

**Tourism Industry In Ethiopia With Special Reference To Economic Perspectives And
Government Initiatives**

By

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Abstract

The paper discussed the status of the tourism industry in Ethiopia. It has found that Ethiopia has a unique historical, archaeological landscape and cultural lifestyle. Ethiopia is home to many species of animals and birds, from the famous Ethiopian wolf to the beautiful Raspolitan pigeon. Its unique musical heritage and cuisine, as well as its ancient coffee culture, arts and crafts, make the Ethiopian lifestyle a popular tourist attraction. With landscapes ranging from tropical rainforests to grasslands, mountains to deserts, its landscapes are as diverse and fascinating as its people. The Great Rift Valley, which divides the country, offers spectacular views that rival the Grand Canyon. At 4,620 meters above sea level, Ras Dashen is Africa's fourth-highest mountain, while the Danakil Depression is the continent's lowest. Lake Tana, Blue Nile and lakes and rivers in the Rift Valley have different landscapes from Ethiopia's arid and barren lands. Deserts, an important part of Ethiopia's ecosystem, are vast forests in East Africa. Ethiopia has bright prospects in heritage tourism, eco-tourism, wildlife tourism, adventure tourism, and agricultural tourism. There are challenges, including inadequate infrastructure, limited marketing, and environmental degradation, before the tourism industry. Therefore, the government should implement proper strategies for mitigating such challenges.

Keywords: Hospitality, Hotel, Transport, Tourism, and Travellers

Introduction

The tourism sector refers to a unit that includes well-established companies and organizations that provide services to tourists. It is a collection of businesses and organizations that provide goods and services to travellers. Tourism has aspects such as accommodation, transportation, food, beverages, recreation, entertainment, etc. Tourism, also known as business travel, is about people traveling to other parts of the country or around the world for pleasure, social or business purposes. It is close to the hotel industry, the accommodation industry and the transportation industry. Cultural tourism is one of the most common types of tourism and involves visiting places of historical and cultural importance. Ecotourism is a type of business that focuses on the conservation of natural resources and the promotion of sustainable tourism. Event, location, accommodation, accessibility and attractiveness are the five main elements of tourism. There is a slight difference between travel and tourism. Travel involves movement between places

for business, pleasure or personal reasons and includes all types of travel. Tourism, on the other hand, involves travel to a different destination for pleasure or business, usually a round trip and a stay of at least 24 hours.

Tourism is a vigorous component in the service sector in developing countries. It creates jobs, strengthens local economies, supports local infrastructure, helps preserve the natural environment, culture and traditions, and reduces poverty and inequality. Tourism is an important part of the global economy and provides many benefits to local communities and the environment. Other factors that affect the success of tourism include existing infrastructure, local knowledge, culture and diversity. Often cited for its role in economic development, tourism also plays an important role in promoting peace. Where the country has good relations and unity, tourism, which is people-centered and for people, is a powerful force that overcomes multiple challenges. Tourism boosts the economy. Tourists can purchase services and products from local businesses, creating jobs, increasing income and reducing poverty. It has direct and indirect effects on firms. Tourism encompasses local and international travel.

Literature Review

Gabayo (2010) found that safety and security, lack of advertising, infrastructure, accessibility, lack of knowledge in the community, lack of education and skilled workers in the tourism sector, lack of city managers, and weak stakeholder and partnerships are the biggest problems in the tourism sector in Ethiopia. Yeshanew (2015) highlighted prospects for tourism development, and suggested solutions to the problems. Tourism industry is growing in selected places in Ethiopia. Although the sector has multiple challenges, it has a bright future. Robinson and Jonker (2016) stated that tourism has great potential for the growth and development of Ethiopia, but the country has not been successful in building this capacity. Some of the suggestions made could have a major impact on tourism development. Perhaps most importantly, there is a need for "political will" to drive the tourism agenda. Sintayehu (2016) focused on identifying the challenges and prospects of tourism in Ethiopia. He found that lack of advertising, lack of physical development, misunderstanding of the Ethiopian image and lack of technical training are the problems of the Ethiopian tourism sector.

