector as:

- **Low level of government prioritization** of tourism as compared to other emerging tourism destinations and key competitors.
- Low level of **effectiveness in branding and marketing** as compared to other emerging destinations and close competitors.
- Regulatory constraints negatively affect the competitiveness of the tourism sector and create entry barriers such as regulations related to **visa requirements**.
- Lack of business **access to financial resources** for a relatively new economic sector, particularly for tourism SME's.
- **Burdensome cross-border trade logistics** that pose obstacles for the development of multi-country packages.
- **Weak tourism-related infrastructure** such as low number of **ICT users**, **road density**, total number of **hotel rooms**, and **ATM facilities**¹³⁶.
- **Inadequate tourism training and management institutes** to meet private sector demand.
- **Weak ancillary (crafts and cultural) services** development and market access, limiting the increase of tourists' expenditure and the potential to reduce tourism leakages¹³⁷ in the destination.

While these rankings consider a variety of indicators relevant to the tourism sector, in-country perceptions and trends are also informative. For example, although Ethiopia performs relatively well in the area of **enforcement of contracts** (related to time, costs, and number of administrative procedures required), tourism private sector businesses interviewed for this study have cited it as an important bottleneck. This especially affects tour operators' liability towards international tour operators when assembling tour packages on the ground (see Annex 9 and Section III.3 for more details).

¹³⁶ It is worth noting that some of these indicators put Ethiopia in a relatively much lower position because indicators such as ITC users, ATM facilities and number of hotel rooms are calculated in per capita terms, where Ethiopia has the highest total population and the lowest HDI combined.

¹³⁷ Leakage refers to the percentage of tourists' expenditure that does not stay in the destination or contribute to local development.

III. FINDINGS AND RECOMMENDATIONS

In this section, the main findings and recommendations of the study are presented, accompanied by initial suggestions for strategic interventions that aim to realize the potential and tackle the challenges identified. Findings, recommendations and suggested strategic interventions are aligned with the pillars established in Ethiopia's National Tourism Development Policy (NTDP).¹³⁸ This set of strategic interventions is a comprehensive mix of short- and medium-term actions, covering all main entry points for intervention along the tourism value chain, from supply and demand to institutional structure.¹³⁹ While Pillars One, Two and Four form the Policy's core priorities, bottlenecks in all pillars must be addressed in parallel to ensure an integral and balanced approach between supply- and demand-side interventions.¹⁴⁰ They can help to improve Ethiopia's level of competitiveness and gradually move its tourism sector from its current underperforming position to a situation in which tourism growth and employment-generation potential are fully realized.

The following progressive scenarios highlight the key characteristics of tourism's possible development stages, depth and extent of the strategic interventions suggested, the level of coordination between sector stakeholders, and the level of investment generated.

¹³⁸ For efficient presentation, the six policy strategies of the National Tourism Policy are referred in this study as "Pillars" and grouped into five categories by combining the two strategies that relate to institutional governance. Thus, the five policy pillars are: 1) Integrated tourism development and stakeholder dialogue, 2) Variety, scale and quality of tourism products, 3) Infrastructure development, 4) Branding, promotion, and awareness raising, and 5) Human resources capacity building.

¹³⁹ See Annex 2 for a graphic representation of the tourism value chain and the main entry points for strategic interventions.

¹⁴⁰ See Annex 10 for the timeframe and level of priority for each strategic intervention suggested.

Table 23: Scenarios: From status quo to a globally-competitive tourism sector

<p>Scenario I: STATUS QUO</p> <p><i>Tourism as an Under-performing sector.</i></p>	<p>Scenario II: PROGRESS</p> <p><i>Tourism gradually moving towards competitiveness.</i></p>	<p>Scenario III: GLOBALLY COMPETITIVE</p> <p><i>Growth potential and multiplier effects materialized.</i></p>
Pillar 1: Integrated tourism development and stakeholder dialogue at national and destination levels		
<ul style="list-style-type: none"> - Tourism cross-sectoral development and employment-generation potential ignored - Public sector gradually disinvesting in the tourism sector - Public sector underresourced and private sector has a weak level of organization 	<ul style="list-style-type: none"> - Tourism integrated into regional development plans and overall development strategies - Public sector gradually engaging in a facilitating role and strengthening its institutional capacity - Private sector strengthens its capacity for collective action 	<ul style="list-style-type: none"> - Tourism employment generation and cross-sectoral complementarities being fully materialized - Public sector fully engaged in facilitation tasks as a problem-solving authority - Private sector associations acting with one voice under an umbrella organization
Pillar 2: Variety, scale, and quality of tourism products		
<ul style="list-style-type: none"> - General business regulatory framework not catering to tourism specificities - Low quality and limited type of tourism products and source markets. - Short tourist stays, low expenditure and value for money mismatch - Short-sighted approaches and bad businesses practices. - Opportunistic investors 	<ul style="list-style-type: none"> - Pilot/targeted sector-specific regulatory framework facilitating investment generation with impact potentials - Quality tourism products/destinations with a demonstrative effect supported. - Average stay and tourist expenditure gradually improving - Enforcement mechanisms and competition improve business practices. - Informed investment decisions 	<ul style="list-style-type: none"> - Comprehensive tourism sector-specific regulatory framework in place and regularly evaluated in consultation with industry stakeholders - Unique tourism product with rich ancillary services are developed and general quality standards improved - Fair work ethics and good business practices are the norm, and regular research on investment opportunities is conducted and publicly available
Pillar 3: Infrastructure development		
<ul style="list-style-type: none"> - Infrastructure development and physical plans scarcely integrate tourism development and the reverse 	<ul style="list-style-type: none"> - Tourism development strategies are anchored and integrate infrastructure development plans 	<ul style="list-style-type: none"> - Cross-sectoral synergies are created. - Tourism paying back infrastructure investment
Pillar 4: Branding, promotion, and awareness raising		
<ul style="list-style-type: none"> - Persistent negative country image. Fragmented marketing initiatives and lack of common vision - Understanding of tourism by the general public is weak, and domestic tourism stays in its infancy stage - Lack of timely and comprehensive tourism data 	<ul style="list-style-type: none"> - Unique and rich country image/brand developed with direct involvement from stakeholders - Domestic tourism and VFR segments are assessed and products are developed catering to their needs - Coordination for data management improved. - National Tourism Statistical System in place 	<ul style="list-style-type: none"> - Sub-brands are developed at the destination level and integrated into the country brand/image - Domestic tourism and VFR segments are fully utilized to compensate for the seasonality of international tourism segments - Evidence-based tourism policy strategies and implementation plans are in place - Size and economic impact of tourism assessed and validated (TSA)
Pillar 5: Human resources capacity building		
<ul style="list-style-type: none"> - Low quality and specialization of tourism workforce. - Limited tourism training supply 	<ul style="list-style-type: none"> - Tourism national HR development strategy developed. - Private sector investment in tourism training facilitated 	<ul style="list-style-type: none"> - Market-driven tourism training institutions cater to the needs of the industry

Source: Synthesis of research

The following strategic interventions provide an integrated path towards improved competitiveness and job creation. These interventions form a set of doable actions, taking into account the current available resources, and are aligned to the ESTDP Project components.¹⁴¹ Related case studies and best practices from both emerging and more mature destinations are included as inspirational and illustrative examples.

Pillar 1: Integrated tourism development and stakeholder dialogue

1. Ethiopia's tourism sector is a major employment generator

Ethiopia's tourism sector is a major employment generator, especially for women; it can generate even more employment if its specificities are recognized and its development addressed in a strategic manner, leveraging its comparative advantages.

***Strategic intervention:* Establish a tourism transformational committee of selected industry and government players and experts that can temporarily lead the development of Ethiopia's first National Tourism Strategy while a comprehensive tourism institutional framework is established. Implement a parallel peer-to-peer capacity-building program between MoCT's staff and other tourism ministries from emerging destinations to focus on policy making and partnership building.**

Tourism is one of the largest employment generators, even compared to other labor-intensive and export-oriented subsectors such as floriculture and leather, especially for women, as previously demonstrated.¹⁴² However, tourism development in Ethiopia is not being addressed in a strategic way and still lacks a National Tourism Strategy that could guide the implementation of the National Tourism Development Policy. A strategic development of Ethiopia's tourism sector has the potential to generate employment for about 1.8 million people, if GTP tourism targets are met by 2015.¹⁴³

One of the critical elements for a strategic development of the tourism sector is the Government's facilitating role, as the experience in Rwanda shows (see Box 1).

Box 1: Rwanda's public sector: Successful move towards a facilitating role

Initially, promotion of Rwanda's tourism sector was almost entirely driven and implemented by the Government. The private sector lacked the capacity and funding and was not well-organized. The Government, however, made efforts to involve the private sector from the start with the long-term objective that the private sector would take over as the driving force for encouraging tourism in Rwanda. As a result, there is now a strong public-private dialogue surrounding tourism in Rwanda, and a tourism working group composed of private and public stakeholders in the tourism industry is now in place. The private sector is consulted in the development of new policies and strategies, such as the Sustainable Tourism Development Master Plan. In addition, the private sector federation, of which the tourism chamber is a member, is consulted before new strategies and laws are adopted.

Several important laws and codes have been revised, including the investment code, company law, secure transactions law, labor law, and insolvency law. The new insolvency law facilitates the access to finance, allowing movables, such as livestock, to be used as guarantees. Customs procedures are also being simplified. A pilot, one-stop window was successfully launched for business registration and the administrative costs lowered. It is now possible to register a business within one day for a flat fee of RF 25,000 (US\$43).

Source: Nielsen and Spenceley 2010.

¹⁴¹ See Annex 8 for more detailed information.

¹⁴² Tourism contributes to 8 percent of urban employment, as compared to 0.7 percent by the floriculture sector, and 0.4 percent by the leather sector; 74 percent of tourism employment benefits women (CSA 2011). See Section II.2 for more detailed information.

¹⁴³ Currently, it is estimated that about 770,000 people work directly in Ethiopia's tourism sector, which generated 430,000 visitors in 2009. Following this proportionally, the GTP target of 1 million visitors would suggest employment of about 1.8 million people by 2015.

MoCT is one of Ethiopia's newest and more underresourced ministries and is still in the early stages of establishing a culture of multi-stakeholder dialogue and a comprehensive tourism institutional structure. A **tourism transformational committee** in the form of a **transitional advisory body** can be formed with a group of selected industry and government players and experts with experience in the sector to lead and strategically orientate the development of the sector through the development of a national tourism strategy, while a comprehensive tourism institutional framework is being built and the multi-stakeholder dialogue is strengthened. This transitory body can temporarily fill the gap in terms of institutional capacity, leadership and multi-stakeholder dialogue, and ensure a timely development of the National Tourism Strategy.

The development of a **National Tourism Strategy** not only helps to orient the development of the sector in a strategic and competitive focus way, it also helps to make the multi-stakeholder platforms more focused and effective. In many countries national tourism strategies are preceded by tourism white papers developed through intensive consultative processes with all sector stakeholders. A **tourism white paper** provides a longer term tourism strategy (around ten years) and the tourism policy framework cascades from the national tourism policy with concrete guidelines for tourism development that include, among others:

- An assessment of the importance of the tourism sector in the development of the country
- Identification of the main sector challenges
- Description of the roles of key players
- The tourism institutional structure
- The financing model and mechanisms for tourism development

The South Africa Tourism White Paper (1996) is a good practice that can serve as an inspirational example for Ethiopia. A national tourism strategy, in the form of a shorter term strategy (around five years), can then follow with the identification of key actions to implement the white paper, and key roles, responsibilities and resources needed for its implementation. As the South African Government states in its tourism white paper¹⁴⁴, the process of arriving at a white paper and/or a national tourism strategy is as important as the paper and/or strategy themselves (See Box 2).

Box 2: Building long-term tourism strategies: The formulation process of South Africa's Tourism White Paper

In October 1994, the Minister of Environmental Affairs and Tourism appointed the Interim Tourism Task Team (ITTT) with the mandate of drafting a tourism discussion paper as a basis for a future national tourism policy. Representing the business sector, labour movement, provincial governments, community organisations and the national government, the ITTT produced a Tourism Green Paper in September 1995. The Tourism Green Paper was widely distributed for comment, whereafter the European Union was approached to provide technical assistance to the Government of South Africa in developing a Tourism White Paper. An international tourism specialists was appointed by the European Union for this purpose, in October 1995. It was recognised that the process of arriving at a White Paper for tourism is as important as the White Paper itself. As such, a great deal of emphasis was placed on developing the White Paper in such a way as to facilitate maximum participation by all. To this end, the process involved a number of research methods and strategies, among others, ten country-wide workshops with more than 500 participants, 100 expert interviews and one-on-one consultations with key stakeholders in the industry, 100 written submissions, strategic meetings, etc.

The White Paper provides a policy framework and guidelines for tourism development in South Africa. It will be followed by an implementation strategy which will contain a number of key actions in order to effectively implement the guidelines contained in the White Paper.

Source: Government of South Africa 1996.

¹⁴⁴ Government of South Africa 1996.

For the sustainable implementation of the national tourism strategy **capacity building** becomes critical. Capacity building can cover not only areas related to technical knowledge (marketing, data, trends, human resource development, etc.), but also skills related to partnership building and policy implementation processes. It is also important that capacity-building processes not only address public and private sector needs, but also those of religious organizations¹⁴⁵ and communities, especially at the destination level. For instance, a parallel peer-to-peer learning process on policy design and implementation tailored to the Ministry's officers and managers, can provide the complementary capacity building process that will ensure sustainable implementation of the national tourism strategy (see Box 3).

Box 3: Peer-to-peer learning in policy implementation: Sharing real experiences

When it comes to policy implementation, understanding what to do about policy reform is the (relatively) easy part. The hard part is figuring out how to do it. The path to reform is fraught with the details of practical implementation, the challenges of working with stakeholders, and the mammoth task of ensuring that a reform is both effective and politically sustainable. That's why the best sources of wisdom on how to do it are the reformers themselves—who have “been there and done that.”

In Sept 2009, IFC supported a peer-to-peer learning event for African governments on business regulation reforms. The agenda of the event combined experience sharing, practical clinics, and site visits, and 112 delegates from 15 African countries participated. Some of the main lessons drawn from the event:

- Do market research, then focus the agenda. The event aimed to ensure that participants would take away meaningful and specific advice on a few topics, rather than just skim the surface of several.
- Build an agenda that helps learning unfold. The agenda had four distinctive parts:
 - o Good practices demonstrative tours and site visits.
 - o Presentations on the big picture: the political economy of reform in governments that have implemented business regulation reforms
 - o Presentation on the practical side: the most important lessons in reform on selected topics.
 - o Separation of technical and strategic working groups.
 - Workshops on formulation of reform action plans. Technical people in each delegation sat together to devise reform action plans on their chosen topics with experts from the World Bank Group and from the participating countries on hand for consultations and best practice examples.
 - Strategic policy discussions. Ministers did not attend this highly focused technical session, but instead met separately with senior WBG managers for a broader strategic discussion.

Source: IFC 2010.

¹⁴⁵ As one of the interviewees underlined, it is also important to involve the Church when it comes to training opportunities, especially related to the participatory management of heritage sites in Ethiopia. He explained how, in one training session related to cultural heritage management best practices held in Europe, he managed to send Church representatives in addition to MoCT officials.

Pillar 2: Variety, scale and quality of tourism products

2. A greater and conducive space for the private sector and the regions is needed

For GTP targets to be met, a greater and conducive space for the private sector and Ethiopia's regions, and the direct involvement of tourism asset custodians¹⁴⁶ is needed. Thus, a strong multi-stakeholder and federal-regional dialogue as well as integration of regional development plans into tourism development strategies will be critical.

***Strategic intervention:* Use the new National Tourism Strategy to revitalize and strategically guide the National Tourism Council.**

The role of the regions and private sector is essential for the delivery of quality tourism products at the destination level, and the direct involvement of destination custodians is critical for the cultural and natural assets to serve as a source for local economic growth. Some regions and private sector businesses are already acting as first movers and have important lessons to share; as such, an effective space for dialogue must be created.

The level of tourism development among **regions** varies greatly, and some regions are already acting as first movers and putting into practice the NTDP, generating innovative funding modalities for tourism, and facilitating tourism spillover effects in rural secondary circuits.

Ethiopia's tourism **private sector**, as it is globally, is characterized by a dual structure comprised of a few large businesses and a majority of MSEs;¹⁴⁷ a small group of large businesses and international chains, such as Ethiopian Airlines and Starwood-Sheraton, coexisting with a much larger group of regulated and unregulated¹⁴⁸ tourism MSEs. It is also dominated by domestic businesses with a limited level of FDI participation, and it is still characterized by an important though declining level of government participation in certain large tourism companies.¹⁴⁹

The participation of **tourism asset custodians is integral to sustainable tourism**. UNESCO¹⁵⁰ identifies the low level of community participation and limited benefits to local communities as major challenges in World Heritage Sites across Sub-Saharan Africa. The direct involvement of communities and religious organizations in cultural and natural tourism asset management is critical in order to utilize existing resources as economic assets for local economic development, especially in World Heritage Sites and protected areas. Engaging local stakeholders is also critical because this is the most effective mechanism for the conservation of cultural and natural assets. In Ethiopia, the participation of local communities in co-management models of tourism assets is very limited, at best, and legal provisions to guide and regulate local community participation are non-existent. Religious organizations (the Orthodox Church, Islamic Council, etc.) also have an important role to play in the management of tourism assets, as they are custodians of most cultural World Heritage Sites in Ethiopia. Thus, their role and responsibilities also need to be clearly determined and regulated, and their capacity for tourism and destination management must be developed. Recent experiences in Botswana and South Africa made important progress in establishing legal provisions for the involvement of local communities in the management of heritage assets (see Box 4).

¹⁴⁶ Especially at World Heritage Sites and protected areas, custodians often include local communities, religious institutions, indigenous communities, etc.

¹⁴⁷ In most tourism destinations tourism SMEs account for 80-90 percent of businesses. In a mature and leading tourism market such as Europe, SMEs make up most of the tourism sector 94 percent of European tourism enterprises employing less than 10 persons (UNWTO, 2001).

¹⁴⁸ According to the 2008 National TVET Strategy, 75 percent of the Ethiopian workforce is concentrated in low skill employment sectors such as commerce, services and elementary occupations, while more than 40 percent of the urban workforce is self-employed in the informal economy.

¹⁴⁹ Main state owned tourism businesses include: Ethiopian Airlines, Ethiopia Hotel, Ethiopian Tourist Trading Enterprise, Ras Hotels, Felweha Services Enterprise, Wabe Shebelle Hotels, Ghion Hotel and Hilton Hotel.

¹⁵⁰ UNESCO (2011b).

Box 4. The role of local communities in heritage resource management: Botswana and South Africa Experiences

In Botswana, the Monuments and Relics Act of 2001 makes provisions for the practice of eco-tourism as a means of protecting the interests of local communities.

Legislation passed in South Africa in 1999 is more explicit about the involvement of local communities. Section 25 of the National Heritage Resources Act provides for the South Africa Heritage Resources Agency (SAHRA) to:

- Furnish information, advice and assistance to enhance public sensitivity towards and awareness of the need for management of the national estate; and
- Endeavour to assist any community or body of persons with an established interest in any heritage resources to obtain reasonable access to such heritage resources, should they request it.

SAHRA may negotiate with a community for the execution of a heritage agreement to provide for the conservation, improvement or presentation of clearly defined heritage resources... A heritage agreement may include such terms and conditions as the parties deem fit, including provisions for public access, or for financial or other assistance from the heritage authority concerned.

In this regard, the South African legislation conforms to policy guidelines set forth by the UNESCO World Heritage Centre and affiliate bodies such as ICOMOS and ICOM, which underline the need to re-involve local communities in heritage management.

Source: ICCROM 2008.

Direct involvement of local communities and religious organizations in the management of tourism assets goes along with moving from a focus on a purely conservation approach to WHS management to an approach in which WHS assets are used as economic assets to generate local economic development. Additionally, a better integration of WHS management with existing local and regional development strategies, as well as with overall cultural heritage (tangible, intangible) management strategies within MoCT, is also critical.

But the direct participation of communities should not be limited to leisure tourism products. Interesting future trends related to the MICE segment in traditional source markets point to a demand for a “non-frills” MICE tourism, and to the development of green MICE events that go beyond the simple greening of existing events (paperless meetings, green and responsible suppliers, etc.), to address concerns regarding impacts on local communities.¹⁵¹ This can create opportunities for a more holistic development of the MICE segment in emerging destinations with growth potential, such as Ethiopia, and for strengthening the linkages with communities in the MICE tourism value chain.

However, and though there have been commendable attempts to speak with one voice in support of the development of the sector, such as the Public-Private Participation Forum of 2004¹⁵², there is as yet no effective multi-stakeholder platform to enable sector dialogue between public and private stakeholders, between the federal and regional authorities, and with local communities and religious organizations. In addition to this, private sector's capacity to speak with one voice and rally for collective action remains weak.