Tafesse (2016) reviewed the tourism development plan by focusing on historical trends that affected Ethiopia's tourism plans and also highlighted the importance of land for Ethiopia's overall tourism development. This study shows the relationship between Ethiopia's economic development plan and its historical background. Ali (2016) found that tourism has increasingly become a tool for poverty reduction and property development in many countries. For example,

in East Africa, tourism is stable in Kenya, Ethiopia, Uganda and other regions where tourism is successful, but there are still problems in Somalia. Getahun and Yeshanew (2016) evaluated Tana lake as a region that benefits from foreign exchange and creates employment. Tourism in the region is managed in a traditional way. There is no effective coordination among stakeholders and there are few efforts to diversify regional products. Tourism in the Lake Tana region is still based on history, culture and religion. Atinkut (2018) found that the Ethiopian tourism industry faces many challenges such as political conflict, hunger/famine, economic planning, mobility restrictions and private sector economy. Mehiret (2019) found the lack of a national tourism strategy, political leadership, the use of the media to create a divisive process, language restrictions, lack of participation in tourism, nationalism, inflation, social culture and monotony of tourism products are the main problems facing the tourism industry of Ethiopia. Negesa (2019) found that Ethiopia has many cultural and natural tourism destinations, Addis Ababa is one of them. Tourists select Addis Ababa as a starting point for convenient transportation, services, tourist information and other facilities. Bekele and Mezgebo (2019) found that small and medium-sized enterprises are divided into five main economic sectors: agriculture, manufacturing, construction, trade and services. Geremew (2019) examined the knowledge level of economic experts on economic development issues in Ethiopia to promote effective economic development. He concluded that tourism development policy and tourism security are equally important and can play an important role in the sustainable development of Ethiopia's tourism industry. Maayii and Xin, (2020) found that tourism in Ethiopia is in its infancy. It is necessary to carefully monitor and analyse domestic and foreign tourist arrivals and income. Therefore, income and tourist analysis are important to understand the trends in the tourism industry.

Nigatu (2020) argues that the tourism industry requires excellent business development and management. Tourism development depends on many aspects such as the creation and closure of tourist destinations, provision of special tourist destinations, the provision of opportunities for tourists to add value and make efforts, and the creation of new tools that can bring about change. African countries, including Ethiopia, are not competitive enough as leading tourist destinations because they cannot enter the market through fierce competition in the micro and macro market environment. Vogel et al. (2020) found that hotel occupancy rates fell from 80-85% to less than 5%, transport, especially international travel, was disrupted by the corona virus pandemic. Small and medium-sized enterprises across the economy lost jobs, and financial services related to the tourism sector and customers were altered. The study recommends integration and cooperation among the sector's players as a solution to protect the

economy from the impact of the pandemic. Teshome et al. (2022) examined the potential, competitiveness and financing of tourism resources in the South Asevo region. Lack of infrastructure and lack of coordination among stakeholders are the main challenges facing the tourism industry.

Haliso (2023) analysed the tourism and economic development problem in Hadiya district of Eastern Badavacho Region. Various factors such as electoral area, employment opportunities, tourism legislation and hospitality of local people are considered to be good factors for economic growth. Alemitu (2024) examines the ecotourism potential of Ethiopia. Ethiopia's tourism industry is expanding rapidly as international tourism grows. Establishment and management of protected areas, restoration of the beauty of the area, preservation and restoration of historical and cultural resources, spreading environmental awareness among local people can be done with income from travel. Manderfero (2024) studied the challenges of tourism development in Yegalem town and surrounding areas in the Sidama National Regional State of Ethiopia. Lack of information about social enterprises, inadequate advertising and promotion, inadequate stakeholder involvement and participation, governance issues, and inadequate dissemination and distribution of social services are the problems in the sector. Woldu (2024) explores the potential and role of community-based ecotourism in improving the livelihoods of border communities and influencing the recovery of war-torn communities in Ethiopia and Eritrea. It also reveals potentiality for community-based ecotourism in both countries.

Therefore, from the above analysis we can conclude that Ethiopia is a beautiful country. It has more potential in the tourism industry. But such an industry has many challenges. Majority of the reports discussed the current status of the tourism industry in Ethiopia. Few reports discussed the economic perspectives of the tourism industry of Ethiopia.

Objectives

The objectives of the paper are:

- (a) To study the status and prospects of the tourism industry in Ethiopia.
- (b) To examine the revenue and employment formation of tourism industry in Ethiopia.
- (c) To evaluate various challenges before the tourism industry in Ethiopia.

Methods and Materials

Hypothesis

On the basis of the objectives of the paper, we prepared the following hypothesis-

H₀₁: There is no an impact of the corona pandemic on the arrivals of tourists in Ethiopia.

H_{1a}: There is impact of the corona pandemic on the arrivals of tourists in Ethiopia.

H₀₂: There is no relationship between tourist arrivals and Gross domestic product of Ethiopia.

H_{1b}: There is a relationship between tourist arrivals and Gross domestic product of Ethiopia.

H₀₃: There is no relation between revenue of tourism and Gross domestic product of Ethiopia.

H_{1c}: There is relationship between revenue of tourism and Gross domestic product of Ethiopia.

Designs and Approach

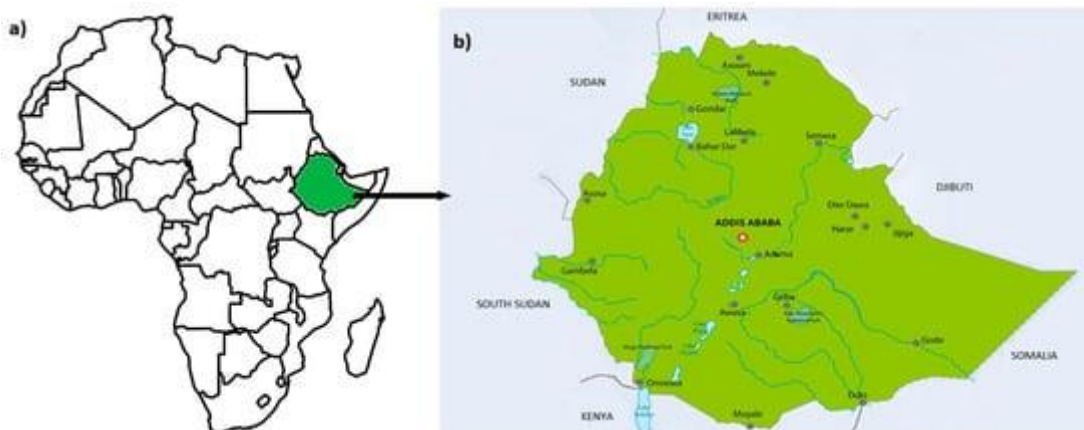
This study is descriptive in design and has utilized qualitative and quantitative approaches. Secondary data for the study has been collected from a report of the Ministry of Culture and Tourism, Govt. of Ethiopia, report of World Travel & Tourism Council, and research papers. To reveal the travel and tourism industry in general and economic perspectives in particular, descriptive analysis, content text analysis, and regression analysis have been performed.

Method of Analysis

The multiple regression is based on two variables, dependent and independent variables. There are one dependent variable and two independent variables. Gross domestic product is the dependent variable. On the other hand, arrivals of tourists, and revenue of tourism are dependent variables. Regression analysis is calculated on information of gross domestic product and arrivals of tourists in Ethiopia during 2010-2019, for calculating pre-corona pandemic period tourism industry status in Ethiopia.

Study Area

Ethiopia is a landlocked country in East Africa. The total area is 1,104,300 square kilometers. It borders Sudan, South Sudan, Kenya, Somalia, Djibouti and Eritrea. Its capital is Addis Ababa, Other major cities are Gondar, Mekele, Adama, Hawassa, and Bahir Dar. Tigrinya, Amharic, Afar, Oromo, and Somali are the official languages. Harari and Sidama are regional languages. There are many ethnic groups in the country. The total population of the country is 13.29 Crore (2024 est.) and the density is 92.7 people/km². It has 12 districts and 2 cities. Dire Dawa and Addis Ababa are the two administrative cities of the city. According to the 2024 estimate, GDP (nominal) and GDP (PPP) are \$145.03 billion and \$434.44 billion respectively. Birr is the currency of Ethiopia.