Collective action and sector dialogue becomes even more critical for MSEs such as craft businesses and guesthouses, for instance, and it can help them in reducing common costs involved in training and marketing, as well as to achieve market access and economies of scale through horizontal integration and

¹⁵¹ EIBTM (2009)

¹⁵² The Tourism Public-Private Participation Forum's Discussion Paper (2004) was produced by a consortium made up of all the main tourism private sector associations and aimed at presenting the principal challenges, opportunities, and needed policy interventions in the field. It advocated for an upgrade of the sector from the existing Tourism Commission to a Ministerial level.

diversification through vertical integration (see Box 5 for an inspiring experience in Nepal). Under the current industrialization strategy of the GoE, cluster development is a priority and it is used as a tool to generate this kind of integration among MSEs, but also as a tool to link MSEs to larger businesses. It will be important to assess how this cluster development strategy can also integrate tourism-related businesses.

Box 5: Lumbini Rickshaw Pullers Association: The benefits of clustering among tourism SMEs

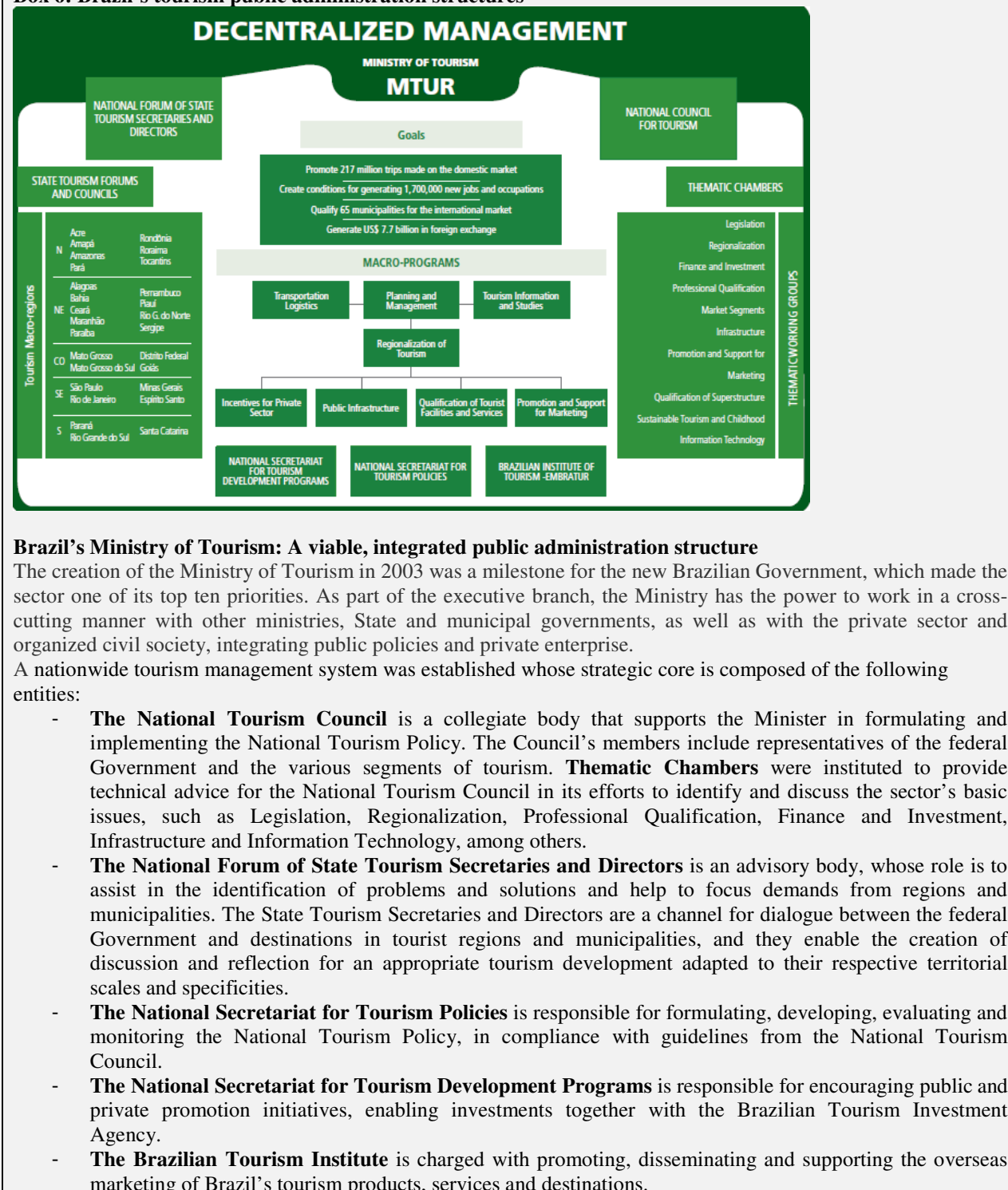
Lumbini, the birthplace of Lord Buddha, is an important tourist destination in Nepal. Numerous rickshaw pullers in the area were competing openly with no organization and great inefficiency. Supported by the Tourism for Rural Poverty Alleviation Programme (TRPAP) and the Lumbini Development Trust (LDT), the Rickshaw Pullers Functional Group was established, with a membership of 70 pullers. The group has worked with LDT and others on a larger number of small practical issues, including the introduction of an officially recognized ID card, simple uniforms for members, setting and publicizing reasonable prices, introducing a queuing system, introducing penalties against rule breakers, successfully lobbying for the restriction of four-wheeled entry to the central area, making capital available to decorate and repair their rickshaws, and basic training in customer relations and instruction in the English language. Agreed rules are monitored by TRPAP and LDT. The various improvements, together with promoting the destination and the use of local transport services, have led to an increase in earnings of the rickshaw pullers by 70 percent.

Source: UNWTO 2010c.

Regarding the institutionalization of tourism multi-stakeholder platforms through a National Tourism Council (NTC), there is a risk of such platforms becoming ineffective due to a lack of clear priorities, and a lack of focus and specialization (too many stakeholders and too many items on the agenda). A stakeholder-endorsed and prioritized national tourism strategy can help to address the lack of clear priorities and revitalize Ethiopia's National Tourism Council. Creating separate and more specialized dialogue platforms within the NTC can help to address the lack of focus and specialization. Brazil's institutional tourism structure is a good example (See Box 6), with Thematic Chambers operating within the Tourism National Council to address specific issues, such as infrastructure and, legislation.

Multi-stakeholder advisory platforms can also become ineffective if they are not provided with the needed level of recognition. In Ethiopia, it will be important to assess whether the existing Tourism Council and MoCT's participation in the Council of Ministers is effective or whether, on the contrary, there is a need to establish an advisory body with a higher level of recognition that can ensure effective cross-ministerial and/or federal-regional coordination.

Regarding inter-governmental and cross-ministerial coordination, Brazil and Australia are both informative references. While Brazil's "Forum of State Tourism Secretaries and Directors" ensures coordination not only with regions but also with municipalities, Australia's "Minister's Council" has a formal intergovernmental agreement on tourism between the Government and the Regions, and has established a Research Bureau jointly funded and developed between the Government and the Regions. In terms of cross-ministerial coordination, the Australian "Ministerial Council" is noteworthy because it involves a broad group of key Australian Government Ministers related to tourism (Transport, Environment and Heritage, Immigration, Industry, etc.), and gives the Ministry of Tourism the power to call for extra meetings, in addition to the regular annual meeting, if significant tourism issues require immediate cross-ministerial coordination (see Box 6 and Box 7).

Box 6: Brazil's tourism public administration structures**Brazil's Ministry of Tourism: A viable, integrated public administration structure**

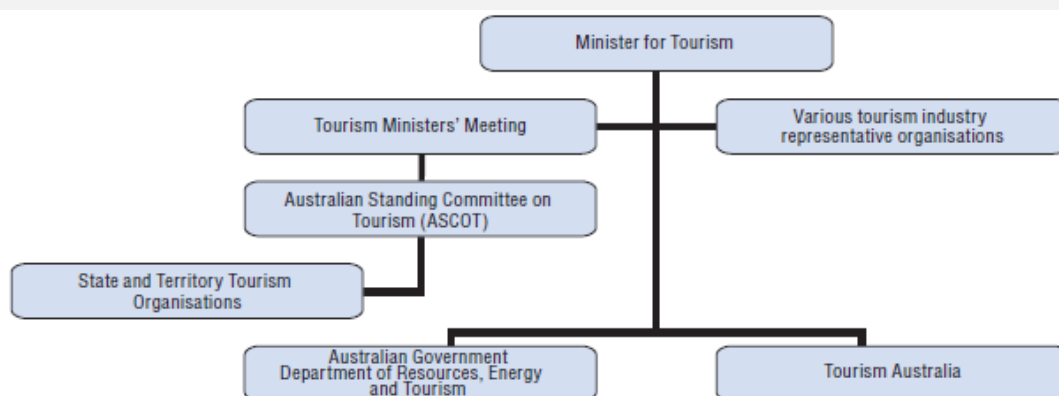
The creation of the Ministry of Tourism in 2003 was a milestone for the new Brazilian Government, which made the sector one of its top ten priorities. As part of the executive branch, the Ministry has the power to work in a cross-cutting manner with other ministries, State and municipal governments, as well as with the private sector and organized civil society, integrating public policies and private enterprise.

A nationwide tourism management system was established whose strategic core is composed of the following entities:

- **The National Tourism Council** is a collegiate body that supports the Minister in formulating and implementing the National Tourism Policy. The Council's members include representatives of the federal Government and the various segments of tourism. **Thematic Chambers** were instituted to provide technical advice for the National Tourism Council in its efforts to identify and discuss the sector's basic issues, such as Legislation, Regionalization, Professional Qualification, Finance and Investment, Infrastructure and Information Technology, among others.
- **The National Forum of State Tourism Secretaries and Directors** is an advisory body, whose role is to assist in the identification of problems and solutions and help to focus demands from regions and municipalities. The State Tourism Secretaries and Directors are a channel for dialogue between the federal Government and destinations in tourist regions and municipalities, and they enable the creation of discussion and reflection for an appropriate tourism development adapted to their respective territorial scales and specificities.
- **The National Secretariat for Tourism Policies** is responsible for formulating, developing, evaluating and monitoring the National Tourism Policy, in compliance with guidelines from the National Tourism Council.
- **The National Secretariat for Tourism Development Programs** is responsible for encouraging public and private promotion initiatives, enabling investments together with the Brazilian Tourism Investment Agency.
- **The Brazilian Tourism Institute** is charged with promoting, disseminating and supporting the overseas marketing of Brazil's tourism products, services and destinations.

Source: Ministry of Tourism Brazil 2006.

Box 7: Australia inter-ministerial and intergovernmental tourism coordination



The annual Ministerial Council on Tourism

Tourism is an issue that has relevance to a range of portfolios across the Australian Government. It impacts on policy making in areas including industry, immigration, transport, trade, the environment, customs and culture. It is important that processes to include tourism as a key issue in the development of policy in these areas are effective. To enhance existing processes the government will hold an annual Ministerial Council on Tourism meeting involving key Australian Government Ministers. These will include the Ministers for Transport and Regional Services; Environment and Heritage; Immigration and Multicultural and Indigenous Affairs; Industry, Tourism and Resources; Education, Science and Training, Customs; Trade; and Small Business and Tourism, with other Ministers coopted as necessary.

Sometimes, a tourism industry issue may be of such a significant nature that an immediate whole-of-government consideration is required. On these occasions the tourism industry may, through the Minister for Small Business and Tourism, request the Ministerial Committee meet to consider the issue. It is not envisaged that these requests will be frequent. These measures will provide additional assurance that the significance of tourism issues is recognized and properly considered in the development of broad government policy.

The Australian Government, State and Territory Tourism Ministers' Council

This Council is the peak national forum for tourism policy discussions between governments. The Tourism Ministers' Council is supported by the Australian Standing Committee on Tourism, comprising officials from the Australian Government, Australian Tourist Commission and State and Territory Governments. The Australian Tourist Commission and State and Territory marketing bodies also meet on a regular basis to coordinate marketing efforts.

In 1987, the Tourism Ministers' Council developed the first intergovernmental agreement on tourism. At that time, Ministers recognised the need for governments to focus primarily on marketing and promotion. Strong collaboration between the Australian Government and States and Territories was advocated, as was the need to build better links with industry. The Bureau of Tourism Research was formed, with joint funding, to deliver vital statistics on tourism activity for industry and policy makers and this strategy has enjoyed significant success.

Currently, the Tourism Ministers' Council has been renamed as Tourism Ministers' Meetings. In addition to each state and territory government, the New Zealand Government is also included and Papua New Guinea and Norfolk Island have observer status. Tourism Ministers' Meetings now operate in conjunction with the Australian Standing Committee on Tourism (ASCOT) whose main objective is to improve co-operation and co-ordination of government policies and activities as they affect tourism. ASCOT is the forum for senior officials to discuss issues at an operational level. Decisions taken by ASCOT are then recommended to tourism ministers for consideration.

Source: Australian Government 2003; OECD 2012.

3. Tourism's potential for cross-sectoral complementarities is yet to be realized

Tourism's potential for cross-sectoral complementarities is yet to be realized. It is important that tourism strategies be anchored and that they integrate the new national MSE strategy, as well as agricultural and industrial sector strategies. It is also essential to develop sector-specific regulations that facilitate investments and value chain linkages.

Strategic intervention:

Facilitate key tourism “anchor” projects as demonstration models and map potential tourism investment opportunities for domestic/international interested investors. Tap into cluster-based approaches such as Special Economic Zones (SEZs) and initiate sector-specific and targeted regulatory interventions to tap investment opportunities and achieve development impact potential. Also, simplify visa and customs procedures for leisure and business tourists.

Cross-sectoral linkages and value chain linkages are essential to realizing tourism's potential for indirect economic and poverty reduction impacts, as explained in Sections II.2 and I.4. One of the first steps to realize tourism potential for development impact is to make sure that **tourism strategies are both integrated and integrate regional and local government strategies**, and other economic sectors' strategies such as agriculture and manufacturing. The new Micro and Small Enterprise (MSE) strategy of the GoE is a commendable effort to support MSE development and their employment-generation potential through the provision of business development services in the form of one-stop-shops at Woreda and regional levels, linkages with TVET training, and linkages between MSE and larger industrial businesses. It will be important to note the ways in which tourism MSEs can also benefit from and be integrated into this important new strategy.

In addition to an integrated tourism development, it is important that the future national tourism strategy is based on an in-depth understanding of the **spatial dimension of development** and is informed not only by tourism potential in terms of natural and cultural tourism assets, but also by regional development strategies, infrastructure plans, inputs available from agriculture and manufacturing sectors, employment generation potential, and existing/planned Special Economic Zones (SEZs)¹⁵³, among others.

Another important step is to clearly **map and assess investment opportunities** that can have important development impacts and can also serve as a model of strong value chain linkages, and high quality services standards. The mapping of investment opportunities will include, but not be limited to, a survey of existing investors—the why, how and what of tourism investments; a survey of runaway investors—learning from previous investment failures; a survey of potential strategic investors—what needs to be done to attract those investors; a survey of existing and potential tourism segments; a survey of tour operators and feasibility study of tourism circuits, itineraries and packages in country and across countries; a survey of workforce supply gaps and options for private sector investment in tourism training.

The investment initiatives identified could be in the form of stand-alone tourism projects or tourism-centered SEZs, especially in destinations with high tourism potential and a lower level of economic diversification, such as Lalibela in northern Ethiopia. Special Tourism Economic Zones (STEZs) ensure that tourism is prioritized and taken into account in terms of local economic and physical planning. To this end, the management framework of the STEZs needs to be developed in close collaboration with

¹⁵³ SEZs can be defined as demarcated geographic areas contained within a country's national boundaries where the rules of business are different from those that prevail elsewhere in the national territory. These differential rules principally deal with investment conditions, international trade and customs, taxation, and the regulatory environment, whereby the zone is given a business environment that is intended to be more liberal from a policy perspective and more effective from an administrative perspective than that of the national territory (Farole 2011, mentioned in WB 2011c).

the private sector, potential investors, as well as local and regional authorities. India's experience in Kerala may be a source of inspiration for places like Lalibela in Ethiopia (Box 8).

Box 8: Kerala's act towards conservation and preservation of Special Tourism Zones

The Government of Kerala (India) approved an Act for the conservation and preservation of special tourism zones (STZ). The highlights of the Act are as follows:

1. The Government has the right to designate certain areas as "special tourism zones."
2. Detailed guidelines will be prepared for the conservation and preservation of the special tourism zone:
 - Any development/activity in the STZ will be carried out only according to the guidelines;
 - A special "Tourism Conservation and Preservation Committee" will be formed for each STZ for the preparation, implementation and monitoring of the guidelines;
 - The Committee shall consist of the Secretary (Tourism), Secretary (Local Self-Government), Director (Department of Tourism), Chief Town Planner, District Town Planner of the area, head of the local government, and Secretary of the Municipal Corporation/Municipal Council/Gram Panchayats within whose jurisdiction the zone falls.

Special Tourism Development Plans shall detail the manner in which the STZ land shall be used, whether by development therein or by conservation or such other matters as are likely to have substantial influence on the development of the area. Every such plan shall include the following elements necessary for promotion, growth and balanced development of the area, namely:

1. Policy in relation to the land use plan and allocation of land for tourism purposes;
2. Policy in relation to the built environment, including architectural control and form; and
3. Strategies towards conserving and strengthening existing natural systems and enhancing the visual quality of the region.

Source: Ministry of Tourism India 2004

Tourism investment initiatives could also be integrated in major investment initiatives such as existing/planned Special Economic Zones (SEZs). The value added of tourism in SEZs has been showcased in places such as China, Mauritius¹⁵⁴ and Jordan (See Box 9). A potential example of this in Ethiopia could be the Tana-Beles Growth Corridor, the first growth corridor established in the country with the aim of generating integrated economic growth and efficient water use in the Tana-Beles sub-basin,¹⁵⁵ linked to the development of three focus sectors: Agriculture and Agro-processing, Fisheries and Aquaculture, and Tourism.

Box 9: Aqaba, Jordan: Integrated tourism and industry hub

Aqaba is in the heart of the Middle East. It has built a reputation as a diving and beach resort, transportation hub, and special economic zone. The Aqaba Special Economic Zone (ASEZA) was set up in 2001, with 375 km² and 27 km of coast bordering Egypt, Saudi Arabia, and Israel, as part of Jordan's economic decentralization program. It has an international container terminal, an "open skies" airport, and outstanding tourism assets on the Red Sea. ASEZA has autonomous powers, including land use and building regulations, environmental regulations and health control. It also offers economic incentives. It explicitly seeks to integrate tourism and industry. It sends a powerful message to other countries in which tourism struggles to make a place for itself within the national economy. A sister organization, the Aqaba Development Corporation (ADC), is responsible for industrial and tourism promotion. It works in conjunction with the Jordan Tourism Promotion Board. Together, they provide a one-stop shop for investment and aftercare. As a result of this organizational structure, the Aqaba Special Economic Zone has attracted billions of dollars in FDI in industry, transit, and tourism.

Source: World Bank, 2011d

¹⁵⁴ WB 2011e documents interesting SEZs having integrated tourism and industrial development, such as the Mauritius Export Processing Zone (MEPZ), Shenzhen SEZ (China), and China-Singapore Suzhou Industrial Park (SIP).

¹⁵⁵ The Tana-Beles are important subbasins of the Blue Nile basin, the largest water basin in Ethiopia. The area of the growth corridor has an estimated population of three million people and has significant economic, environmental and cultural endowments in terms of water, land, livestock, forest and fishery resources (World Bank Tana-Beles Integrated Water Resources Development Project 2008). There is important potential for tourism development in the area because it is integrated into Ethiopia's main tourist circuit (Northern Circuit), it has rich cultural heritage and natural assets, and good roads and air connectivity through the recently upgraded Bahir Dar international airport.

Subject to the specific investment opportunities mapped, it will be important to see which sector-specific regulations are needed to realize these investments. Though tourism is regarded as a “silent” export industry, with access to external markets and foreign currency earnings, and with a positive impact on the country's balance of payments, it is not usually granted the same attention and favorable business climate as other, more traditional export sectors. There have been proactive and supportive tourism regulatory initiatives in favor of the domestic businesses, but a comprehensive, strategic and sector-specific regulatory framework is still lacking. Regulatory and investment policies have proactively supported the sector by granting the tax-free import of four -wheel drive cars,¹⁵⁶ and have placed some restrictions on FDI to protect domestic investors in some businesses areas.¹⁵⁷ However, the current regulatory framework is still creating inefficiencies.¹⁵⁸ A targeted regulatory scheme, tied to specific investment opportunities with positive development impact and high quality services standards, can allow to pilot more effective regulatory measures that can later on be upscale into country-wide general tourism-specific regulatory framework. The recently established and IFC-supported Public-Private Dialogue Forum can become an effective platform from which to discuss and jointly address regulatory bottlenecks between the public and private tourism stakeholders.