Source: <https://www.mdpi.com/2673-5768/5/2/26>

Results and Discussion

(a) Status and Prospects of Tourism Industry in Ethiopia

Tourism is a growing industry in Ethiopia. The sector, known for its cultural, historical and adventure tourism, needs to focus on eco-tourism and cultural awareness. There are many types of tourism such as sports, interactive tourism, urban tourism, agro-biodiversity and coffee tourism, geo-tourism, park tourism, religious tourism, archaeological tourism and lifestyle, and cultural tourism. Tourism flourished in the 1960s but declined dramatically in the 1970s and 1980s under the Derg rule. Recovery began in the 1990s, but growth has been limited by the lack of adequate hotel and other facility infrastructure, including the effects of drought and conflict, although construction of small and medium-sized hotels and restaurants has increased. One of the sources of support is the popularity of ecotourism, which has growth potential in Ethiopia. Sales of tickets are mostly driven by interest in ecotourism packages such as adventure travel, hiking and trekking, which constitute the bulk of tourists' income.

Table: Number of arrivals of Tourist in Ethiopia

Year	Tourist	Receipts	% of GNP	Year	Tourist	Receipts	% of GNP
1995	103,000	177.00	2.3	2008	383,000	1180	4.4
1996	109,000	170.00	2.0	2009	427,000	1120	3.4
1997	139,000	157.00	1.8	2010	468,000	1430	4.8
1998	112,000	152.00	1.9	2011	523,000	2000	6.3
1999	115,000	176.00	2.3	2012	597,000	1980	4.6
2000	136,000	205.00	2.5	2013	681,000	2240	4.7
2001	148,000	218.00	2.6	2014	770,000	2110	3.8
2002	156,000	261.00	3.3	2016	871,000	2140	2.9
2003	180,000	336.00	3.9	2017	933,000	2510	3.1
2004	184,000	458.00	4.5	2018	849,000	3550	4.2
2005	227,000	533.00	4.3	2019	812,000	3530	3.7
2006	330,000	639.00	4.2	2020	518,000	2280	2.1
2007	358,000	790.00	4.0	2021	518,000	2600	2.3

Source: <https://www.worlddata.info/africa/ethiopia/tourism.php>, Note: Receipts is in million USD.

Table 1 shows the number of tourists visiting Ethiopia each year. The number of tourists, which has been increasing since 1995, decreased in 2020 due to the coronavirus pandemic. While 103 thousand tourists came in 2009 and 812 thousand in 2019, it decreased to 518 thousand in 2020. Restrictions imposed on movement on travelling and fear of the coronavirus are the main reasons for declining tourist arrivals. Therefore, hypothesis 1 was rejected and the alternative hypothesis that the pandemic had an effect on tourists coming to Ethiopia was confirmed.

Ethiopia's immense cultural, paleontological and natural wealth is reflected in its tally of nine UNESCO World Heritage Sites. These are Aksum, Fasil Ghebbi-Gondar region, Harar Jugol-historical city, Konso Cultural Landscape, Lower Awash Valley, Lower Omo Valley, Rock Churches, Lalibela, Semien National Park and Tiya. Near the northern border of Ethiopia are the ruins of the ancient city of Aksum. They laid the foundations of ancient Ethiopia when the Kingdom of Aksum. These monumental ruins have ruins of ancient castles, royal tombs, monumental steles, and large obelisks. It was laid down between the 1st century AD to the 13th century. The ruins of the ancient Aksumite civilization cover a large area of the Tigray Plateau. The city of Axum preserves many steles from the 3rd to 4th centuries AD. The largest steel is 23 meters high. The city of Axum came under the authority and protection of the State Antiquities Administration in 1958. Until 1864, this fortress city served as the seat of the Ethiopian government.

In the 16th and 17th centuries, the fortress city of Fasil Ghebbi was the residence of the Ethiopian King Fossilizes and his successors. Surrounded by a 900-meter-long wall, the city is home to palaces, churches, mosques and special public and private buildings inspired by Hindu and Arab influences. Harar is a historical city situated on the eastern plateau of the country. It is surrounded by deep valleys, desert and savannah. The walls surrounding this holy Muslim city were built between the 13th and 16th centuries. It is the holiest city in Islam many mosques. It is the city with its unique interior design that makes Harar's cultural heritage the most beautiful. The influence of African and Islamic culture in the development of the city's housing type and urban design gives it a unique and inimitable character.