There are many international best practices that show innovative approaches to facilitate tourism investments and to create an enabling business environment addressing bottlenecks such as access to finance, land, attracting Diaspora investment, etc. The Tanzanian experience (see Box 10), for instance, is noteworthy for its balanced approach to attracting both domestic and international investors.

Box 10: Tanzania: A successful story of attracting foreign and domestic investors to tourism

In 2002, the Multilateral Investment Guarantee Agency, in partnership with Tanzania's Department of Tourism, decided that an investment forum would be a strong tool for launching a process to encourage higher flows of FDI into the tourism sector and an efficient way of promoting its sustainable growth. The President of Tanzania supported the conference program as the keynote speaker and served as a primary interlocutor with prospective investors. The process at the forum was fairly unique. Rather than the more usual one-on-one meetings between prospective investors and partners, the letters of invitation had suggested that interested investors would be invited to meet the President of Tanzania and other official representatives. This proved to be a popular decision to attract serious investors.

One important subject sparked heated debate at the stakeholder meeting: smaller investors—operators of lodges, small tour companies and restaurants—raised the issue of whether Tanzania really needs big, outside investors in addition to the small and medium-sized enterprises (SMEs) that typically characterize the tourism industry. This led to an agreement to provide additional support for SMEs in the form of capacity-building sessions on how to prepare a business plan and craft a marketing program. The discussion also led to the development of proposals for a guarantee fund and a business incubator scheme, both of which were adopted in a comprehensive, World Bank-financed program to support the private sector.

Some other issues raised in the forum were:

¹⁵⁶ Though some incentive mechanisms were put in place to facilitate the strengthening of the transport capacity of the sector, such as the duty-free import of 4WD, they created some unfair competition between car rental companies and tour operators and the duty-free scheme has been eliminated, thus limiting once again the transport capacity of the sector.

¹⁵⁷ The Ethiopian Investment Agency reserves exclusively for the Government passenger air transport services; for Ethiopian nationals, travel agency services; and for domestic investors (including foreign nationals permanently residing in Ethiopia), hotels (excluding star-designated hotels), motels, pensions, tea rooms, coffee shops, bars, night clubs and restaurants (excluding international and specialized restaurants), travel agencies, trade auxiliary and ticket selling services, car-hire and taxi-cab transport services, as well as museums, theaters and cinema hall operations.

¹⁵⁸ Inefficiencies affect tourism businesses such as crafts businesses (tax and export regulations), tour operators and travel agencies. For instance, the licensing of tour operators is subject to the condition of buying three new minivans within a period of one year in a maximum of two consignments. This places a burden on new small tour operators entering the sector. The necessity of purchasing three new minivans, regardless of the location and size of the business, is questionable. Limited contract enforcement is especially negative for assembling tour packages. Ethiopian tour operators working with European source markets under the EU Package Travel Directive are liable towards European tour operators for poor service or for the negligence of local suppliers on the ground and will have to respond to clients' complaints and compensation claims as a result (see Annex 9 for more detailed information on the EU Package Travel Directive). Other regulatory measures that may affect tourism businesses relate to double taxation and foreign exchange restrictions.

- Perceived high levels of taxation;
- Complicated and costly licensing processes;
- Need for better infrastructure and promotion.

Hearing these concerns, the Government reaffirmed its commitment to the sector through policy interventions over time. The material from the stakeholder meeting was ultimately included in a sector study that later became a reference for economic work related to the integrated trade policy framework for Tanzania.

Source: MIGA 2006.

As in many other countries, tourism SMEs' **access to finance** in Ethiopia remains a challenge, especially for capital-intensive accommodation businesses. Tourism SMEs' financing is often regarded as a high-risk and low-profit area. This is aggravated by the fact that there is a limited variety of financial instruments used for SME financing (insurance and guarantee-related instruments, for instance), a lack of knowledge about the specificities of the tourism sector by most financial institutions, and a lack of financial management skills among most SMEs. Latin America offers a model for how to build strong partnerships between financial institutions and development partners in an effort to develop specific financial products for tourism SME financing (see Box 11).

Box 11: Development Banks and Financial Institutions joining efforts to finance the tourism sector in Latin America and the Caribbean

In 2009, the Latin American Association of Financial Institutions for Development (ALIDE) met to look at how the development of innovative and flexible financial products and services could help to counterbalance economic recession and act as the financial arm of public government to support their plans to boost and reactivate tourism to foster local economic development. They looked at the creation of a regional financial system for tourism that would support the financing of the tourism sector and would be composed of tourism ministers, development bank directors, and multilateral institutions, such as UNWTO and IDB, among others. It was proposed that the regional structure would include a Tourism Development Committee, a Fund for Tourism, a Guarantee Fund, and a Training and Certification Institute. Leadership and willingness from both the public and financial sectors were identified as key factors for success. Some of the main objectives of the initiative included:

- Stimulate tourism SME development and tourism SME linkages;
- Consolidate tourism destinations;
- Facilitate funding of tourism businesses' assets and tourism infrastructure.

Source: <http://www.alide.org.pe> (June 2011).

Access to land is also often mentioned as one important bottleneck by the private sector. In addition, urban planning and building regulations are also creating bottlenecks. Innovative approaches to facilitating land access to tourism, such as the one implemented in India, can serve as an inspiration (see Box 12), also because they can serve to evaluate/classify land according not only to tourism potential but also to environmental and cultural value, and allocate land accordingly, ensuring its proper sustainable management. Environmentally sound management will be essential in and near protected areas and water resources such as Lake Tana, Lake Awash, Lake Langano, etc., where clear signs of environmental degradation are caused by uncontrolled tourism development.¹⁵⁹

¹⁵⁹ The World Bank-funded Tana-Beles Integrated Water Resources Development Project (2008) clearly identifies tourism construction in Tana-Beles subbasins (shorelines) as one of the major causes for environmental stress, together with hydropower and unsustainable fisheries practices.

Box 12: Facilitating land access through public-private joint ventures in India

A subsidiary of the public Kerala Tourism Development Corporation (Tourism Resorts (Kerala) Limited (TRKL)) has developed a land bank scheme to forge joint-venture relationships with the private sector for land acquisition. The initiative consists of a land bank scheme managed by TRKL with the objective of identifying and acquiring/purchasing potential land along the beaches, backwaters, hill stations, pilgrim centers, and heritage sites. Landowners willing to sell, lease out, or form a joint venture with the Government or private sector can submit an application. Such details are made available through KTDC’s official website. Properties are under inspection by a team of officials and categorized according to importance and potential into the following categories: “A” - high potential land that can be purchased by TRKL; “B” - potential land that can be offered to private entrepreneurs; “C” - land that can be used with minimum infrastructure development; and “D” - not found suitable for tourism purposes at present.

Source: Ministry of Tourism India 2004

In terms of **investment regulations**, country experiences have managed to create an attractive business climate in the form of investment incentive mechanisms (See Box 13). Effective investment regulations need to focus not only on creating a conducive environment for investment, but also on creating incentives for a sustainable and responsible development of the tourism sector, as the experience in Kerala shows (See Box 13).

Box 13: Effective incentives to stimulate tourism investment in Rwanda and India

<p>Rwanda investment incentives:</p> <p>(1) Tax exemptions are granted to investors who invest US\$100,000 or more in a facility.</p> <p>(2) Airplanes imported to transport tourists are tax exempt and specialized vehicles such as hotel shuttles are exempt from import and excise duty.</p> <p>(3) Investors in the tourism and hotel industry are exempted from payment of import duties on equipment, such as bedroom fittings, swimming pools, outdoor leisure equipment, etc.</p> <p>(4) An efficient one-stop window for business registration. It is now possible to register a business within one day for a flat fee of RF 25,000 (US\$43).</p>	<p>India (Kerala) investment incentives:</p> <p>(1) Investment subsidy of 10 percent of capital cost, including land, building, furniture, furnishings, equipment, and landscaping to a max of Rs 1 million (US\$21,000)</p> <p>(2) Additional subsidy of 15 percent on investment in pollution control facilities, equipment for recycling of wastewater, sanitation facilities, captive power generation subject to a ceiling of Rs 500,000 (US\$10,000).</p> <p>(3) Special incentive package for capital investment exceeding Rs 500 million (US\$10 million) are (except tax-based incentives) not below the benefits otherwise eligible, on a case-to-case basis.</p> <p>(4) Units are allowed to remit the commercial tariff and collect the difference between commercial tariff and industrial tariff.</p> <p>(5) Instituted a one-stop window system to clear tourism projects, wherein the Government has constituted a state-level committee, headed by the Chief Secretary, for aiding tourism projects and to issue necessary clearances within a timeframe of 60 days for major tourism projects.</p>
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Source: Nielsen and Spenceley 2010, Ministry of Tourism India 2004

In addition to domestic and international investors, there are **Diaspora investors**. They have their own characteristics that must also be taken into account in the regulatory framework. As with other economic sectors, it is important to look for innovative ways to integrate diaspora investment in tourism development strategies. Diaspora involvement in tourism can vary from direct investment, knowledge transfer, promotion or brand championship, to fostering bilateral trade with local tourism businesses. Diaspora investors can have a clear added value in the tourism sector, as they know well both the supply and the demand side—both the destination and the source market. As with international investors, commitment from the Government will be essential, but additionally, commitment from the host country may also be needed, and support from multilaterals can play an important role in covering or helping to reduce some of the investment risks involved.

Diaspora investment can be facilitated in several ways, such as: 1) through the regulatory framework, 2) by providing business advisory services to identify comparative advantages for diaspora investment in tourism and other sectors, 3) by providing one-stop online windows for diaspora investment clearance, and 4) by establishing special funding mechanisms, such as national-based investment funds or investment guarantee facilities that provide risk coverage for currency volatility, foreign exchange restrictions and breach of contract, among others.¹⁶⁰ The Nigerian and Kenyan Diaspora Investment Funds are examples of similar types of mechanisms, as well as the Afghanistan Investment Guarantee Facility (AIGF), supported by the Multilateral Investment Guarantee Agency (MIGA) (see Box 14).

Box 14: Mobilizing diaspora investors: The Afghanistan Investment Guarantee Facility

The Afghanistan Investment Guarantee Facility (AIGF) is designed to help bridge the gap between investors' desires to tap business opportunities in the country and concerns about political risks. The facility, administered by MIGA, will mitigate key risks for foreign investors by providing risk guarantees (insurance) for their investments.

Although AIGF can operate in all sectors, the facility is designed primarily to facilitate small and medium-size investments, and projects are selected on the basis of their contribution to economic development and must be financially, economically, and environmentally sound.

The insurance covers transfer restrictions, expropriation, war and civil disturbance, and breach of contract. Beyond insurance protection, MIGA's involvement enhances confidence that the investor's rights will be respected. There is also a dispute mediation services branch to assist governments and investors in resolving investment disputes without the need for formal arbitration. Coverage from AIGF is available for up to seven years, and government approval is required prior to issuing a contract of guarantee.

Investments by members of the Afghan Diaspora who reside either overseas or in Afghanistan are eligible, provided the investment originates from outside of Afghanistan. Forms of eligible foreign investment include equity, shareholder loans, loan guaranties issued by equity holders, movable assets, management contracts, and licensing agreements, among others.

Source: MIGA 2005.

In addition to targeted regulatory schemes, there are also opportunities for effective short-term strategic regulatory interventions with possible quick returns in terms of increased number of tourists and tourists' expenditure such as a less bureaucratic and more flexible **visa and custom procedures**. Visa regimes can stimulate tourism and transport development. Of course, national security interests and national tourism strategies must always be balanced.¹⁶¹ In Ethiopia, visas are required of all visitors, with the exception of Kenyan and Djiboutian nationals. Visas must be obtained from the Ethiopian Embassy or Consulate prior to departure. Tourist visas of three months may be obtained only upon arrival in Addis Ababa Bole International airport by citizens of 36 countries,¹⁶² among which are Ethiopia's main leisure and business source markets. Business visa procedures are lengthier and cannot be obtain on arrival, thus estimates of the number of business tourists to Ethiopia may in fact be deceptively low if relying solely on airport data, as many business tourists staying for short periods may find it easier to enter the country with a tourist visa. Simplifying the procedures for obtaining a business visa can help to facilitate the development of the MICE segment, as well as improve the accuracy of business tourism data.

¹⁶⁰ ECO 2008.

¹⁶¹ SH&E 2010.

¹⁶² Argentina, Australia, Austria, Belgium, Brazil, Canada, China, Czech Republic, Denmark, Finland, France, Germany, Greece, India, Ireland, Israel, Italy, Japan, Kuwait, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Democratic People's Republic of Korea (northern Korea), Poland, Portugal, Republic of Korea (southern Korea), the Russian Federation, Slovakia, South Africa, Spain, Sweden, Switzerland, United Kingdom, United States of America.

Apart from the visa-on-arrival scheme already implemented in Ethiopia, some other possible strategies include:

- Enable tour operators to pre-arrange visas
- Simplify business visa requirements for major source markets and “low risk” security countries
- Waive visa requirements for major source markets and “low risk” security countries
- Adopt common visa schemes within African Regional Economic Communities (RECs). Plans to create an East African Single Tourist Visa are currently being discussed among the countries of the East African Community (EAC), while the nine South African countries plan to issue a SADC Univisa. This may put Ethiopia in a disadvantageous position, as some of its competitors are part of these initiatives, and remaining competitive in the wake of such measures may require a proactive approach from Ethiopia or the existing RECs to which it belongs.

Bureaucratic customs procedures and a lack of adequate information in Ethiopia can damage tourists' experiences at the destination and can also influence their choice of destination. It is important, especially for customs regulations related to foreign and national currencies and crafts/souvenirs,¹⁶³ that procedures and information are made as convenient as possible for tourists and do not restrict tourists' potential expenditure in the destination.

But a regulatory framework is often not enough, and the experience of the floriculture sector in Ethiopia is an inspiring example for tourism of the critical role that Government's commitment and facilitating role, and the close collaboration with the private sector play (see Box 15).

Box 15: Lessons from the production and exporting of cut flowers in Ethiopia

Ethiopia expects to double the earnings generated by exporting cut flowers from the 2009/10 level of US\$170 million by 2015. This is notable for a country that was never known as an exporter of cut roses before the year 2000; even then, the first company to start a rose farm faced numerous bureaucratic challenges in producing and exporting its products. The fact that the flower farm started earning profits and foreign exchange income for the country in its early years of operation helped stir interest from the Government with respect to Ethiopia's potential as a producer and exporter of flowers. In addition to the low cost of utilities, labor and land, Ethiopia also had a suitable climate—warm days and cold nights—and good soil for growing high-quality roses destined for the international market. Freight costs were also competitive. Within a short period of time, floriculture became a top-priority sector for Ethiopia, triggering the planning, design and implementation of a successful export development support scheme.

The Government introduced a differentiated investment and business climate for flowers and a few other exporting sectors, such as leather and textiles; but the flower sector was the forerunner. Some of the binding constraints such as access to financing (from long-term financing on up to seventy percent of the initial investment) and land were considerably eased through the direct intervention of top-level government officials in facilitating easy access to cheap land, concessionary access to credit, close follow-up, and direct intervention in the bureaucracy to facilitate the import of inputs with duty-free privilege and expedited export clearance at Customs. Intermediation was also provided in the creation of competitive freight charges and adequate cargo capacity with the national airline.

Information about Ethiopia's flower sector soon reached investors around the world. Within a period of five to seven years, there were nearly 100 investors vying for a place in the sector, quickly transforming Ethiopia into an established cut-flower exporting country. The Government's focused policy intervention played a decisive role in the making of this success story. Ethiopia plans to export more than five billion stems of roses

¹⁶³ Non-residents departing Ethiopia may carry a maximum of US\$3,000, unless they can produce a customs declaration, bank slip showing the purchase of foreign currency, or letter confirming that they were paid by an embassy or foreign organization in Ethiopia; any traveler entering or exiting Ethiopia may carry a maximum of 200 Ethiopian Birr on their person or in their luggage; antique religious artifacts, including Ethiopian crosses, require documentation from the National Museum in Addis Ababa for export. Even tourist souvenirs, especially crosses, may require such documentation if customs authorities deem it necessary, and/or may be confiscated by customs authorities if in excess of the allowable limit of precious metals.

and summer flowers by 2015. The private sector players are hopeful that the targets set by the country's five-year development plan for flower production and exports will be successful.

Source: the authors.

Pillar 3: Infrastructure development

4. Tourism faces a combination of hard and soft infrastructure bottlenecks

Tourism faces a combination of hard and soft infrastructure bottlenecks, but enjoys good international air transport accessibility and infrastructure thanks to Ethiopian Airlines' efforts to make Addis Ababa a regional air transport hub. To address these bottlenecks, it is important for tourism strategies to be anchored in and integrate existing infrastructure plans.

***Strategic interventions:* Institute an effective platform for vertical integration and horizontal integration between MoCT and infrastructure related ministries (roads, telecommunications, and finance), and explore innovative partnerships with the private sector, including Public-Private Partnerships.**

The principal hard infrastructure bottlenecks with respect to tourism development in Ethiopia include low road density and related high transport costs, lodging infrastructure capacities especially in the regions, and domestic air transport capacity. Main soft infrastructure bottlenecks refer to a limited capacity of payment systems, especially credit card payment systems, including availability of ATMs, in tourism sites.

Hard and soft tourism infrastructure bottlenecks can be addressed in several ways. Improved vertical (federal-region) and horizontal articulation between MoCT and infrastructure-related ministries (eg, roads, telecommunication and finance) is critical. Innovative partnerships with the private sector, including Public-Private Partnerships (PPPs), can also help to address some of the infrastructure bottlenecks.

Domestic air transport

Domestic air transport services are critical for the competitiveness of the tourism sector because air transport costs make up a big portion of the total travel costs inside the country, and also because, for many tourists, air transport is the main means of transportation available to them, due to limited road access and quality. While Ethiopia is already performing well in terms of international air transport cost and accessibility (see Table 21), challenges remain in the domestic air transport market in terms of restricted capacity, which is especially exacerbated during high international tourists seasons and peak seasons related to national festivities. One possible solution to the Ethiopian domestic market's restricted capacity is liberalization. This may imply that the challenge lies mainly in the supply side. However, a lack of competitiveness can be caused by both demand- and supply-side challenges, so it may in fact be related to a lack of scale-demand, as well as to a restricted supply. India faced similar challenges of restricted air seat capacity during peak seasons.¹⁶⁴ That country's approach was to implement an "open sky policy" effective only during the peak season, from December to March, allowing the operation of additional flights by foreign airlines outside of existing bilateral agreements and subject to commercial agreements with Air India, the national carrier. In addition to this, foreign carriers were also allowed to operate extra flights on the high-traffic routes. This seems to be an effective solution, as long as the foreign airlines are able to plan well in advance, and the commercial agreements, if any, still make this a profitable operation for most foreign carriers.

¹⁶⁴ See CRISIL 2004 for a complete description of India's experience.

Liberalization processes must also strike the right balance between the consumer's interest in accessing competitive prices and services, and the national interests of building a strong domestic air transport sector that can compete in a liberalized market while at the same time meeting social and development goals, such as the coverage of less profitable domestic routes that allow for internal trade and tourists mobility. For this to happen, **building innovative and strategic partnerships with the private sector** seems to be the critical factor,¹⁶⁵ as experiences in Asia and Latin America show (see Box 16). Ethiopian Airlines is already engaged in strategic partnership development in the form of code-sharing agreements¹⁶⁶ with about 15 different airlines,¹⁶⁷ including airlines such as Air China, Air India, and South Africa Airways. In addition to this, it is a member of the Star Alliance¹⁶⁸ global partnership network, and has recently signed a strategic partnership and management agreement with ASKY, a newly established airline based in Lome-Togo. These current strategic partnerships affect mainly international routes, so it could be important to assess possible strategic partnerships that could also improve air transport capacity in the domestic routes.

Box 16: Beyond privatization: Strategic partnership building for air transport competitiveness

A Pan-American holding company competing in liberalized markets

In recent years, a handful of Latin American carriers have emerged to challenge the U.S. majors by developing cross-border holdings and lease agreements with local subsidiaries. By combining the traffic rights of local carriers with the marketing and management efficiencies of the group leader, TACA International and LAN Chile, solid and leading airlines on the continent, have both achieved efficient scale and competitive clout. Moreover, by creating locally-owned holding companies, an entity structured similarly to LAN can leverage the national bilateral agreements and fly between cities in ways that an "outside" airline could not.

Liberalizing India's air transport without sacrificing air transport social goals

India's example demonstrates that the liberalization of the air transport sector can be achieved without sacrificing social goals and national priorities. It is one of the shining examples of how air transport growth can benefit from high economic growth through significant market liberalization. But the Indian case is remarkable because the dynamic growth in air traffic occurred despite the existence of social obligation routes for all private players. Private airlines were able to recognize that the benefits of serving lucrative markets far outweighed the immediate social cost involved. Moreover, several private airlines were able to transform "obligation" markets into economically powerful ones.

Source: SH&E 2010.

Payment Systems

Previous studies¹⁶⁹ did a comprehensive assessment of the main challenges limiting the expansion of payment systems in Ethiopia, especially credit card payments and ATMs. A combination of lack of modern payment infrastructure, restrictive directives from the National Bank of Ethiopia, extremely bureaucratic procedures, as well as risk-averse attitudes from some financial institutions seemed to be the major challenges. The situation has recently improved with the implementation of a new national payment system platform.¹⁷⁰ The new platform, operational since June 2011,¹⁷¹ is safe, secure, and has an efficient payment and settlement infrastructure that reduces the cost of exchanging goods and services.

¹⁶⁵ SH&E 2010.

¹⁶⁶ Code sharing allows one airline to place its designator code on a flight operated and sold by another airline, increasing the overall marketing of the service.

¹⁶⁷ www.flyethiopian.com

¹⁶⁸ Ethiopian Airlines together with South Africa Airways and Egypt Air are the only African Airlines members of this global alliance.

¹⁶⁹ WB 2006a.

¹⁷⁰ A new National Payment System Proclamation (No. 718/2011) was issued in July 2011. The technology platform of both real time gross settlements (RTGS) for large value payments and Automated Clearing House (ACH) for retail payments has been established.

¹⁷¹ <http://www.ezega.com/news/NewsDetails.aspx?Page=news&NewsID=2918>

The situation has also improved in terms of the number of ATMs available countrywide.¹⁷² However, the limited availability of credit card payment systems in most tourist establishments in and outside Addis, with the exception of top-class hotels, is still a problem. Similarly, the scarcity of ATMs in major tourist sites such as Lalibela is another big challenge. The national payments system, in fact, is currently at “stage 1” and a second phase is needed to complete the system in order to support retail payment instruments as well as credit card development. Over the medium term, these improvements are expected to have a substantial impact on the tourism industry as well.

Public-Private Partnerships for tourism infrastructure development

Public–Private Partnerships (PPPs) are defined as a range of possible contractual arrangements among public and private entities. PPPs engage the private sector but also acknowledge the role for government in ensuring that social obligations are met and successful sector reforms and public investments achieved¹⁷³. Another characteristic of most PPPs is that they are created for a fixed period during which the ownership of the asset remains with the government while at the termination of the PPP the full control of the asset returns to the government. Effective PPPs share the tasks, obligations, and risks among the public and private entities in an optimal way, minimizing the costs while at the same time improving performance¹⁷⁴. PPPs can take different forms, from full management contracts, and lease contracts to BOT (Build–operate–transfer) type of arrangements, depending how the risks, tasks and obligations are shared..

Examples of tourism infrastructure projects that can benefit from PPPs are: government-owned accommodation facilities; accommodation facilities in protected areas; airports; and government-owned convention/conference facilities, etc.

Box 17: Public-Private Partnerships Basics

	Advantages of PPPs	Role/contribution
Public Sector	<p>To attract private capital investment (to supplement public resources or release them for other public needs);</p> <p>To increase efficiency and use available resources more effectively. They benefit from the experience of the private sector and often also from their brands and marketing capacity (ex. International hotel chains) and their service standards.</p> <p>To reform sectors through a reallocation of roles, incentives, and accountability. After the reallocation, public entities are able to focus more efficiently on policy, planning and regulatory roles.</p>	<p>Capital for investment (available through tax revenue), a transfer of assets, or other commitments or in-kind contributions that support the partnership.</p> <p>Provision of social responsibility, environmental awareness, local knowledge, and an ability to mobilize political support.</p>
Private Sector	<p>Access to unique tourism sites and assets</p> <p>Competitive return on its investment</p>	<p>Make use of its expertise in commerce, management, operations, and innovation to run the business efficiently.</p> <p>It may also contribute with investment capital.</p>

Source: ADB 2008, Government of South Africa 2005, www.ifc.org/ppp

¹⁷² According to IMF Financial Access Survey data, the number of ATMs in Ethiopia has increased at an average 87.2 percent between 2005 and 2010, going from 8 ATMs in 2005 to a total of 145 ATMs available in 2010.

¹⁷³ ADB 2008

¹⁷⁴ Ibid.

Despite many opportunities in Ethiopia's tourism sector, the development of PPPs has been minimal. The fact that Ethiopia does not yet have a regulatory framework for PPPs is a major bottleneck. Another important bottleneck is the lack of a comprehensive and specific regulatory framework for investment in protected areas¹⁷⁵.

Successful experiences in South Africa and Sierra Leone (See Boxes 18 and 19) demonstrates that a well-defined regulatory scheme and a transparent and streamlined tender process are critical elements for successful bids. In the case of South Africa, a strong regulatory framework for PPPs was developed to enable national and provincial institutions to enter into public private partnerships. In addition, PPP manuals and practice notes were established to streamline the process. In the case of the tourism sector, and in order to account for its specific aspects, South Africa also developed the PPP Toolkit for Tourism in 2009, establishing appropriate systems, defining standards and creating contracting terms for a wide variety of tourism and tourism-related PPPs. This toolkit can be an inspiring reference for Ethiopia.

¹⁷⁵ EWCA, 2009.

Box 18: Cape Sierra Hotel: Developing anchor tourism projects through Public-Private Partnerships

Sierra Leone has been struggling to recover from a devastating civil war in the 1990s. After the war ended in 2001, the tourism industry slowly emerged, led by development and business travelers. Tourist facilities, however, remained inadequate. Freetown, the capital, provided only 120 rooms, about one-quarter of the total demand.

The Cape Sierra Hotel, located adjacent to Lumley Beach and with easy access to central Freetown, was well positioned to be the hotel of choice for business and holiday travelers. Its prime location gave it the potential to become an anchor for tourism development in the country, facilitating growth and providing employment. After the war, the Sierra Leone government, which owned the hotel, leased it to a private operator. Unfortunately, the hotel was poorly managed and it gradually became dilapidated. In 2009, the government terminated the lease and closed the hotel. In 2009, the National Social Security and Insurance Trust (NASSIT) took on a 25-year lease, making a one-time payment of \$2.4 million to pay staff and other liabilities. In conjunction with Sierra Leone's 50th anniversary in 2011, NASSIT aimed to attract a strategic investor to redevelop the Cape Sierra Hotel as an international, first-class business destination.

The International Finance Corporation (IFC), the private arm of the World Bank, as the lead advisor of the process, supported NASSIT to set up a concession to find a strategic investor through a competitive and transparent bidding process. IFC marketed the opportunity internationally and organized a bidder's conference in London to introduce potential investors to the project. There were four final bids by reputable international corporations.

On August 6, 2010, four bids were received. International Development Enterprise Associates [UK] Ltd. (IDEA) was selected as the preferred bidder on the basis of its offer to develop the Cape Sierra Hotel into a 200-room hotel. IDEA will invest in renovating the building and Hilton Worldwide, a leading international hospitality company, will operate the hotel. The deal was structured so that NASSIT would provide to the concessionaire the rights to redevelop and operate the Cape Sierra Hotel in exchange for a share of annual turnover (6.5 percent), benefitting the government, NASSIT, and the concessionaire. This allowed NASSIT to be removed from the operations of the hotel while still enjoying the potential for increased revenue from improved performance. The transaction was also structured to require the concessionaire to post a performance bond and provided NASSIT with the right to take back the hotel if the hotel was not finished within the timeframe the concessionaire indicated in its bid.

The project was estimated to cost around \$40 million, will employ 400 people, and attract 40,000 guests per year. It will significantly improve the attractiveness of Freetown as a tourist destination and encourage more business travel to Sierra Leone. The hotel should be operational in the first quarter of 2014.

Source: IFC 2011b

Box 19: Tourism concessions in South Africa's national parks: A means to achieve the sustainable financing of protected areas

South African National Parks (SANParks) is a parastatal organization established in 1927 and mandated to establish and maintain a system of national parks. Although it receives an annual subsidy from Government, all revenues generated in national parks are retained and applied to the execution of its mandate, as determined by a Board of Trustees.

SANParks grew into the largest player in nature-based tourism, offering about 5,200 beds and 1,000 campsites and having a significant influence on the development of the entire industry. However, this was not without its negative consequences, which include the inefficient delivery of tourism products with often mediocre service standards; limited market segmentation and product differentiation; and prices that have not been determined by market forces.

It is for these reasons that SANParks has come to believe that it should not itself be running commercial ventures. Generally speaking, the State does not have the skills, attitudes and incentives that drive successful

businesses, and it is also SANParks belief that it is inappropriate that taxpayers' revenue be placed at risk in business ventures, particularly when alternatives exist in the form of private capital. The strategy was called "Commercialization as a Conservation Strategy" and had as one of its main components the concession of tourism businesses. The International Finance Corporation (IFC), the private arm of the World Bank, was the lead advisor of the process. Concessions allowed private operators to construct and operate tourism facilities within a national park on the basis of a 20-year contract, while all aspects of biodiversity management continue to be performed by SANParks.

The results were beyond the expectations of SANParks. From a tax perspective, it was estimated that at maturity, tax receipts will be in excess of R60 million (US\$7.2 million) per annum, which will exceed the annual operational subsidy that SANParks receives from the State.

Source: Fearnhead 2003

Pillar 4: Branding, promotion, and awareness-raising

5. The negative image of Ethiopia as a tourism destination is persistent

The negative image of Ethiopia as a tourist destination is persistent; there is an urgent need to build a competitive and unique country image of Ethiopia through the development of a research-based branding and marketing strategy created through close collaboration with the private sector and cultural sector stakeholders.

***Short-term strategic intervention:* Establish a Tourism Board that develops a research-based marketing and branding strategy for leisure and business tourism with direct involvement of the private sector, the regions, and the cultural sector.**

In 2012, Ethiopia is still using the "Thirteen months of Sunshine" slogan developed to promote tourism in the 1960's. There is no doubt that the country is in great need of defining a strong and enduring image and brand that not only reflects Ethiopia's uniqueness and diversity, but also helps to change persistent negative perceptions of the country as a land of poverty, conflicts, and droughts. Accordingly, WEF's TTCI ranks Ethiopia as the worst among the benchmarking group in terms of effectiveness of marketing and branding, as shown in Table 24. MoCT marketing activities are mostly limited to development of promotional materials and participation in international travel fairs, for which a limited budget of about US\$50,000 to US\$100,000 per year¹⁷⁶ is allocated.

Though a direct causal relationship between marketing spending and international tourism arrivals has not yet been proven to exist, most mature destinations spend between US\$4-6 per arrival. But even if we compare Ethiopia's marketing budget with those of other emerging destinations, the difference is huge:

Table 24: Marketing spending per tourist in Ethiopia, Jordan and South Africa, 2009

	Total arrivals (thousands)	Marketing budget (US\$)	Marketing spending/tourist arrival (US\$)
Ethiopia	383	150,000	0.0004
Jordan	3,729	15.3 mil	4.11
South Africa	9,592	75.2 mil	7.84

Source: UNWTO 2010b, Mitchell and Coles 2009

¹⁷⁶ Mitchell and Coles 2009.

In addition to the need for additional funding for marketing activities, there is also a need for strategic marketing interventions. A lack of proper planning, clear and strategic direction, and criteria concerning travel fair participation seem to be major concerns for Ethiopian tour operators. But overall, what is lacking is a comprehensive **national marketing strategy** and implementation plan. The marketing strategy needs to emanate from an overall national tourism strategy and have a broad and integral approach, addressing demand- and supply-side issues, such as:

Markets

- Defend and expand Ethiopia's share in main long-haul and short-haul source markets
- Penetrate new emerging long-haul and short-haul source markets
- Gradually start targeting the domestic market

Image/Products

- Build a strong and enduring country image and change negative perceptions/image
- Build complementarities between leisure-business and cultural and nature-based products
- Develop a diverse set of ancillary services that could increase tourists' expenditure in Ethiopia, including among the increasing number of transit tourists

As the successful "Incredible India" marketing campaign has shown,¹⁷⁷ **engaging a varied set of key stakeholders** in the brand-building process it is also critical for its success. In Ethiopia especially, it will be crucial that higher-level officials and future brand champions embrace a proactive attitude to counterbalance negative images when natural disasters occur or when major events make international headlines and obscure the communication of Ethiopia's vibrant offerings. The effort to change perceptions about Ethiopia as a tourism destination will require, first and foremost, participation by the general public domestically, which can be proactively engaged through awareness-raising campaigns (see Box 20). It will also require the involvement of committed government tourism officials with long years of expertise in the sector, members of the private sector and key frontrunner tourism entrepreneurs, as well as leading artists and influential national celebrities, all of whom have a key role to play in this regard.

Box 20: Branding India: More than mere advertising

Parallel to the "Incredible India" campaign, a complementary campaign, entitled "Atithi Devo Bhavah" or "Guest is God" was launched domestically to create a sense of pride in India as a tourism destination and qualitatively improve the services provided by taxi drivers, porters, tour guides, immigration, airline staff, tour operators and customs officials. This was a customized, integrated campaign to bring about attitudinal and behavioral changes among key stakeholders towards foreign tourists and to create social awareness of the benefits of tourism. The campaign, using India's leading film actors, has been broadened, focusing on aspects such as garbage collection and stopping the defacement of monuments. The objective of the campaign was to remind Indians of India's ancient belief that "Guest is God," and to implement it in the context of tourism.

The program consisted of three basic components:

- A training and certification scheme (in hygiene, conduct and behavior, integrity, safety and security) which has to be renewed every six months;
- Public Relations, contact programs and road shows;
- Mass media communication (films, visual explanations and radio spots, including in regional languages)

Within three months of implementing the "Atithi Devo Bhavah" campaign, 26,000 people were trained in seven cities.

Source: Kant 2009.

¹⁷⁷ Kant 2009.

The **cultural sector** can play a key role as well in building a unique country image and tourism marketing strategy. Ethiopia's cultural sector has a very low level of exports, and Ethiopia's tourism products have very weak ancillary services (cultural and entertainment services and products) that undermine the value of the tourism experience in Ethiopia and the possibility to realize the tourism multiplier effect, and increase tourists' average stay and expenditure. Tourism is a good channel for marketing, promoting and distributing Ethiopia's cultural products both domestically and internationally, and competitive cultural products can play an important role in changing external perceptions about Ethiopia and building a unique and rich country image. As Ethiopia's national cultural policy is currently being drafted, this offers an opportunity to build the foundations for projecting a sustained and rich country image to the outside world, and for integrating both cultural and tourism strategies in the new cultural policy.

In the same way that it is critical to put in place an effective multi-stakeholder platform to develop a national tourism strategy, it is even more critical to do so in order for the development of the national marketing strategy to build strategic partnerships, not only for the implementation but also for the funding of marketing activities (see Box 21). In Ethiopia, though the newly created Stakeholders Relation Directorate within MoCT is a commendable attempt, and with due recognition of the importance of MoCT's facilitating role, there is a need to establish a more independent body with direct involvement of the private sector in the form of a Tourism Board for an effective formulation and implementation of a national marketing strategy. As the draft proclamation for the establishment of a Tourism Board is currently being drafted, it is worth highlighting the advantages of this type of multi-stakeholder platform.

A **Tourism Board** is the most commonly used multi-stakeholder platform for the development and implementation of marketing strategies. They are usually granted a good level of independence and market focus, which makes them more effective and sustainable, as this may facilitate higher levels of representativeness from the industry as well as flexible hiring of technical experts with hands-on and market-focus experience.

While Tourism Boards have traditionally focused on marketing strategies, they are increasingly broadening their scope to supporting areas such as product development, standards and research and becoming closer to a Destination Management Organizations (DMOs) with an ample set of responsibilities with the overall goal of ensuring the delivery of services at the destination for a quality visitor experience¹⁷⁸ (see Box 21). The experience of South Africa (see Box 22) can be inspiring for Ethiopia. One of the interesting things about the South African experience is the Board institutional structure ensures the representation not only of the private sector, but also of the provinces. Though the adoption of the new South Africa National Tourism Strategy 2011 will imply a revision of South Africa's tourism institutional structure, the National Tourism Organization/Board as defined in The White Paper (1996) is still a relevant model for Ethiopia.

¹⁷⁸ UNWTO (2007)

Box 21: Multi-stakeholder partnership for destination management

Destination management calls for a coalition of many organizations and interests working towards a common goal. DMOs do not control the activities of their partners but bring together resources and expertise and a degree of independence and objectivity to lead the way forward. Though DMOs have typically undertaken marketing activities, their remit is becoming far broader, helping them to become strategic leaders in destination development and management.

Destination management is the coordinated management of all the elements that make up a destination (attractions, amenities, access, marketing and pricing). Destination management requires the adoption of a strategic approach to link up these sometimes very separate entities for the improved management of a destination. Joint management can help to avoid duplication of efforts with regard to promotion, visitor services, training, and business support, and can make it easier to identify any management gaps that are not being addressed.

Source: UNWTO 2007.

Box 22: Going beyond marketing and promotion: South Africa's National Tourism Organization (NTO)

The South Africa's Tourism White Paper (1996) established a comprehensive set of principles related to the NTO functions, responsibilities and accountability mechanisms. Some of the principles include:

Responsibilities of the NTO will include, among others:

- **Policy:** assist the Ministry and Department in formulating a national policy and strategy and their implementation
- **Marketing:** develop and implement an international marketing strategy in cooperation with national and provincial tourism organisations and manage an international network of tourism marketing and promotion offices
- **Research:** carry out necessary research, also in cooperation with the provinces, and satisfy information needs of the Minister, the Department, other government bodies, NGOs, the corporate and business sector as well as the media and the public
- **Standards:** ensure the setting and maintenance of appropriate standards
- **Development promotion:** advise all stakeholders on product development opportunities which are in accordance with market needs and promote the conservation and development of the country's unique natural and socio-cultural environments

Representation: The organisation will be governed by a Board of Directors that will equitably reflect stakeholder interests, i.e. those of the tourism business sector, labour force and community interests. The Board will be appointed by the Minister, based on nominations received from the public as well as from organisations representing the various stakeholder groups. The Board will be accountable to the Minister. Nine provincial tourism representatives will also be represented on the Board, i.e. one person from each province will be represented at national level. This will ensure that the organization incorporates provincial aspirations in a coordinated national strategy.

Board members: Some of the selection principles for the Board members will require the members to be knowledgeable in tourism and able to take binding decisions on macro tourism issues.

Board Committees: Specialist committees could be established as and when needed in areas such as finance, marketing, environment, community involvement, etc. The organisation is expected to be staffed with the highest level of technical and managerial expertise from South Africa, and abroad, if necessary.

Legal status: A statutory or parastatal organisation is the preferred form of organisation. The organisation shall be created by an act of parliament which should be developed with a preamble that highlights the exclusion of the organisation from strict public service regulations and the possibility to raise income if it has the capacity to do so. The national tourism organisation will facilitate government intervention.

Source: Government of South Africa 1996.

6. Tourism competitiveness is hindered by a lack of good tourism data

Ethiopia's tourism competitiveness is hindered by a lack of comprehensive and timely tourism data; it is urgent to establish a well-functioning national tourism statistics system with strong federal-regional coordination.

***Strategic intervention:* Develop a Technical Committee that will help to institute an effective national tourism statistics collection and dissemination system.**

For a marketing strategy to be effective and build on Ethiopia's potentials and comparative advantages in the tourism market, the existence and availability of an effective national tourism data system is critical, especially for the identification of main, emerging and potential source markets, as well as competing and complementary destinations. Good tourism data is also essential in making informed and evidence-based strategic policy interventions. The WEF TPCI (Table 25) ranks Ethiopia 123rd and 109th out of 139 worldwide in terms of availability of comprehensive and timely tourism data, reflecting the poor quality of official tourism data.

Table 25: Ranking of tourism data systems (Ethiopia, Tanzania, Kenya and South Africa)

Tourism data systems	Ethiopia	Tanzania	Kenya	South Africa
Comprehensiveness of annual T&T data (2005–08)	123	88	72	85
Timeliness in providing monthly/quarterly T&T data (October 2009–September 2010)	109	109	46	46
Note: Lower rankings (higher number) indicate lower competitiveness Source: WEF 2011				

It is clear that Ethiopia's tourism sector policymakers and private sector are in great need of timely and comprehensive tourism data. Tourism data in Ethiopia lacks both timeliness (last Tourism Statistical 2006–2008, published in 2010) and comprehensiveness (lack of data related to tourism employment, marketing, investments, regional tourism, tour operators' activities, demand for tourism products in WHS and protected areas, etc.), as reflected by the WEF TPCI.

Implementation of a national Tourism Satellite Account (TSA) for Ethiopia is often mentioned as an important potential tool for improving the tourism data system in Ethiopia. However, TSA works more as a tool for promoting the tourism sector and assessing its economic size and impact, rather than as a useful tool for policy planning and implementation.¹⁷⁹ Implementation of a TSA is complex, and before attempting implementation, well-functioning National Tourism Statistics and National Accounts systems need to be in place. In addition to this, TSA implementation requires financial and qualified human resources. Implementing a TSA can cost anywhere from US\$30,000 to US\$100,000 and can take between eight weeks to more than a year, depending on the readiness of the National Tourism Statistics and National Account systems.¹⁸⁰ All of these factors must be considered and the decision to engage in the implementation of a TSA must always be balanced with other sector priorities.