The Konso Cultural Landscape is a dry land area consisting of stone terraces and fortified settlements in the Konso Mountains of Ethiopia. The landscape showcases the community's shared values, cooperation, and engineering know-how. The site contains anthropomorphic wooden figures representing community members. The local stone monuments represent a complex system of commemorating the death of past leaders. The Awash Valley is home to one of the country's most important archaeological sites, the oldest of which dates back at least 4 million years, providing evidence of human evolution and changing the way we look at

human history. The largest discovery was in 1974, when the famous Lucy was reconstructed from 52 broken bones. The Lower Omo River Valley is in western Ethiopia. Its area is 165 square kilometers. The ancient deposits of the Lower Omo Valley are now famous for containing many ancient human bones that are important for the study of human evolution.

The stone churches of Lalibela still stand tall in the surrounding area. This 13th-century "New Jerusalem" consists of 11 medieval monolithic cave churches located in the mountains of central Ethiopia, near a traditional village with surrounding houses. Lalibela is a sacred place for Ethiopian Christianity and is still a place of pilgrimage and worship. These churches are not built according to traditional rules, but from living stones. In the village of Lalibela near the church there is a two-story round house made of local red stone called "Rasta Toul". This unique church has been an important place for Coptic Christians since the 12th century. The Simien National Park in northern Ethiopia is a beautiful place where millions of years of massive erosion have created jagged peaks, deep valleys and cliffs as high as 1,500 metres. The park is of international importance for biodiversity conservation, as it is home to world-class animals including the iconic Wallia ibex, wild goats, baboons and Ethiopian wolves. Tiya is one of the most important of the approximately 160 archaeological sites discovered in the Sodo region south of Addis Ababa. The school has 36 monuments, including 32 stone tablets inscribed with symbols, many of which are illegal. They are remnants of an ancient Ethiopian culture whose age is not yet determined.

Highlands are rugged mountains in Ethiopia. The main feature of the Ethiopian mountains is the Ethiopian Plateau. It is often called the "roof of Africa". The plateau is divided into the north and southeast by the Ethiopian Rift Valley, which contains many salt lakes. The highest and most important mountain is Ras Dashen, which belongs to the Quadrilateral Mountains. In the mountains of Ethiopia, visitors will find many Orthodox churches and monasteries, since the country was the first country in the world to recognize the religion in the fourth century. There are many mountains in Ethiopia. There are nine national parks in Ethiopia. These are Mount Semen National Park, Mount Bale National Park, Awash National Park, Gambela National Park, Lake Abijata-Shala National Park, Nechi-Saar National Park, Mago National Park, Yangu Di-Lhasa National Park, and Omo National Park.

Ethiopia has over 20 lakes, most of which originate from the Great African Rift Valley, which stretches to Mozambique in southern Africa. This rift valley has created the world's largest, deepest, and oldest lakes, and Ethiopia has many of them. Lake Jiva, Lake Langano, Lake Tana, Lake Abaya, and Lake Chamo are popular with tourists. Lake Tsewe is surrounded by islands such as Turgudo, famous for birds and hippos, and is a new lake in the Northeast African Rift

Valley, where the Ark of the Covenant is said to be hidden. Lake Langano is a freshwater lake with brown water, ideal for swimming and bird watching. The lake is home to a variety of wildlife, including hippopotamuses, monkeys, baboons, and wild boars. Lake Tana is a lake in northern Ethiopia and is often the first stop on the northern route. The lake is home to flamingos and hippopotamuses, and the surrounding islands are home to ancient kings. Lake Ike, Lake Ardebo, and Lake Eshengi are three large lakes on the coast of the Rift Valley in Ethiopia.