The 2010 OECD report on tourism trends and policies provides a comprehensive overview of the main challenges when it comes to implementing a TSA, though it is important to remember that most of those challenges are proper to more mature and consolidated tourism destinations; as such, additional challenges may apply to an emerging destination such as Ethiopia.

¹⁷⁹ OCDE 2010.

¹⁸⁰ These figures refer to the hiring of international experts mainly. Kevin Millington, Acorn Tourism Consulting Ltd (email correspondence).

In the current situation, Ethiopia's priorities could initially focus on two areas:

- Strengthen (both in terms of staffing and technical expertise) the capacity for market research and tourism data management within MoCT and tourism research institutes; and
- Put in place a National Tourism Statistical System and improve coordination and collaboration between related institutions such as MoCT (including EWCA for eco-tourism data), the National Bank, Immigration, the Central Statistical Agency, Regional and Woreda/district tourism organizations, and private sector businesses related to leisure as well as business tourism. This system will at the same time form the basis for future effective Tourism Satellite Account (TSA) exercises.

Pillar 5: Human resources capacity building

7. Tourism training supply is not keeping pace with sector growth

There is a major gap between tourism work force supply and demand while private sector investment in tourism training institutions is limited. Training supply needs to keep pace with current growth and create the basis for future growth in the sector. Private sector investment in tourism training and the dialogue between training institutions and the industry need to be facilitated and incentivized.

***Strategic intervention:* Facilitate private sector investment and public-private partnerships for the provision of tourism training, and develop a Tourism Human Resource Strategy through close collaboration with the private sector.**

Reaching the growth targets set for the tourism sector in Ethiopia, and also taking into account the growth rates of tourist arrivals, it is quite clear that Ethiopia will need to expand its tourism professional workforce to fully utilize the job-generation potential of the sector and to improve the skills of the existing one. However, there is limited capacity shown, for instance, by the fact that the WEF TCI ranks Ethiopia 122 out of 139 in terms of availability of tourism research and training services (see Table 20). Ethiopia's tourism training institutions are concentrated in vocational education institutions (TVETs), and to a lesser extent in universities. The Government is still directly involved in the provision of tourism training through state-owned TVET institutions. The largest state-owned TVET institution, the Catering and Tourism Training Center (CTTC), is one of the most important tourism training institutions in the country. Previous studies identified clear signs of limited capacity in CTTC in terms of training facilities and availability of teaching staff, and a huge gap between the training supply and the needs of the tourism work force, taking into account the expected growth of the sector in terms of increased accommodation capacity.¹⁸¹ Shortages of specialized tourism training and trainers, particularly in international languages and specialist areas such as eco-tourism, were also identified.

For this expansion of the supply of tourism training to occur, the private sector must play a greater role as training provider; additionally, there must be closer collaboration with the private sector in order to ensure that the TVET system is adequately responding to the industry's needs.

¹⁸¹ J. Mitchell and C. Coles (2009) estimated that under the current growth of accommodation facilities in Ethiopia, and taking into account CTTC limited capacity and rate of graduation, it would take at least 30 years to train the number of workforce members needed by the sector. This study also highlighted a huge gap between the number of applicants and admitted students at CTTC (an average excess demand of 10 times more student applicants than admitted ones for the period 2001-2007). This excess demand may also be explained by CTTC's cheaper rates, due to government subsidies.

These challenges apply not only to tourism training but to the overall TVET system. Ethiopia's new National Technical and Vocational Education and Training (TVET) Strategy, aims to address these challenges.¹⁸² First, by having a demand-driven TVET system that responds to the competence needs of the labor market. Second, by promoting private sector investment in the TVET system through the necessary incentives in the form of an enabling regulatory environment (licensing and accreditation, and financial incentives such as tax/duty exemptions).¹⁸³ Under the TVET strategy, the Government will play a major role only in those areas in which the private sector is unlikely to venture, such as long-term initial TVET, specialized technology training, and supplying TVET to remote areas, among others.¹⁸⁴ Under the new strategy, TVET institutions are meant to be centers for technology accumulation and transfer, and to support the incubation and establishment of MSEs. The new TVET system aims to provide TVET opportunities to a wide range of target groups, such as illiterate people, informal entrepreneurs and the unemployed. Finally, the TVET Strategy recognizes the importance of traditional apprenticeships in the MSE sector as a presumably important but yet unresearched training area.¹⁸⁵ Thus, the craft sector—with an important presence of MSEs, a level of informality, and a high rate of illiteracy among artisans—becomes an obvious target for the TVET system. Addressing the human resource development needs in the craft sector through the TVET system becomes important not only in terms of poverty reduction and employment generation, but also in terms of conserving valuable traditional knowledge and intangible heritage, some of which is at risk of being lost. Successful experiences from India and Kenya demonstrate different approaches to tailoring TVET training to the craft sector, taking into account its artisans' specificities and needs (see Box 23).

Box 23: Innovative training for artisans in India and Kenya

The Kala Raksha Vidhyalaya: An institution of design for traditional artisans (Kutch, India)

Kala Raksha Vidhyalaya (KRV) is an educational institution designed for traditional artisans with the aim of rejuvenating the traditional arts. The institution's focus is on acquiring knowledge and skills that can be directly applied in the artisan's own art to enable innovations appropriate for contemporary markets. Kala Raksha has well-established links with premier national and international design institutions that supported the establishment of the school and the development of its curriculum.

Working artisans rarely have the luxury of leaving their homes and professions for long periods of time. Therefore, the curriculum is designed as a series of modular classes, which are conducted over a period of one year in a residential local setting. The institute observes impacts and innovates with respect to the content and structure of courses in order to address the changing needs of the artisans and the ever-developing market scenario. Examples of courses include: meeting craft consumers and visiting shops on field trips, equipping non-literate artisans with a language of visual symbols through which to analyze their experiences, and interactions with urban design school students acting as clients of KRV students to help them improve on designs and products.

As Ramjibhai, one of the graduates, puts it: "My weaving earned me only Rs 2,000 or 2,500 per month and I was going to stop weaving and join a factory to earn at least Rs 3,000 to 4,000 per month, but suddenly KRV gave me an opportunity and not only my art but also my way of life survived... We wove just by copying others; we didn't know the term 'market,' and 'costing' was something strange to us. Now we prepare products looking to the needs of the customers, seasons and even the country to which they belong."

Training programs for the *Jua Kali* (informal sector): skilled craftsmen training of trainers (Kenya)

The *Jua Kali* (informal sector) project, funded by IDA, is aimed at providing skills and technology upgrading to roughly 25,000 informal sector manufacturing workers, among other objectives. A key feature of the project was a

¹⁸² Under the new TVET strategy's targets, TVET enrollment will increase from 717,603 to 1,127,330 in 2014/5; the number of TVET institutions will increase from 814 to 1,127 in 2014/5; and the share of enrollment in private TVET institutions will increase from 24 percent to 41 percent in 2014/5 (MoE 2010).

¹⁸³ Under the new TVET strategy, the Federal and autonomous TVET Agency will have the responsibility of facilitating a conducive and stimulating environment for further development of private TVET provision.

¹⁸⁴ MoE 2008.

¹⁸⁵ MoE 2008.

voucher program intended to introduce consumer choice, enabling informal sector operators to purchase the training they want, wherever they want. Intermediaries—allocation agencies—were selected by competitive tender to market, allocate, and redeem vouchers in a decentralized way throughout Kenya. Allocation agencies received a fee equal to 3 percent of the value of vouchers issued. Vouchers could be used for any kind of training from any registered training provider. Over the course of the project, approximately 700 training providers became prequalified for providing training.

One unexpected outcome of the voucher training program was the emergence of a new kind of training provider—the skilled master craftsman. The strong preference of Jua Kali workers for appropriate, accessible training by master craftsmen was revealed in the first phase of the project: 85 percent of all vouchers went to pay for the services of master craftsmen, and only 15 percent went to private and public training institutions. The training by master craftsmen was usually well-adapted to entrepreneurs' need for short, practical training. These training providers were previously invisible to agencies that wished to pay for training directly.

Sources: www.kala-raksha.org; Johanson and Van Adams 2004, mentioned in World Bank 2007.

Therefore, the new TVET strategy offers very good opportunities to address human resource development challenges in the tourism sector and particularly in the craft sector. However, and in order to do this, it is important that tourism be integrated in the TVET governance structure. Right now the federal Government is represented in the Federal TVET Council by a list of line ministers¹⁸⁶ from which the Ministry of Culture and Tourism is absent.

But tourism training challenges go beyond the issues identified above; thus, it will be important to address all the challenges in an integrated manner taking into account the sector's overall strategy. Developing a **Tourism Human Resource Strategy** will be a way to do this. It will be critical that the strategy is informed by the new TVET strategy, the prospective growth of the sector, and an assessment of the quantity and type of tourism workforce needed by the sector. The development and implementation of this strategy will also require a multi-stakeholder platform in which the regions, industry, and public and private training institutions are represented. This could be established within the already existing National TVET Council, or through a technical committee within the Tourism National Council. Coordination between industry and training institutions is needed, not only to ensure that the trained workforce aligns with industry and market needs, but also so that industry actively participates by providing adequate on-the-job training. The Caribbean Tourism Human Resource Council (CTHRC) is noteworthy in this regard (Box 24).

Box 24: The Caribbean Tourism Human Resource Council (CTHRC)

The Caribbean Tourism Organisation (CTO) established the Caribbean Tourism Human Resource Council (CTHRC) in 1998. This is a regional body made up of senior representatives from business, labor, government, industry associations, and education- and tourism-related organizations. The Council meets twice annually to collaboratively address the Caribbean's tourism education, training and career development needs and to give direction to the Council's programs and activities. The Council's mission is to develop and promote a systematic and coordinated approach to human resources planning, research, education and training in Caribbean tourism to meet the demands of a globally competitive tourism environment.

Source: UNWTO 2007; <http://www.onecaribbean.org/programs/hrdevelopment/cthrc/default.aspx>

¹⁸⁶ Line ministers represented in the Federal TVET Council are: the Ministry of Education, Ministry of Capacity Building, Ministry of Labour and Social Affairs, Ministry of Agriculture and Rural Development, Ministry of Trade and Industry, Ministry of Health, Ministry of Youth and Sports, Ministry of Finance and Economic Development, Ministry of Works and Urban Development (MoE 2008).

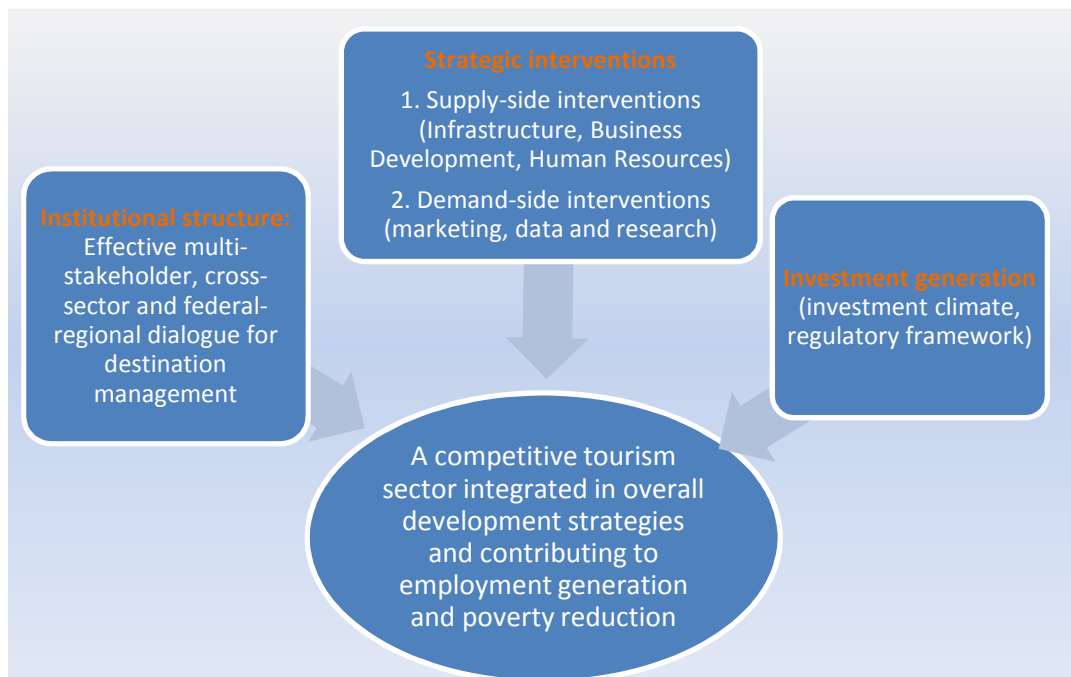
IV. CONCLUSIONS

Ethiopia is well positioned to address the constraints that hinder the full development of tourism as a leading source of growth and employment generation. It is an untapped and well located destination for business and leisure tourism steadily growing from a low base, and with a good mix of unspoiled and underexplored culture and nature-based tourism resources.

Ethiopia's National Tourism Development Policy (NTDP) pillars set the framework to strategically develop the sector. The strategic interventions proposed in this study build on the NTDP's pillars drawing lessons from other emerging and competing tourism destinations' best practices, as well as successful Ethiopian economic sectors such as floriculture. Strengthening these pillars is necessary to improve the tourism sector's level of competitiveness and job generation potential, and gradually move it from the underperforming scenario in which it currently stands to a scenario whereby tourism-growth and employment-generation potentials are fully realized.

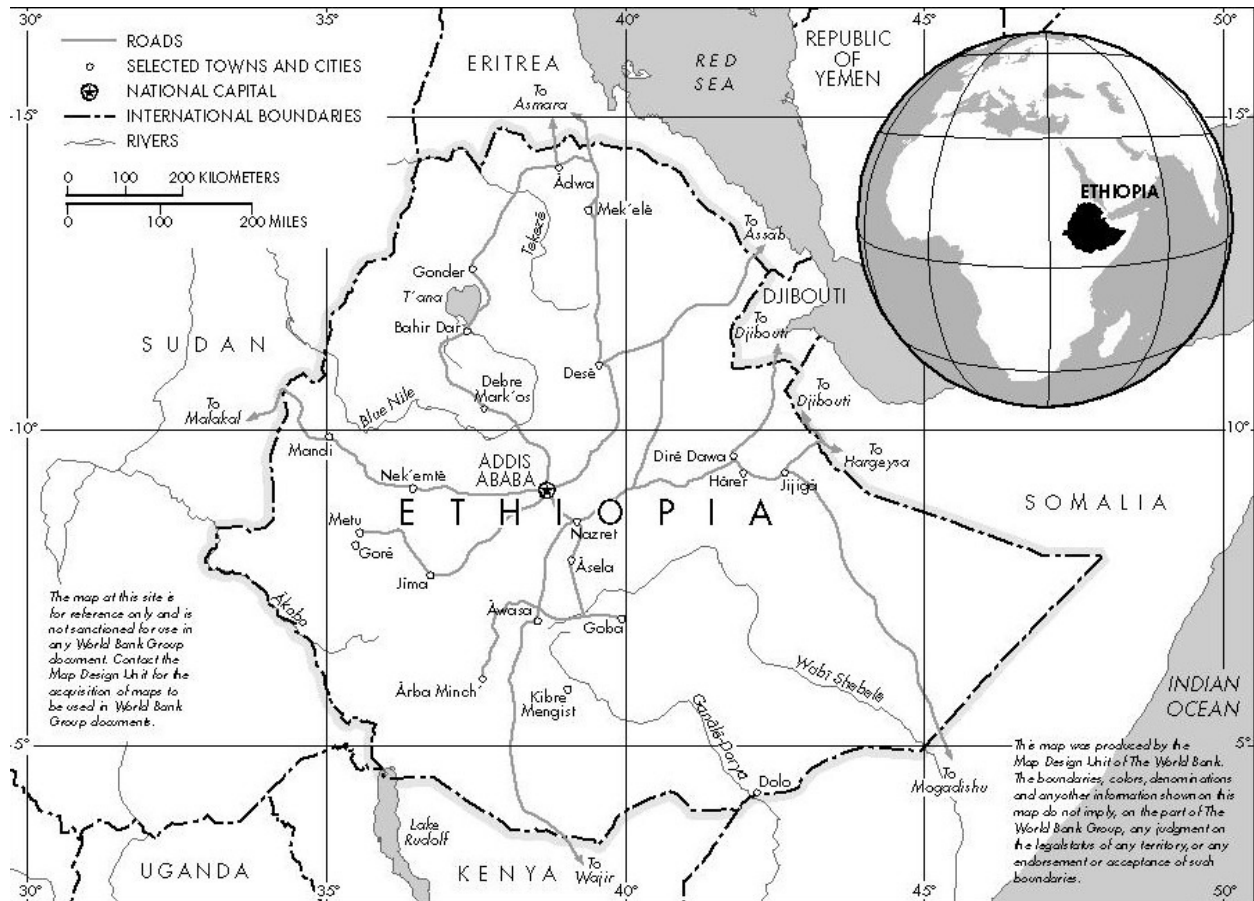
The goal is to establish a public sector that gradually engages in a facilitating and problem-solving role; ensures a bigger and more conducive space for the private sector and the regions; and incentivizes positive development impacts and high quality standards. This is crucial to realize tourism employment generation and poverty reduction potentials.

Diagram 2: Strategic intervention mix necessary for a competitive tourism sector



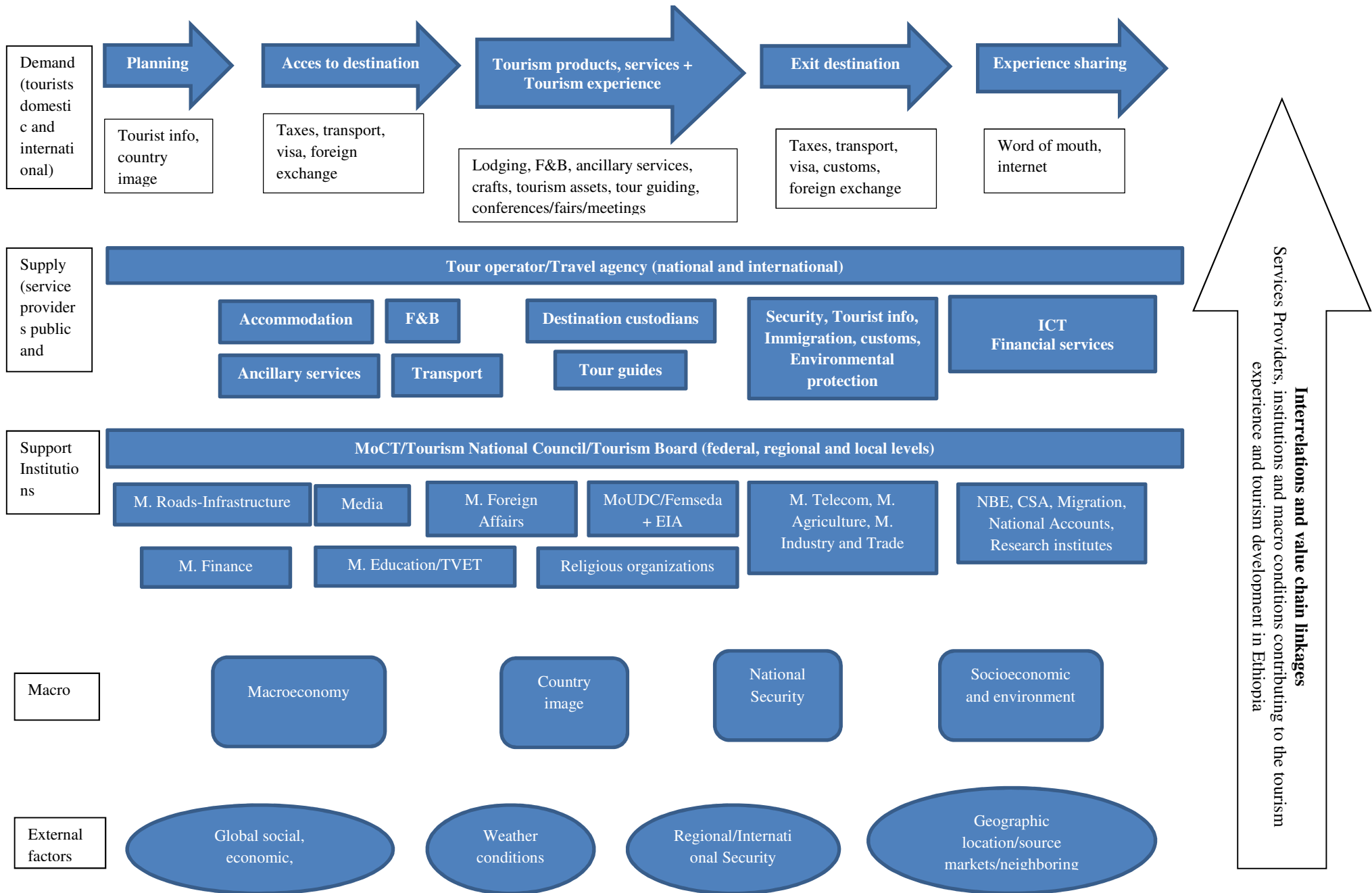
Source: The authors.

Annex 1: Map of Ethiopia



Source: Map Design Unit, World Bank

Annex 2: Ethiopia's tourism value chain: Entry points for strategic interventions



Annex 3: Ethiopia's National Tourism Development Policy

TOURISM DEVELOPMENT POLICY

Ministry of Culture and Tourism
August, 2009
Addis Ababa

INTRODUCTION

Tourism is among the economic and social sectors that are registering rapid growth in the world, and nowadays it has been found to be making its contribution in supporting and accelerating national development. Tourism makes a tremendous contribution serving as a source of foreign exchange, promoting micro and small-scale enterprises, creating employment opportunities, and ensuring sustainable development.

Because of the absence for long of a clear policy that would lay the direction for the cooperation and coordination that should exist among the government, the private sector, the community at tourist attraction sites, the general public and other stakeholders, it has not been possible for the country to derive full benefits from the sector, and development has remained uncoordinated and unsustainable.

The Government of the Federal Democratic Republic of Ethiopia, therefore, appreciating the problems of the sector and giving special attention to the matter, and recognizing the necessity of creating a strong government organ to lead the sector, has established the Ministry of Culture and Tourism under Proclamation Number 471/2005, enacted to redefine the powers and duties of the organs of the Federal Government. In order to consolidate the fragmented activities and ensure coordination of efforts being made by government, the private sector, communities at the tourism destinations and civic organizations, and to create a conducive environment for these entities to be able to discharge their respective responsibilities appropriately, it has become necessary to issue such an enabling policy and strategy.

This policy gives due attention to:

- guiding the sector in a broad based development framework,
- developing the existing and new tourism attractions and products,
- expanding the infrastructure and tourist services that are vital for the growth of the sector,
- ensuring that the country benefits from the sector by being sufficiently competitive in the international tourism market, and
- solving the serious limitations in capacity which are apparent in the industry.

In the process of formulating this policy, use has been made of

- various relevant data and information pertaining to the sector,
- country-wide studies, reports and official statements related to Ethiopia's tourism development such as the *Ethiopian Tourism Paradigm*
- country-wide development policies and programs of key sectors connected with the development of the tourism sector, and also
- tourism policies and strategies of other countries as well as international tourism information.

Based on these information sources, a tourism development framework was prepared and distributed for initiating discussion within the respective membership of the main federal and regional stakeholders. The feedbacks obtained from these consultation forums were taken as inputs and discussed in plenary and syndicate sessions at a national conference convened for the purpose. By incorporating useful inputs

derived from this national conference, a draft policy document was prepared. This was reviewed and consolidated by the Ministry's Executive Management and then submitted to the Council of Ministers for adoption. In general, all possible endeavors have been made to ensure the direct or indirect participation of all stakeholders in the formulation of the policy.

The policy has been structured under five sections:

Section One: A Review of the Prevailing Situation of the Tourism Industry,

Section Two: The Need for an Ethiopian Tourism Development Policy,

Section Three: Main Policy Issues and Strategies,

Section Four: Roles and Responsibilities of Those Taking Part in Implementing the Policy, and

Section Five: Sources of Finance for the Implementation of the Policy.

The Council of Ministers of the Federal Democratic Republic of Ethiopia reviewed, corrected and adopted the draft policy unanimously at its 92nd regular session held on August 7, 2009.

1. REVIEW OF THE PREVAILING SITUATION OF THE TOURISM INDUSTRY

Global State of the Tourism Industry

Tourism has become one of the economic sectors registering rapid growth worldwide. The United Nations World Tourism Organization, in its statistical publication, Tourism Barometer, of June 2009, indicating the growth of international tourism reported that international arrivals and receipts, which respectively were 25.3 million visitors and 2.1 billion U.S. dollars in the Year 1950, had reached 922 million in terms of visitors and 944 billion dollars in terms of receipts by the Year 2008. According to the same source, the picture in Year 2008 compared to Year 2007 showed an annual growth of 1.9 % in arrivals and 1.8 % in receipts.

Based on past average annual growth rates of 4.1 percent and 1.8 percent, respectively for international tourist arrivals and receipts, the World Tourism Organization has projected that by the Year 2020 international arrivals would reach 1.6 billion and receipts would amount to 2 trillion U.S. dollars. It should, however, be underlined that, while the projection had taken many relevant factors into consideration at the time, it had not fully foreseen other global conditions that would, as it turned out challenge the growth of the industry.

In general, the industry has remained resilient in the face of adverse conditions, and it is now one of the leading sectors in international export trade. It forms 11 percent of world GDP, and creating about 100,000 new jobs annually, it accounts for more than 11% of total world employment, according to data from the World Tourism Organization.

The following are the main causes cited for the level of growth attained by international tourism:

- a. Strong expansion in travel for the purposes of knowledge, research, business, religious worship, medical treatment, adventure, or relaxation, etc. during long vacations made possible by sustained economic growth and improved standards of living in developed countries as well as the emerging countries of the Far East that are registering outstanding performance among developing countries.
- b. The rapid improvement and expansion of international air transport and other modes of transport and infrastructure;

- c. The fact that the exchange of information has been made easy and efficient by the steady progress of communication technologies and services; and
- d. The expansion of unhindered trans-national trade and investment and the fact that the tourism industry too has taken on this same international character.

Tourism makes substantial contributions by expanding micro, small-scale and medium-scale enterprises for the production of goods and services, creating considerable employment opportunities, promoting sustainable development and eliminating poverty. Tourism has a great role in accelerating development and eradicating poverty, which is the major enemy of developing countries, and in this its impact is no less important than those of other main economic and social sectors. The following are among the basic reasons that responsible and sustainable tourism is preferred as an effective engine of development for African and other developing countries.

- A. Tourism is a typical source of foreign exchange, which is helpful for importing various inputs for development and maintaining the balance of payments of a country;
- B. These countries possess diverse and authentic, internationally renowned, wonderful cultural, historical and natural attractions, most of which are located in rural areas;
- C. Because tourism is inherently labour intensive and creates employment opportunities specially for the poor, the young, women and the physically handicapped, it plays a significant role in the poverty alleviation of these countries by creating jobs and income;
- D. The infrastructure built for tourism development can greatly benefit the economically disadvantaged sections of society and in addition can create opportunities for growth and development of agriculture, industry, construction, transport and communication as well as other economic and social sectors;

Above and beyond its economic advantages, tourism promotes better and reciprocal understanding and closer relations among peoples, thereby fostering a culture of peaceful coexistence and mutual respect.

1.2 Prevailing Situation of Ethiopia's Tourism Sector

Since 1965, when the first development plan was announced and tourism was recognized as a sector for economic growth, tourism grew at an average annual rate of 12% until 1974. In the four years from 1970-1973, the average number of tourist arrivals to Ethiopia was 63,833 per year, while the average annual income was 10.2 million dollars. The average annual growth rates achieved during this period were 18.2 and 13 percent, respectively.

During the seventeen years that the Derg was in power, tourism declined drastically because of the adverse conditions created by war, recurrent draught, strained political and diplomatic relations with tourist generating countries, restrictions in entry into and travel within the country. In the years 1989 to 1992, records show that the country received on average 80,246 tourists and 23.2 million U.S. dollars annually. The average annual growth rates during those years were 2.1 percent for arrivals and 6.1 percent for receipts.

The basic measures taken after Year 1991 in order to realize the country's economic and social development have created favorable conditions for the nation's tourism development as well. In the four years from 2005 to 2008, average annual tourist arrivals were 324,664, while average annual revenue was 167 million dollars. Reports of the sector show annual growth rates of 21 percent for tourist arrivals and 19.5 percent for revenue for those four consecutive years.

UNWTO's current analysis of tourist arrivals puts Ethiopia's average annual growth in international tourist arrivals at 5.6 percent for the period 1990-2000, and at 15.4 percent during the period 2000-2008. The average growth rates achieved during the more recent years represent an encouraging trend indeed. Yet the fact that, for instance, Ethiopia's share of the tourist flow to the East African Region of seventeen

countries in 2007 was 0.7 percent demonstrates the very low stage of development the country is at, despite its numerous historical, cultural and natural attractions.

Because it is believed that tourism has the power and capacity to assist in the on-going effort to eliminate poverty and accelerate development sustainably, provided Ethiopia's attractions are appropriately developed and put into service, tourism has been included as one of the means of implementing the country's plan for accelerated and sustainable development to end poverty. In connection with this, an assessment of the domestic opportunities and limitations of the sector on the one hand, and the international opportunities and challenges on the other, would essentially help to clearly understand the prevailing conditions of the sector.

1.2.1 Domestic Opportunities of the Sector

The favorable domestic opportunities of Ethiopia's tourism sector are reviewed under two main topics as follows:

a. Ethiopia's Possession of Varied Attractions

It is known that Ethiopia is full of varied historical, cultural and natural attractions; it is the possessor of eight world heritage sites and many fossils attesting that it is the cradle of humankind; and on top of all that, its people are hospitable and their cultures diversified a combination which makes it suitable for tourism development.

b. The Country's Political and Economic Foundations

Ethiopian conditions that are favorable to the growth of the sector are reviewed as follows in relation to constitutional principles, as well as overall development policies, strategies and programmes:

- The human and democratic liberties and rights of citizens are guaranteed by the constitution.
- Nations, nationalities and peoples have equal recognition under the constitution.
- The market-led economic system being followed by the country firmly guarantees the rights of the private sector and local communities to participate in and benefit from development.
- The guiding principle of economic diplomacy on which the country's policy and strategy for foreign affairs and national security are based makes visible contributions in increasing the number of visitors by promoting the tourist attractions and building a positive image of the country, and drawing foreign direct investment which is crucial to the growth of the industry.
- Because tourism is inherently trans-sectoral, development policies and strategies formulated for other economic, social and political sectors positively affect tourism directly or indirectly.
- The agricultural and rural development policies and strategies of the country have great possibilities for increasing farmers' production and productivity and transforming the farmers into investors responsive to international markets.
- The industrial development strategy of the country, enhancing the private sector's share in development, enables it to fulfill its role in the growth of tourism.
- Ethiopia is the seat of the headquarters of the African Union, the Economic Commission for Africa, and more than 105 embassies and numerous international organizations.
- Moreover, Ethiopia has a national airline of long standing experience, which has extensively linked the country to other African countries and major international air transport networks; Addis Ababa, as an air transport hub, serves to attract internationally

renowned air carriers that provide efficient services; airports serving major tourist destinations of the country have been modernized and expanded.

1.2.2 Domestic Challenges Facing the Sector

A look at the concrete situation of the sector at present reveals a number of challenges confronting the sector. The fundamental limitations of the sector are presented below, grouped under two main headings:

A. Limitations in Supply Basic to the Growth of the Sector

The current situation, relating to shortfalls in basic tourism supply in terms of destination development, products and services offered, and expansion of infrastructure and tourist facilities is reviewed as follows:

- Although the country possesses vast potential in varied historical, cultural and natural attractions, this has not been adequately protected, developed and used as tourist attraction.
- There is a serious shortage in number and type of tourist facilities at existing and potential tourist destinations and vicinities; moreover, the quality of service is poor and unsatisfactory to tourists.
- Interpretations of tourist attractions are not based on credible facts and knowledge; they are not consistent; and their presentation is disorganized.
- Handicrafts, other local creative products, performing arts and entertainment services, which could have helped to lengthen the stay and increase the spend of visitors at every destination, are not offered in sufficient variety, quantity and quality.

B. Limitations in Implementation Capacity of the Sector

With respect to competence of trained human resources, operating system, and institutional capacity that the sector demands, the following weaknesses are observable:

- Human resources already deployed in the sector and those needed for new deployment are limited in terms of type, number and quality.
- There is a shortage of highly trained and moderately trained manpower that is crucial to the development of the sector.
- Branding and market positioning based on timely studies are not in use.
- There are capacity limitations among tourism stakeholders, and mutual support and coordination of efforts among them have not been strengthened.

1.2.3 External Opportunities Favouring the Development of Tourism

The following are opportunities favouring Ethiopia's tourism development:

- International tourism shows growth year after year.
- The use of modern information and communication technologies is expanding the dissemination and efficiency of information in tourism.
- Among international tourists, interest in authentic, indigenous and organic products is increasing highly from time to time.

1.2.4 External Challenges Affecting the Development of Tourism

The main challenges are the following:

- Ethiopia's image on the international scene is widely associated with draught, famine and war.
- The Horn of Africa is seen as a region of instability and terrorism.

In general, Ethiopia's tourism sector is found under the conditions indicated above. Overcoming the serious observable shortcomings of the industry by coordinating and utilizing the capacities of the principal stakeholders to lead the development of tourism on a sustainable basis is therefore the focus of direction at the moment.

2. THE NEED FOR AN ETHIOPIAN TOURISM DEVELOPMENT POLICY

Enhancing the development impacts of tourism by properly developing and utilizing the tourism potential with which the country is endowed is a matter deserving focus. Accordingly, in order to realize the development of tourism and to enable the sector to effectively contribute to the country's current effort to eliminate poverty, it is necessary to lead the development of the sector within appropriate policy and strategic framework. Hence, this policy has been formulated.

2.1 Vision for Tourism Development

To see Ethiopia's tourism development led responsibly and sustainably and contributing its share to the development of the country by aligning itself with poverty elimination.

2.2 Main objectives of Tourism Development

- a. To ensure concretely the country's full benefits by sustaining competitiveness in the international tourism market, by turning Ethiopia into a particularly preferred destination in Africa, and by maximizing direct and indirect economic benefits.
- b. To build a tourism industry that makes important contributions in earning and conserving foreign exchange, and integrates into the economic growth of the country.
- c. To create extensive employment opportunities for communities at tourist destinations and to ensure community benefits through a wider distribution of income, and to enhance community participation in decision making on development.
- d. To realize a tourism industry that builds a positive image of the country, carries on the sector's development in a responsible and sustainable manner, with the capability of growing without disrupting peoples' culture and life styles and the natural environment.
- e. To build an industry that can lengthen the tourist's stay by solving observed limitations in service in the sector and provide for the progressive growth of capacity in tourist facilities deployed in the field.

2.3 The Basic Principles of the Policy

A. Respect for Pluralism

Because diversity in history, culture and natural resources is Ethiopia's beauty and distinguishing endowment, the assets have to be equally recognized, respected and developed as tourist attractions.

B. Guaranteeing Community Participation and Benefits

With respect to the sustainable development and promotion of existing and new attractions, encourage communities at destinations in particular and the public in general to participate in and benefit from the development.

C. Instituting Management Transparency and Responsibility

As the development of tourism requires the involvement of many parties across sectors, the institution of good governance is necessary in order to ensure that all stakeholders meet the ethical demands of tourism.

D. Creating Partnership

By forming strong links and creating cooperation and partnership among actors in the sector at destination, regional, national, sub-continental, continental and global levels, foster the

practice of working together for common objectives. In particular, encourage small and medium enterprises (SME's) in the sector to create for cultivating a culture of exchanging experiences and best practices, and working in partnership.

E. Enhancing the Implementation Capacity of the Sector

To ascertain that the country gets the full benefits of tourism development, enable all bodies engaged in the sector to effectively render quality tourism services by enhancing their implementation capacities.

3. MAIN POLICY ISSUES AND STRATEGIES

It is necessary to bring about a lasting change by developing the potential of our tourist attractions and boosting the direct and indirect benefits of tourism to image building and overall development of the country. To realize this, it is essential that the industry is enabled to fulfill its share by gradually overcoming the numerous shortcomings in its supply and demand seen at the moment. Accordingly, the following main policy issues and implementation strategies have been formulated.

3.1 Guiding the Tourism Industry in a Broad-Based Direction

In order to enable the tourism industry to contribute as one of the key development sectors of the country its large share in the drive to eliminate poverty, the sector should, first of all, be guided out of its present slow growth and put on to a development path that can bring about comprehensive and rapid change.

In light of this, an integrated management of sustainable tourism development becomes a key implementation strategy of the policy. Accordingly, the strategy lays emphasis on the following directions of focus.

3.1.1 Integrating Tourism Development into Key Development Policies and Strategies of the Country

Because tourism is inherently trans-sectoral, it is imperative for its development to be integrated into the overall development agenda of the country. Conditions shall therefore be facilitated for the implementation of tourism development with strong linkages to the country's main development policies and strategies. Thus,

- a. Since the main potential tourist attractions, particularly those that are suitable for the expansion of agro-tourism and eco-tourism, are located in the rural and agricultural areas, it is necessary to strongly link the development of tourism to the policy and strategy for rural and agricultural development of the country.

Doing this would enable the tourism sector to become a direct beneficiary of the rapid development taking place in the rural areas. Secondly, it makes it possible to create a strong value chain between urban and rural areas through the provision from rural areas of products and handicrafts needed as inputs to the tourism expanding in urban areas. This would make for mutually supportive ties between the two sectors.

- b. To realize the objectives of the tourism development policy, linking the policy strongly to the strategies of image building and economic diplomacy, around which the country's policy for foreign affairs and security revolves, is an appropriate direction to follow. Conditions for increasing the flow of tourists from time to time will be facilitated by tiding strongly the activities of Ethiopian embassies in building the image of the country and in promoting its tourist attractions in existing and potential tourist-generating countries with the direct impacts they can have on tourism development.

- c. Ethiopia's tourism development will follow a path that is strongly linked to the industrial development strategy of the country. Why it is necessary to follow this path is because of the beneficial impacts that the industrial development strategy has on tourism development. The industrial strategy holds that a key to the industrialization of the country is the creation of a vast number of national entrepreneurs by strengthening micro and small-scale enterprises. The strategy advocates export-led industrialization supported by the export sector also. Measures taken to realize industrialization would have positive influences on tourism, and the two sectors would therefore be closely integrated and their developments would be made mutually supportive.
 - d. Tourism development demands the coordinated and organized participation of many bodies and the equitable sharing of the benefits from participation. The process should be guided democratically and by a system of good governance. Therefore, the country's tourism development should be carried out in alignment with the key strategies for building a democratic system, and the positive impacts of building a democracy should be used in turn to reinforce tourism development.
 - e. All activities intended to realize Ethiopia's tourism development should be carried out in a way that will enhance the implementation capacity of the sector and in a manner that is consistent with the country's strategy for capacity building. This linkage will be strengthened by enabling tourism to benefit from the positive impacts of the country's capacity building strategy and programme.
 - f. Lastly, the development of tourism shall be carried out in appropriate alignment and mutually supportive coordination with the country's other sectoral policies, strategies and priorities.
- 3.1.2 The growth of the tourist industry requires the involvement of multiple parties. Under these circumstances, the country's tourism development will be realized with guidance from the government, the private sector proactively playing a vital role, and communities at tourist destinations and civic societies directly participating and benefiting. In order to enhance the participation of these multiple parties, their roles and responsibilities shall first be defined for them.
- 3.1.3 Because the conservation and development of the country's tourist attractions as symbols of identity and existence up to now have primarily been the responsibility of communities at and around the attractions, the participative strategy shall be comprehensive and community led.

3.2 Developing the Existing and New Tourist Attractions in Variety, Scale and Quality

It is evident that the basis for tourism development is the variety and strength of the attractions offered to tourists. At present a number of limitations are observable with respect to the protection and security of these attractions as well as their accessibility. The next implementation strategy of the policy is the formulation of a strategy for the development and expansion of tourist attractions and products in order to create favorable conditions for tourists by eliminating gaps in the protection of these attractions. Thus,

- 3.2.1 By providing appropriate protection and maintenance, the security of existing popular attractions which currently give extensive tourist services shall be ensured.
- 3.2.2 By reinforcing the protection and maintenance of existing attractions and developing other nearby attractions for inclusion into current tour programmes, the range of offer to tourists and the satisfaction of tourists shall be enhanced.
- 3.2.3 By identifying and developing potential tourist attractions in various parts of the country, new tourist routes and destinations and tour packages shall be added.

- 3.2.4 Revenue from tourists shall be maximized by offering for sale handicrafts, art works and other creative products at tourist destinations based on demand.
- 3.2.5 The private sector and communities at tourist destinations shall be encouraged to be involved in the provision of traditional food, beverage and transport services that give new experience and satisfaction to tourists.

3.3 Expansion of Infrastructure and Tourist Facilities Essential for Tourism Development

As one of the policy issues relates to immediate measures needed to solve the currently visible shortfalls in supply that are very critical to Ethiopia's tourism development, the following implementation strategies have been designed.