Ethiopia's economic resources vary almost throughout the country. Its diverse topography creates great biodiversity. Ethiopian wildlife is rare, endemic and diverse. The Ethiopian wolf is the smallest canid in the world and is found only in Ethiopia. Visitors can see these animals as well as hippos, crocodiles, flamingos, wild boars, hyenas, ostriches, monkeys, ibex and even lions, leopards, buffalo, elephants and giraffes. Ethiopia has 14 game reserves and is home to over 300 animal species, 39 of which are found only in Ethiopia. Ethiopia is home to many rural tourism destinations, including eco-villages and other areas that showcase the country's natural beauty, cultural heritage and local traditions. It has a large rural population, diverse cultures and religions, and great tourism potential. It has a rich landscape and cultural heritage and has great potential for rural tourism, but its economy is still underdeveloped. Mount Chok is one of the top tourist attractions in Ethiopia and has been praised by the United Nations Tourism Board as the best place for tourists looking for an eco-friendly holiday destination.

Ethiopia is a fascinating country of incredible adventures. Ethiopia's majestic landscape offers unique hiking experiences. Hiking in the Simien Mountains, exploring the Danakil Depression, camping in the Omo Valley, rock climbing in Tigray, and helicoptering in Gambella are all must-do adventures in Ethiopia. Mount Semen, often referred to as the Roof of Africa, has some of the most beautiful hiking trails in the country. The Danakil Depression is one of the most unique places in the world due to its climate, geological features and historical significance. Located more than 120 meters below sea level, Lale Camp is one of the lowest and hottest places in the world with an average temperature of 50°C and is the main recreation center of the Omo Valley, providing access to the most remote areas of the country. Heritage tourism in Ethiopia includes visiting UNESCO heritage sites, interacting with the local people and experiencing cultural events. Ethiopia's religious heritage is a richly woven tapestry crafted from ancient history, architectural thought and vibrant traditions. Sports is a growing industry in Ethiopia, offering a variety of sports and activities.

Ethiopia is well-known for coffee plantation. It is also famous for stone churches. The country is Africa's largest producer of honey and coffee, and has Africa's largest livestock industry. It is associated with the three major Abrahamic religions. It is the home of the Arabica cherry,

and has a rich tradition of coffee as a symbol of hospitality, friendship, and community. African countries have great potential for ecotourism development. The country has very beautiful landscapes. Ecotourism is the best place to introduce the culture of the Ethiopian people to international tourists. Although ecotourism is still in its early stages, it plays an important role in poverty reduction, habitat management and regional conservation. Despite the abundance of wildlife, ecotourism is not yet developed. Ecotourism has great potential due to its diverse ecosystems, rich biodiversity and cultural heritage. Ecotourism is considered one of the economic resources of Ethiopia.

Addis Ababa is the key culture, art, and finance hub of Ethiopia. It is located at the foothills of the Entoto mountains. Popular parks for tourists are Entoto Park, Friendship Park and Unity Park. Washamikel Church, Holy Trinity Cathedral, Grand Anwar Mosque, Entoto Mariam Church and Arada Kirghiz Church are some of the city's historic churches and most famous mosques. Tijlachin Square, Karl Square, Tewodros II Square, Yekatit 12 Square, Menelik Square, Victory Monument and the Lion of Judah statue are the famous monuments and landmarks of the city. The Ethnographic Museum is one of the most popular museum. Melka Kunture Archaeological Site, Tiya Stelae Site, Adadi Maryam Cave Church, Menagesha Suba Forest, Ankober, Bishoftu, Wonchi Crater Lake, Debere Lebanon Monastery and Jemma River Valley are some of the special tourist attractions around Addis Ababa. The city of Gondar is famous for its massive castles, fortifications and 17th-century churches and is often called the "Camelot of Africa." Gondar was founded in 1636 by Emperor Fasilides. Gondar is north of Lake Tana on the Lesser Angereb River and southwest of the Simien Mountains. The modern city of Gondar is popular as a tourist destination for its many picturesque ruins in Fasil Ghebbi. Downtown Gondar shows the influence of the Italian occupation of the late 1930s. Fasil Ghebbi, Debre Birhan Selassie Church, Kuskum Church, and Ras Ghinb Museum are the special attractions for travellers. Lake Tana, Lions Art Gallery, Monastery of Debre Mariam, and Azwa St. Maryam Church are the other attractions around the city.