- 3.3.1 The placement of necessary infrastructure at major tourist destinations and routes by appropriate organs of the Federal and Regional governments shall be facilitated.
- 3.3.2 Favorable conditions which would enable local communities and the private sector to cooperate for the expansion and management of infrastructure connecting major tourist destinations and near by attractions shall be facilitated through the appropriate levels of government.
- 3.3.3 The private sector shall be encouraged to engage in the building and expanding of tourist facilities of appropriate standards at each tourist destination, taking into consideration tourist demand for accommodation, food, entertainment services, etc.
- 3.3.4 The establishment of facilities for rest and recreation by investors at certain distances along the network of highways currently undergoing expansion in the country shall be encouraged.
- 3.3.5 The participation of local communities and the private sector shall be encouraged in order to strengthen the provision of novel experience and satisfaction such as traditional modes of transport and accompanying services as well as traditional food, beverage, accommodation and recreational services to tourists.
- 3.3.6 Among communities residing at tourist destinations, groups, in particular women, youth, and the physically handicapped, will be made beneficiaries of tourism growth by getting them to organize in micro and small-scale handicrafts and art fields, and enabling them to produce in variety quality goods and services for tourists.
- 3.3.7 Taking international competition into account and with the aim of strengthening and expanding tour operation services, the participation of the private sector shall be encouraged.
- 3.3.8 To ensure the tourism development of the country, the psychological and physical well being of international and domestic tourists and the safety of their properties shall be guaranteed, and social and legal provisions shall be created in order to enable tourists to conduct their visits without being hassled, pestered and disappointed.
- 3.3.9 In order to alleviate the widely observed problems of quality relating to services, internationally accepted classification standards that are responsive to clients' demands shall be applied periodically.
- 3.3.10 Bodies that classify tourist facilities at each level and perform and manage follow up and control functions shall be organized and their capacities enhanced.

3.4 Undertaking Promotional Work Through the Creation of Strong Market Ties in Order to Become Competitive on the International Market

To advance Ethiopia's tourism development sustainably, shortcomings in supply should be eliminated, and in a manner no less than this, limitations seen in the management of marketing and promotion should be overcome, a positive image of the country should be built, and its benefits maximized. As this is a decisive issue, the following strategies have been formulated:

- 3.4.1 Identifying through successive studies countries and types of tourism that currently make substantial contributions to Ethiopia's tourism development as well as those with the potential to do so, and selecting the ones yielding huge actual benefits, vigorous promotional campaigns will be waged with regard to them.
- 3.4.2 With branding that will prominently represent our country's tourism attractions and endowments for development, Ethiopia will be enabled to occupy a special market position in the minds of visitors from the selected tourist generating countries.
- 3.4.3 Appropriate promotional methods shall be applied after a clear understanding of the needs of tourists identified by studies.
- 3.4.4 A strong tourism marketing organization which will coordinate and implement market research and promotional activities with the financial support of stakeholders shall be established on the basis of a study to be made.
- 3.4.5 Recognizing the economic, social and political benefits of domestic tourism, the formation and growth of tourism associations and clubs referred to as "know-your-country" clubs shall be encouraged at places of residence, work, education and worship, with the view to strengthening domestic tourism.
- 3.4.6 3.4.6 With the intention of maximizing the growth of tourism benefits to our country, strong ties will be formed with neighboring countries in our region and countries far off, and various fora will be created to establish links among stakeholders, enabling the expansion of package tourism.
- 3.4.7 Because it is vital to establish an ICT- supported e-business system to be competitive in the international tourism market, an Ethiopia tourism destination portal will be created so that institutions operating in the sector would obtain sufficient information, while ensuring at the same time that tourists and companies in tourist generating countries would get up-to-date information on the tourist destinations of our country.

3.5 Strengthening the Collaborative Relationship Among Actors Participating in Tourism Development

One of the policy issues to deal with in the realization of Ethiopia's tourism development is the creation of conditions enabling inter-linkages between and coordination among the evidently fragmented activities of many entities participating in the development of the industry at all levels.

As is known, the main actors in tourism development are government bodies at different levels, the private sector, civil societies directly related to the tourism sector, local communities and the general public as well as visitors. It is essential to coordinate the development activities of these entities, eliminate redundant costs and unnecessary use of resources in order that their efforts can bring enhanced results. Strategies will therefore be applied to create ties and mutual support in many areas among these actors. Accordingly,

- 3.5.1 Entities operating independently in different areas of tourism will be encouraged to assemble and form associations for safeguarding their common rights and interests in the professional fields they are engaged in.
- 3.5.2 A national tourism council, the members of which will include the higher authorities in charge of tourism at federal and regional levels of government, religious institutions, the private sector and other stakeholders, will be established to help lead the growth and development of the sector.
- 3.5.3 The formation of appropriate ties and forums for cooperation among organizations pursuing similar institutional goals and objectives shall be encouraged and supported.

3.6 Overcoming the Serious Capacity Limitations Observed in the Industry

Overcoming the numerous and clearly observable limitations in implementation capacity in the government organs leading the country's tourism development and in the private sector which is

the engine of growth, and the community in the locality of the tourist attractions is another matter given attention in this policy. Accordingly,

- 3.6.1 Work will be undertaken to increase the number of institutions in the country that offer education and training in various fields at higher, middle and basic levels, and to transform these institutions into centers of excellence. Similarly efforts will be made to expand and strengthen research establishments and consulting institutions.
- 3.6.2 To help enhance the capabilities of employees deployed in the various services of the sector, short and medium term training on the job and other training forms, as well as opportunities for exchange of experience shall be provided within the country and abroad. Opportunities for improvement at professional and basic skill levels shall also be provided.
- 3.6.3 A system of professional certification will be introduced in order to encourage entrants into tourism employment fields to develop professionalism and serve as ethical role models.
- 3.6.4 To enable the young generation to acquire general information and knowledge about the importance and benefits of tourism and to help them engage actively in and benefit from tourism, informative packages will be prepared and disseminated to them through various channels of communication.
- 3.6.5 A strong system for the exchange and flow of tourism information shall be instituted. In connection with this, the tourism satellite account (TSA) which is currently being implemented internationally, shall be adopted and timely data and information will be collected, analyzed and organized for consumption.
- 3.6.6 Tourism shall be integrated into the plans and implementation activities of all government, private and civic institutions with close connections to tourism development.

4. RESPONSIBILITIES AND ROLES OF PARTICIPANTS IN THE IMPLEMENTATION OF THE POLICY

That the main stakeholders in the development of the sector act in unison in the spirit of cooperation and partnership is of strategic value in ensuring that synergistic results are obtained; and this is possible only when each stakeholder fully understands its responsibilities and plays its role. Based on these premises, the major responsibilities and roles of each of the main stakeholder groups have been defined hereunder; similarly the chief responsibilities and roles of the public at large have been identified below in order to enable the public to perform its part.

4.1 Government Organs

This group, which includes organs of the federal and regional governments and local administrations, is charged with the responsibility to perform the following major tasks in the implementation of the policy:

- To create conducive environment for national and local tourism development and to put to use the enabling environment,
- To indicate the directions of the national and local tourism development and spearhead the development,
- To expand, improve and lead the development of infrastructural networks essential to tourism development,
- To successively build the implementation capacity of development participants at each level,

- To coordinate the capacities and efforts of the main participants in development at each level and to create collaboration and provide leadership,
- To participate in investment when private investment is not forthcoming to fill investment gaps,
- To capably coordinate and lead vigorous marketing and promotion activities and enhance the positive image of the country,
- To ensure the psychological and physical well-being of visitors and the security of their properties and to coordinate and lead the bodies involved in maintaining safety and security,
- In collaboration with local communities to develop, maintain, protect and manage existing and new attractions falling within their jurisdictions, To ensure that tourism development activities are in line with sustainable environmental and social safety, and to act speedily when and where safety problems occur,
- To provide appropriate incentives to participants in the development of the sector, and to monitor the implementation of the incentives,
- To formulate and issue suitable standards in the areas of service delivery and professional education and training and to regulate the application of the standards.

In general, the responsibilities for monitoring, coordinating, integrating and leading the activities of those bodies with roles in the implementation of this policy for tourism development and the primary responsibility for monitoring and evaluating the actual implementation of this policy and the taking of corrective measures fall on the Federal Ministry of Culture and Tourism.

4.2 Development Investors

Because investors participating in the country's tourism development are engines that drive the industry, they have the following major responsibilities in the development of the sector:

- To participate in the forefront in the establishment of facilities and the provision of quality tourism services in types and capacities required,
- To participate as leaders in the establishment and development of micro, small, medium-scale and big enterprises and service giving institutions,
- To create and promote a culture of entrepreneurship that is essential for the growth of the sector,
- To participate as leaders in the effort to set up educational and training centers of the type, number and quality required for producing professionals in various fields,
- To actively involve in the formulation and implementation of appropriate standards in the areas of services delivery and education and training,
- To involve in the expansion of infrastructure needed in the localities of major tourist destinations,
- To regularly enhance the capabilities, skills and ethical standards of professionals and other workforce employed in the establishment they own and manage,
- To take part in marketing and promotional activities and to contribute their share in the endeavor to build a positive image of the country,
- To participate in the development, protection, preservation and management of attractions found in every area of the country,
- To participate in sectoral associations, organizations, and coalitions as well as similar national and international organizations for mutual support and to promote its rights and interests,

4.3 Local Communities at Tourist Attractions

- In the development of tourist attractions, products and services to collaborate with the bodies administering the resources as owners, and by conserving and protecting these resources with a sense of ownership, to become direct participants in and beneficiaries from the tourism development of the locality,
- To provide appropriate care to guests visiting the local attractions and to extend to them hospitality in accordance with local customs, and to ensure peace and security in the locality,
- Recognizing that visitors to attractions are customers, to supply and ensure the provision of handicrafts, and artistic products and services which are based on visitors demand and aimed at satisfying their requirement as to quality and quantity,
- To protect local cultural and social values as well as the natural environment from negative influences of tourism, and to take corrective measures rapidly when negative impacts occur,

4.4 Civil Societies

- To cooperate with government bodies, investors and local communities that have leading responsibilities in the country's tourism development and to participate in the development and management of the attractions in order to ensure that benefits are realized,
- To undertake successively capacity-building activities for the various varies parties engaged in the development of the sector,
- To extend support to other stakeholders operating in the sector with respect to information, techniques, finance, advocacy, coordination, etc.

4.5 The General Public

- To strengthen the culture of touring either as individuals or as tour groups and participate in domestic tourism in order to know and appreciate the attractions of the country,
- To actively involve in the development activities of the country's tourism and partake in the benefits,
- To build a positive image of the country by extending to visitors traditional hospitality,
- To protect and preserve with a sense of ownership the heritage and other resources used for tourism development.

5. SOURCES OF FINANCE FOR IMPLEMENTING THE POLICY

As tourism is a sector that develops through the leadership of the government, the driving force of private investors and the community, and the participation of other stakeholders, the combined and coordinated efforts of all sides is necessary for the rapid growth and development of the sectors. To invigorate these efforts and realize the development of the sector by applying the implementation strategy of the policy, there should primarily be adequate sources of financing. On this basis, this tourism development policy will be implemented with investment funding from varied sources falling under the following two headings:

5.1. Regular Financing Sources

The following are the main sources of finance included under this heading:

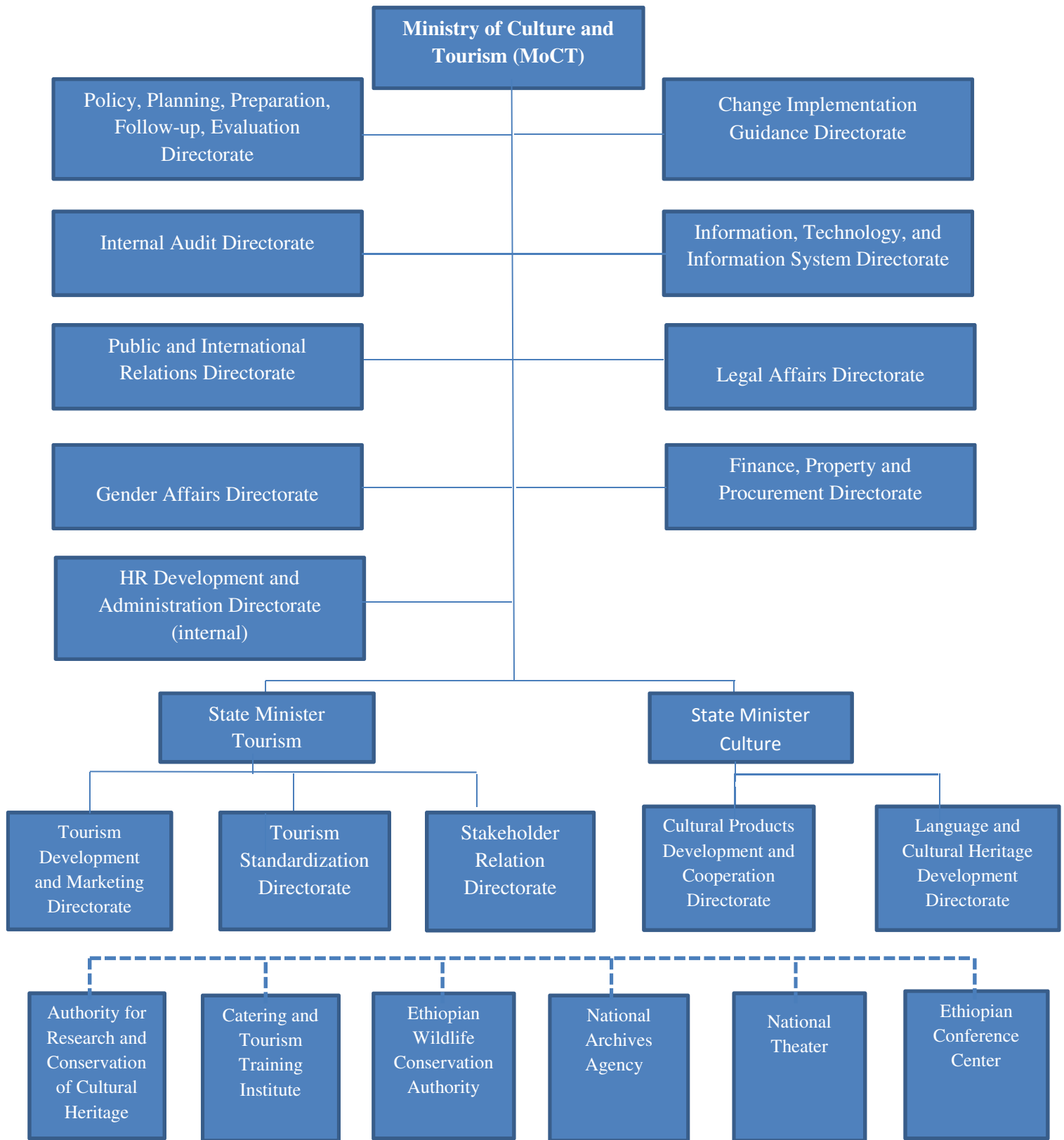
- Ordinary and capital budgets allocated annually by the federal and regional governments and other administrative levels for investment and operational activities connected with the overall development of the sector,
- Bi-lateral and multi-lateral support and loan funds to be obtained for the implementation of programs and projects related to the growth and development of the industry,
- Other financing sources as appropriate.

5.2. Extra-Ordinary Financing Sources

Tourism development fund is a fund to be established on the basis of a study with the consent of the main stakeholders, with the key aim of mobilizing the resources and capabilities of actors in the implementation of the policy and creating the condition whereby the burdens of marketing and promotion and capacity building, hitherto fully borne by the government, are gradually shared by supporters. As far as the establishment and application of the fund are concerned, they will be determined by a study and supported by law. The fund will be collected mainly from the following sources:

- Voluntary contributions in the form of money or in kind from direct stakeholders and supporters to finance activities that are vital to the growth and development of the sector and various other activities to be undertaken at different levels; cost sharing mechanisms also,
- Small contributions to be made out of annual incomes on the basis of an agreement to be reached with the main stakeholders, who as managers of tourist attractions and providers of goods and services directly benefit from tourism, constitute a key source. Implementation shall be determined with the participation of all stakeholders concerned on the basis of a detailed study to be conducted.
- Various gifts, royalties, endowments, etc. intended to enrich the fund and voluntarily bestowed by those that benefit from the growth and development of tourism as direct participants and others,
- Income from fund raising programs organized at various levels to boost the fund,
- Other funding sources to be identified by detailed future studies.

Annex 4: Ethiopia's Ministry of Culture and Tourism organization chart (2012)



Source: MoCT

Legend: - - - semiautonomus units

Annex 5: Stakeholder Consultations’ Summary

This is a synthesis of stakeholder consultations on the discussion on the draft of “Ethiopia’s Tourism Sector: Strategic Paths to Competitiveness and Job Creation” (Discussion Draft, June 2012). Consultations took place in Ethiopia from June 11-26, 2012. The consultation workshops were jointly organized and funded by The World Bank and the Ministry of Culture and Tourism (MoCT), with the active involvement from the Regional Culture and Tourism Bureaus/Agency and the Ethiopia Sustainable Tourism Project (ESTDP) Site Management Units. The stakeholder consultations that took place in Addis were chaired by both the World Bank Country Director, Guang Zhe Zen, and by MoCT/Advisor to the Minister, Ato Workneh Aklilu.

The strong turnout, the committed participation and rich inputs from the stakeholders during the consultations are testimony to the willingness and eagerness of the public and private stakeholders to move the sector forward.

Main objectives of the stakeholder consultations

1. Share and disseminate the initial findings of the study
2. Facilitate and stimulate sector dialogue among a broad-based group of stakeholders

Consultation workshops

Stakeholders consulted	Consultation workshops
Ministry of Culture and Tourism directorates and semi-autonomous units (EWCA, ARCCH, etc)	Addis Ababa, 11 th June 2012
Tourism and Culture Donor Group (including EU, UNESCO, USAID, AECID, etc.)	Addis Ababa, 13 th June 2012
Tigray Region tourism stakeholders	Mekele, 16 th June 2012
Amhara Region tourism stakeholders	Bahir Dar, 26 th June 2012
Addis Ababa, SNPP and Oromia Regions tourism stakeholders	Addis Ababa, 19 th June 2012

Participants and distribution of the study

A total of nearly 150 participants attended the workshops (41.4% public sector, 40% private sector, 8.6% academia and TVET, 7.2% donors, 2.8% religious organizations) and received soft copies of the study (full copy as well as Amharic and English summaries). In addition, 200 soft and electronic copies were distributed to private sector donor groups; tourism private sector stakeholders and association members; and members of both the Tourism National Council and the Tourism Public-Private Dialogue Forum.

Methodology

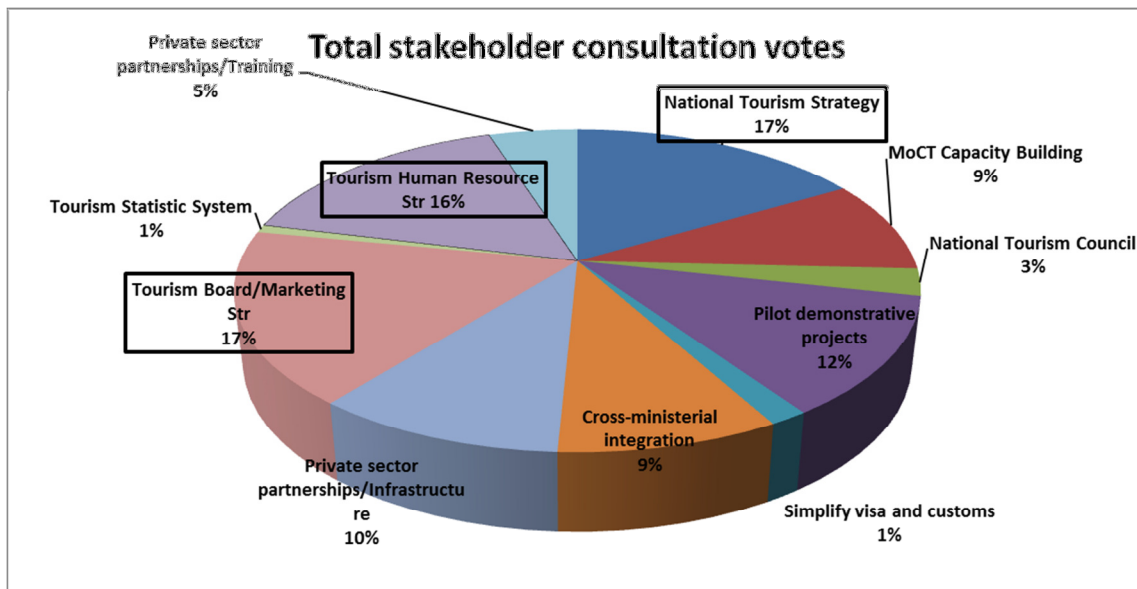
The invitation and the agenda was jointly done by The Bank and MoCT. The workshops consisted of an official opening, followed by a brief presentation of the study, and a plenary discussion. The workshops also included a brief update on the Ethiopian Sustainable Tourism Project (ESTDP) done by the Project Coordinator. The discussions focused on the strategic priorities identified in the study. During the discussion, the participants were asked to choose the top three strategic priorities.

In addition to the inputs given by the stakeholders in the consultation workshops, written comments were also received via email.