Mekelle is the political, cultural, and economic hub of northern Ethiopia. It is the principal centre of Ethiopia's inland salt trade. Gheralta Rock, Abune Yemata Guh Church, Martyr's Memorial Monument, Lake Assale, and Emperor Yohannes IV Palace are the special attractions for travellers. Wukro Museum, Monastery of Debre Damo, and The Ruins of Aksum are the other key attractions around Mek'ele. The city of Hawassa is located on the shores of Lake Hawassa in the Great Rift Valley of East Africa. This area is known not only for its healthy hippo population but also for its large fishing activities. Tourists visit the Great Rift Valley to see the most beautiful, endless lakes. The fish market in Lake Awassa, the hippo

viewing in Lake Awassa and the Abijata-Shala National Park are special attractions for tourists. Bahir Dar is one of the main tourist destinations in Ethiopia, with nearby Lake Tana and the Blue Nile offering many attractions. The city is famous for its wide streets filled with palm trees and many beautiful flowers.

Tourists enjoy the local flavours. Ethiopian cooking uses vegetables, grains, and meat, as well as a variety of spices, herbs, and flavoured clarified butter (like ghee). This variety gives the dish a unique flavour. Ethiopian and Eritrean cuisine is characterized by vegetables and often spicy meat dishes. Traditional Ethiopian cooking includes many basic ingredients and cooking methods in addition to injera.

Table 2: Relationship between Tourist arrivals, Revenue from Tourism and Gross Domestic Product of Ethiopia

Year	Tourist Arrivals	Revenue from Tourism	Gross Domestic Product
2008	383,000	1.18	27.07
2009	427,000	1.12	32.44
2010	468,000	1.43	29.93
2011	523,000	2.00	31.95
2012	597,000	1.98	43.31
2013	681,000	2.24	47.65
2014	770,000	2.11	55.61
2015	864,000	2.28	64.59
2016	871,000	2.14	74.03
2017	933,000	2.51	81.77
2018	849,000	3.55	84.27
2019	812,000	3.53	95.91

Source: <https://tradingeconomics.com/uganda/international-tourism-number-of-arrivals-wb-data.html>,

Note: Pre-COVID Period Analysis

Table 2 (a): Summary Output

Regression Statistics	
Multiple R	0.953390055
R Square	0.908952596
Adjusted R Square	0.88871984
Standard Error	8.005411247
Observations	12

Source: Calculated by author.

Table 2 (b): ANOVA Analysis

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	2	5758.156609	2879.078304	44.92480315	2.0735E-05
Residual	9	576.7794831	64.08660923		
Total	11	6334.936092			

Source: Calculated by author.

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
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Intercept	21.69588902	8.771904535	-2.473338479	0.035375976
Tourist Arrivals	6.70658E-05	1.92245E-05	3.488558887	0.006845664
Revenue from Tourism	14.59212918	4.837926522	3.016194876	0.014568856

Source: Calculated by author.

The table (2-a) shows that R square is found to be 0.908952596, showing that the degree of relation between the independent variable X, i.e. arrivals of tourists, and the dependent variable Y, i.e. gross domestic product. Table (2-b) shows that p value (0.006) is less than critical value at 5% level of significance ($p < 0.05$), therefore we will reject the null hypothesis-2. So, it is concluded that there is relation between tourist arrivals and gross domestic product in Ethiopia. It also shows that p value (0.01) is less than critical value at 5% level of significance ($p < 0.05$), therefore we will reject the null hypothesis-3. So, it is concluded that there is relation between revenue from Tourism and gross domestic product of Ethiopia,

Table 3: SWOT Analysis of Tourism Industry in Ethiopia

<p>Strength</p> <p>Multiple culture Hospitable people Rich history and heritage Scenic beauty of the nature Historical monuments Lots of tourists places</p>	<p>Weakness</p> <p>Lack of transparency in policies Lack of adequate infrastructural support Inadequacy of infrastructure Lack of proper rule and regulations Safety and security Lack of fund for development</p>
<p>Opportunities</p> <p>New Tourism Products and Innovations. Increased disposable incomes of people High potential for eco-tourism Land of Origin</p>	<p>Threat</p> <p>Environmental factors Stiff competition from other states Global warming and climate change Disaster strike</p>