Main results of the prioritization exercise

During the regional workshops (Addis Ababa, Bahir Dar and Mekele), the participants were asked to choose the top three strategic priorities. There were a total of 260 votes and three top strategic priorities were chosen with a very similar number of votes. These are the strategic interventions by level of priority:

Ethiopia’s Tourism Sector Strategic Priorities	Total stakeholder votes during consultations
1. Establish a Tourism Board and develop a Marketing Strategy	45
2. Develop a National Tourism Strategy	43
3. Develop a Tourism Human Resource Strategy	42
4. Facilitate pilot and demonstrative tourism projects	31
5. Partnerships with the private sector (infrastructure development)	26
6. MoCT Capacity Building	24
7. Cross-ministerial integration	23
8. Partnerships with the private sector (Tourism training)	13
9. Revitalize the National Tourism Council	7
10. Simplify visa and customs procedures	4
11. Institute a National Tourism Statistic System	2



Main discussion points

The discussions during the consultations were constructive and focused on identifying the main challenges and opportunities of Ethiopia’s tourism sector, and the strategic paths that can help to move it forward.

General comments

- The study is timely. There is an urgent and clear need to think strategically and have effective sector dialogue about the long-term development of Ethiopia's tourism sector.
- Though the findings of the study are not entirely new, they are relevant. The study is the first comprehensive study of Ethiopia's tourism sector covering major strategic areas as stated in the National Development Tourism Policy. The focus going forward is best on the "how" more than on the "what".
- Some of the participants highlighted key aspects which they felt were missing from the study. These points included:
 - Under-representation of the academia, tourism training institutions, financial institutions, and gender groups as interviewees
 - The need to include a deeper analysis of the financial sector and the challenges related to the access to financial services by tourism businesses
 - The need to include an analysis of Ethiopia's service quality standards system and related international good practice examples.
 - The need to include the latest developments and current progress made by MoCT related to some of the strategic interventions suggested (ie, Tourism Board draft proclamation)
 - Identification and inclusion of exemplary practices within Ethiopia's current tourism sector.

Strategic sector dialogue and tourism sector awareness raising

- There is a need to improve the understanding of tourism's contribution to the national economy, and to know who is benefiting and who can benefit from the tourism sector.
- There is an urgent need to engage in a broad sector dialogue to decide what type of tourism sector Ethiopia and Ethiopians want. Ethiopia's tourism product cannot be everything and please everyone.
- There is a need to raise awareness among the public and private stakeholders, and the general public alike, and to change common misconceptions about the sector. For example that:
 - The tourism sector IS NOT:
 - Limited to the increase of foreign currency and it is not only a tax revenue generator.
 - Limited to the hospitality sector.
 - Only an economic agent.
 - The tourism sector:
 - CAN play a key role in diversifying rural local economies
 - HAS an important indirect and multiplier effect and includes all the hospitality suppliers, cultural, ancillary and transport service providers, among others.
 - Through the country image and branding building process has an impact beyond the tourism sector. The tourism sector can play a key role in the nation building and for public diplomacy.

Tourism National Board

- The establishment of a Tourism National Board was a key strategic priority for most of the participants. Its institutional structure, the accountability mechanism, who will chair it and how the board of directors and executives will be appointed are key issues. Involvement from higher level institutions will be critical for its effectiveness.

National Tourism Strategy

- Participants agreed that the lack of a Tourism National Strategy makes the Tourism Policy completely ineffective. The policy can become useless if there is no strategy to implement it.
- There is a risk that the specific tourism sub-strategies such as marketing/branding, human resource development, tourism investment, etc will be developed as stand-alone strategies. These strategies should be developed in an integrated manner and cascade from the overall national strategy.

Partnership with the private sector for tourism infrastructure development

- Lack of quality tourism infrastructure was a key concern among participants (transport infrastructure, quality accommodation infrastructure outside Addis, MICE related infrastructure, etc.). There was consistent interest to find out effective ways and international practices to partner with the private sector through Public-Private Partnerships.

Finding the right balance between supply and demand focused interventions

- Some participants advocated for prioritizing demand-focused interventions (marketing and promotion first) while others advocated for supply-focused interventions (improve the infrastructure and quality of tourism products first, and promote afterwards). It was agreed that it is important to identify the right balance between supply and demand interventions taking into account the different level of product development and geographic diversity.

Others

- Ethiopia's tourism sector can learn not only from other international good practices, but also from other productive economic sectors in Ethiopia. In addition to the floriculture sector reflected in the study, there are other productive sectors that have done well in terms of developing long term sector strategies, and having effective public-private dialogue such as the agriculture and leather sectors.
- The need for capacity building should not have a focused on MoCT/federal levels only. There are also important capacity building needs at regional and local levels, and the private and academic sectors, religious organizations, and communities should also be included as beneficiaries.
- Pilot anchor projects should also be replicated as models for expanding tourism environmental sustainability, community linkages, and job generation capacity.

Next steps

- The question of ownership was highlighted as critical. MoCT and the regions can best move forward with the development of the National Tourism Strategy and take the next critical steps through taking ownership of this study and working towards realizing its recommendations. .
- High level and inter-ministerial discussions on the study's findings, recommendations and stakeholder discussions are necessary to lead to meaningful development of the sector. These discussions need to include representatives with decision-making powers of MoCT and related ministries, including MoFED.

Note: This synthesis reflects the key ideas that emerged during the consultations. Additionally, this synthesis is prepared as an overview and is not intended to represent any official position of the groups or audiences consulted.

Annex 6: List of stakeholders interviewed

	Name	Position	Organization	Location
<i>Public Sector</i>				
1	Ato Kebede Amare	General Manager	Agency for Culture and Tourism	Aksum , Tigrai Region
2	Ato Mulugeta Berhanu Gebre	Head Deputy Head	ANRS Culture Tourism and Parks Development, Amhara Regional Bureau	Bahir Dar, Amhara Region
3	Ato Tewodros Abreham	Coordinator	Aksum Tourism Cluster	Aksum, Tigrai Region
4	Ato Desta Kassa	Ex-Director	MoCT-Culture Directorate	Addis Ababa
5	Ato Kifle Argaw	Director General	MoCT-Wildlife Division and Conservation Authority	Addis Ababa
6	Ato Jara Haile Mariam	General Manager	MoCT- ARCCCH Authority for Research & Conservation of Cultural Heritage	Addis Ababa
7	Solomon Dawit	Manager Passenger Market Development	Ethiopian Airlines	Addis Ababa
8	Ato Jemal Kedir	Coordinator	MoCT-Ethiopian Sustainable Tourism Development Project ESTDP	Addis Ababa
<i>Private Sector</i>				
9	Wro. Samrawit Moges	President/Managing Director	Ecotourism Association/Travel Ethiopia Tour Operator	Addis Ababa
10	Ato Fikerselassie Ato Admassu Marcos	President/Managing Director	Ethiopia Tour Operators Association/FX Explorer Ethiopia Travel and Tours	Addis Ababa
11	Ato Theodros Atlabachew	President/Executive Director	Tourism Professionals Association/Theo Travel and Tourism Consult PLC	Addis Ababa
12	Mr. Omar Khoso Carrera	Director of Sales and Marketing East Africa and South Africa	Starwood Hotels and Resorts (Sheraton Addis Ababa)	Addis Ababa
13	Ato Tegistu Adane	General Manager	Ethiopian Adventures (Tour Operator and Travel Agent)	Bahir Dar, Amhara Region
14	Ato Zelalem Addisu	Agent	Zadoki (Tour Operator)	Bahir Dar, Amhara Region
15	Ato Solomon Chane	Member	Boat Tour Association	Bahir Dar, Amhara Region
16	Ato Habtu Tekeba	General Manager	Vast Ethiopia (Tour Operator)	Addis Ababa
17	Ato Merha T Ayele	Manager	Heavens Way (Tour Operator)	Addis Ababa
18	Ato Getachew Tekeba Marye	Sales and Marketing Manager	Mountain View Hotel	Lalibela, Amhara Region
19	Ato Mulugeta Bezabih Tiruneh	President	Hotel Association Amhara Region	Bahir Dar, Amhara Region
20	Mr. Jacques Dubois	Consultant-partner	Muya Abyssinian Crafts	Addis Ababa
21	Wro Rahel Yihenew	General Manager	Homeland Hotel	Bahir Dar, Amhara

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				Region
22	Ato Michael Hailu G/Hiwot	General Manager	WWPL/Taye Hotel	Gondar, Amhara
23	Ato Araya	General Manager	Yeha Hotel	Aksum, Tigray Region
24	Ato Negash w/wahid	Manager	Abnet Hotel	Aksum, Tigray Region
25	Ato Hailemariam Zerue	Manager	Aksumite Handicraft Center	Aksum, Tigray Region
26	Ato Manny Amare	President	Altour (Tour Operator/Business Travel Agency)	Addis Ababa
27	Ato Tadiwos G Belete	President and CEO	Boston Partners P.L.C (Spa and Lodging)	Addis Ababa
28	Mr. Guillaume Massiera Ms. Ulrike Braun-Nasso	General Manager Director of Sales and Marketing	Radisson Blue Hotel	Addis Ababa
29	Wro. Iman Durri Ms. Pamela Robbie	Sales Manager Manager	Safeway Travel and Tours/Destination Ethiopia (Travel Agent/Tour Operator)	Addis Ababa
30	Wro. Salem Kassahun	Manager	Salem Design (Craft Business/Tropical Garden Craft Bazar)	Addis Ababa
31	Mr. Silvio Rozzi,	Owner	Geralta Lodge	Geralta, Tigray Region
<i>Donors</i>				
32	Ms. Mari Cruz Ciria	Director	Spanish Agency for International Development Cooperation (AECID) in Ethiopia	Addis Ababa
33	Ms. Daniela Rofi Mr. Patricio Jeretic	Cancellor on Economic and Cultural issues; Consultant	European Union Delegation to Ethiopia	Addis Ababa
34	Mr. Lazare Eloundou Assomo Ato Getu Assefa	Chief of Africa Unit, Culture Sector; National Programme Officer for Culture in Ethiopia	UNESCO	Addis Ababa
35	Wro. Mekonnen Gebre Egziabher	Ecotourism Product Development Specialist	USAID/Ethiopia Sustainable Tourism Alliance (ESTA)	Addis Ababa
36	Mr. Jan Wigsten	Tourism Expert	Center for the Promotion of Imports from Developing Countries (CBI)	Addis Ababa

Annex 7: Tourism Policy Pillars and Case studies

Tourism Policy Pillars	Case studies
Pillar I: Integrated tourism development and stakeholder dialogue at national and destination levels	<ol style="list-style-type: none"> 1. Rwanda's public sector's successful move towards a facilitating role 2. Building long-term tourism strategies: The formulation process of South Africa's Tourism White Paper 3. Peer-to-peer learning in policy implementation: Sharing real experiences (Africa)
Variety, scale and quality of tourism products	<ol style="list-style-type: none"> 1. The role of local communities in heritage resource management: Experiences from Botswana and South Africa 2. Lumbini Rickshaw Pullers Association: The benefits of clustering among tourism SMEs (Nepal) 3. Brazil's tourism public administration structures 4. Australia inter-ministerial and intergovernmental tourism coordination 5. Kerala's Act towards conservation and preservation of Special Tourism Zones 6. Aqaba, Jordan: Integrated Tourism and Industry Hub 7. Tanzania: A successful story attracting foreign and domestic investors to tourism 8. Development Banks' and Financial Institutions joining efforts to finance the tourism sector in Latin America and the Caribbean 9. Facilitating land access through public-private joint ventures in India 10. Effective incentives to stimulate tourism investment in Rwanda and India 11. Mobilizing diaspora investors: The Afghanistan Investment Guarantee Facility 12. Lessons from the production and export of cut flowers in Ethiopia
Infrastructure development	<ol style="list-style-type: none"> 1. Beyond privatization: Strategic partnership building for air transport competitiveness (Latin America and India) 2. The basics of Public-Private Partnerships 3. Cape Sierra Hotel: developing anchor tourism projects through Public-Private Partnerships (Sierra Leone) 4. Tourism Concessions in South African National Parks: A means to achieve sustainable financing of protected areas
Branding, promotion, and awareness raising	<ol style="list-style-type: none"> 1. Branding India: More than mere advertising 2. Multi-stakeholder partnership for destination management 3. Going beyond marketing and promotion: South Africa's National Tourism Organization (NTO)
Human resources capacity building	<ol style="list-style-type: none"> 1. Innovative training for artisans in India and Kenya 2. The Caribbean Tourism Human Resource Council (CTHRC)

Annex 8: Strategic interventions: Next steps through ESTDP

Strategic interventions	Related ESTDP components, possible additional collaboration and progress
Pillar 1: Integrated tourism development and stakeholder dialogue	
<p>Establish a tourism transformational committee of selected industry players and experts that can temporarily lead the development of Ethiopia's first National Tourism Strategy</p> <p>Implement a parallel peer-to-peer capacity-building program between MoCT's staff and other tourism ministries from emerging destinations focused on policy making and partnership building</p>	<p>ESTDP Comp. 3 Institutional Development and Capacity Building</p> <ul style="list-style-type: none"> - An assessment of capacity gaps in MoCT and RBCT has been completed - Opportunities for implementation of recommendations are being identified
Pillar 2: Variety, scale and quality of tourism products	
<p>Revitalize and strategically guide the National Tourism Council and multi-stakeholder platforms as effective dialogue platforms with the new National Tourism Strategy</p>	<p>ESTDP Comp. 3 Institutional Development and Capacity Building</p> <ul style="list-style-type: none"> - The development of the national tourism strategy is expected to start in 3rd quarter of 2012
<p>Facilitate key tourism "anchor" projects as demonstration models and map potential tourism investment opportunities for domestic/international interested investors</p> <p>Tap into the cluster-based approaches and assess the feasibility of integrating tourism into planned Special Economic Zones (SEZs) or establishing pilot Special Tourism Economic Zones (STEZs)</p> <p>Subject to mapping and feasibility exercises, initiate sector-specific and targeted regulatory interventions that can facilitate investments and positive development impacts</p> <p>Simplify visa and customs procedures for leisure and business tourists</p>	<p><i>Additional collaborations:</i></p> <p>IFC- tourism investment climate and investment generation</p> <ul style="list-style-type: none"> - The launch of a Tourism Public-Private Dialogue Forum is expected in the 3rd quarter of 2012, including an initial diagnosis of regulatory bottlenecks for tourism businesses
Pillar 3: Infrastructure development	
<p>Institute and effective platform for vertical integration and horizontal integration between MoCT and infrastructure related ministries (roads, telecommunications, and finance)</p> <p>Explore innovative partnerships with the private sector, including PPPs</p>	<p><i>Additional collaboration:</i></p> <p>WB- Additional support to Ethiopia's Finance Sector</p> <p>IFC- Public-Private Partnerships related support</p>
Pillar 4: Branding, promotion, and awareness raising	
<p>Establish a Tourism Board that will develop a research-based marketing and branding strategy for leisure and business tourism with direct involvement of the private sector, the regions, and the cultural sector</p>	<p>ESTDP Sub-comp. 2.1 Positioning and marketing and Comp. 3 Institutional Development and Capacity Building</p> <p>MoCT: A Tourism Board proclamation has been drafted</p> <p><i>Additional collaboration:</i></p> <p>European Union: A program is being designed to support Ethiopia's culture and natural resources with MoCT as main counterpart</p>

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<p>Develop a Technical Committee that will help to institute an effective national tourism statistics system (including NBE, CSA, Immigration, MoCT, and the Regions), and agree on an action plan to produce comprehensive and timely tourism data.</p>	<p>ESTDP Sub-comp. 3.1 Institutional Development</p> <ul style="list-style-type: none"> - An assessment of the national tourism data system and the implementation of an improved system is expected to be in place in 2013
<p>Pillar 5: Human resources capacity building</p>	
<p>Develop a Tourism Human Resource Strategy and establish an institutional platform for dialogue between training institutions and private sector</p> <p>Facilitate private sector investment and public-private partnerships for the provision of tourism training</p>	<p>ESTDP Sub-comp. 3.2 Capacity Building</p> <ul style="list-style-type: none"> - An assessment of Ethiopia's tourism training system and a proposed action plan for its improvement has been completed

Annex 9: EU Package Travel Directive

EU Package Travel Directive: Unintended consequences

The Package Travel Directive (Council Directive 90/314/EEC) was adopted in 1990 to protect European consumers going on holidays. The directive covers pre-arranged holiday packages that combine at least two of the following: transport, accommodation, other tourist services not ancillary to transport or accommodation and accounting for a significant proportion of the package. Consumers are protected where: (a) at least two of the above elements are sold at an inclusive price, and (b) the service covers a period of time of more than 24 hours or includes an overnight stay. The directive has the effect of extending to EU consumers the same rights to services in developing countries as they enjoy in their home country.

There are two main unintended consequences of this Directive. The first is that EU-based operators recover the costs of claims against them directly from their overseas suppliers. The overseas supplier is liable for compensation that the EU-based tour operator considers reasonable, without being a party to the negotiations between complainant and the operators. The supplier is generally too weak in the relationship with the operator to query or influence the decision made over compensation; this is generally deducted directly from the hotelier's or ground operator's fees. The second unintended consequence is that some international tour operators now discourage their clients from taking local excursions, particularly in developing countries, on the grounds that local operators may not have sufficient insurance coverage in case something goes wrong. This practice increases resort sales and saves the loss of commission, which would otherwise have occurred should the tourist select a local operator. It does nothing to promote local economic development or spread the benefits of tourism.

Source: Goodwin (2008, 2010) mentioned in Twining-Ward (2010).

Annex 10: Strategic interventions, priority and timeframe

MAIN FINDINGS AND RECOMMENDATIONS	STRATEGIC INTERVENTIONS	PRIORITY TIME FRAME
Pillar I: Integrated tourism development and stakeholder dialogue		
1. The tourism sector is a major employment generator , especially for women. Its specificities must be recognized and its development addressed in a strategic way, leveraging its comparative advantages.	▪ Establish a tourism transformational committee of selected industry players and experts that can temporarily lead the development of Ethiopia's first National Tourism Strategy.	Core Short term
	▪ Implement a parallel peer-to-peer capacity-building program between MoCT's staff and other tourism ministries from emerging destinations focused on policy making and partnership building.	Secondary Medium term
Pillar II: Variety, scale and quality of tourism products		
2. A greater and more conducive space for the private sector and Ethiopia's regions, and the direct involvement of tourism asset custodians is needed. A strong multi-stakeholder and federal-regional dialogue as well as integration of regional development plans into tourism development strategies will be critical.	▪ Revitalize and strategically guide the National Tourism Council and multi-stakeholder platforms as effective dialogue platforms aligned with the new National Tourism Strategy.	Core Medium term
3. Tourism's potential for cross-sectoral complementarities is yet to be realized. It is important that tourism strategies be anchored and that they integrate the new national MSE strategy as well as agricultural and industrial sector strategies. It is also essential to develop sector-specific regulations that facilitate investments and linkages.	▪ Facilitate key tourism "anchor" projects as demonstration models and map potential tourism investment opportunities for domestic/international interested investors.	Core Medium term
	▪ Tap into the cluster-based approaches and assess the feasibility of integrating tourism into planned Special Economic Zones (SEZs) or establishing pilot Special Tourism Economic Zones (STEZs) .	Secondary Medium term
	▪ Subject to mapping and feasibility exercises, initiate sector-specific and targeted regulatory interventions that can facilitate investments and positive development impacts.	Core Medium term
	▪ Simplify visa and customs procedures for leisure and business tourists.	Secondary Short term
Pillar III: Infrastructure development		
4. Hard and soft infrastructure bottlenecks are handicapping tourism development. Despite good international air transport accessibility, integration of tourism and infrastructure strategies is pressing.	▪ Institute an effective platform for vertical and horizontal integration between MoCT and infrastructure related ministries (roads, telecommunications, and finance).	Secondary Medium term
	▪ Explore innovative partnerships with the private sector for tourism infrastructure development, including PPPs.	Core Medium term
Pillar IV: Branding, promotion, and awareness raising		
5. The negative image of Ethiopia is persistent; it renders the country less attractive as a tourist destination. There is an urgent need to develop and project a competitive and unique country image through a research-based marketing and branding strategy, requiring close collaboration with the private sector and the broader cultural sector.	▪ Establish a Tourism Board that will develop a research-based marketing and branding strategy for leisure and business tourism with direct involvement of the private sector, the regions, and the cultural sector.	Core Medium term
6. There is a lack of comprehensive and timely tourism data hindering tourism competitiveness. It is important to establish a well-functioning national tourism statistics system with strong federal-regional coordination.	▪ Develop a Technical Committee that will help to institute an effective national tourism statistics system (including NBE, CSA, Immigration, MoCT, and the Regions), and agree on an action plan to produce comprehensive and timely tourism data.	Core Medium term
Pillar V: Human resources capacity building		
7. There is a critical gap between the supply and demand of tourism work force and limited private sector investment in tourism training institutions that is crippling the sector's advancement.	▪ Develop a Tourism Human Resource Strategy and establish an institutional platform for dialogue between training institutions and the private sector.	Core Short term
	▪ Facilitate private sector investment and public-private partnerships for the provision of tourism training.	Secondary Medium term

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