(b) The Economic Perspectives, Challenges and Government Initiatives

According the report of World Travel & Tourism Council, the contribution of tourism industry was 6.3% of total economy (i.e. 318.9 billion Ethiopian Birr or 6.1 billion USD) in 2019. It was later declined due to corona pandemic and was reached 5.6% of total economy (i.e. 329.7 billion Ethiopian Birr or 6.3 billion USD) in 2022. It was 5.8% of total economy (i.e.351.5 billion Ethiopian Birr or 6.8 billion USD) in 2023. International visitor spending in Ethiopia was 192.4 billion Ethiopian Birr or 3.7 billion USD in 2019. It was 48.0% of total exports of the country. It was later declined due to corona pandemic and was reached 193.1 billion Ethiopian Birr or 3.7 billion USD in 2022. Comparing with 2019, expenditure was increased 0.4% in 2022.

Domestic visitor spending in Ethiopia was 79.2 billion Ethiopian Birr or 1.5 billion USD in 2019. It was 92.8 billion Ethiopian Birr or 1.8 billion USD in 2022. Domestic spending and international spending was respectively 29.2% and 70.8% in 2019. It was respectively 32.5% and 67.5% in 2022. Total leisure spending and business spending was 64.7% and 35.3% in 2019. It was respectively 48.8% and 51.2% in 2022.

Table 4: Percentage (%) share of total spending of Inbound Arrivals and Outbound Departures in Ethiopia

Inbound Arrivals		Outbound Departures	
2019	2022	2019	2022
1. United States 19%	1. United States 17%	1. Sudan 18%	1. Togo 18%
2. United Kingdom 6%	2. U.K.5%	2. Togo 15%	2. Sudan 14%
3. China 6%	3. Italy 5%	3. China 11%	3. France 9%
4. Germany 5%	4. India 5%	4. France 8%	4. Saudi Arabia 8%
5. Italy 4%	5. France 4%	5. Kuwait 5%	5. United States 7%
Rest of world 60%	Rest of world 65%	Rest of world 44%	Rest of world 44%

Source: World Travel & Tourism Council; Travel and Tourism Economic Impact- 2023, p.2.

Table 4 shows that United States and United Kingdom are the leading tourist providers in Ethiopia. Tourism's direct contribution to GDP in 2022 is ETB 131.7 billion (2.2% of GDP). This generally refers to businesses that include hotels, travel agencies, airlines and other passenger transport services. The total contribution of tourism to GDP in 2022 is ETB 329.7 billion (5.6% of GDP). The tourism industry will directly create 645,113 new jobs in 2022 (1.2% of all jobs). This includes work in hotels, travel agencies, airlines and other passenger transport services. In 2022, the employment impact of tourism will reach 1,809,229 people (3.2% of total employment). Export visitors are an important part of the direct contribution of tourism. The value of Ethiopia's tourist exports in 2022 is 193.1 billion Ethiopian Birr.

The Ethiopian government department responsible for research, preservation, development and promotion of Ethiopia's culture and tourism. Ethiopia's first tourism policy was enacted in 1964 during the imperial period and focused on encouraging the private sector in the hotel and tourism industry, public investment in remote areas such as infrastructure and other general services that private investors cannot afford, and trade and support for Ethiopia. Policies and strategies related to tourism in Ethiopia have focused on development since August 2009. It strengthening the economic resources of the economy and ensuring the promotion of tourism resources to support local development. Knowing the political, social, cultural, economic and environmental aspects of tourism, the current government of Ethiopia upgraded tourism to the "Ministry of Culture and Tourism" in 2005. Ethiopia's tourism policy is the outcome of the

participation of various stakeholders from several workshops and conferences held between 2001 and 2009.

Lack of tourism facilities, lack of human resources, poor advertising, lack of coordination and policies are important negative factors. Deforestation, road accidents, wildlife trafficking, poor management, climate change, human-wildlife conflict and land use are the challenges facing wildlife conservation in Ethiopia. Habitat loss, climate change and lack of biodiversity can lead to a decrease in biodiversity, thus putting wildlife at greater risk. Challenges to tourism development include insecurity of tourists, lack of infrastructure, lack of tourism knowledge in the community, lack of product recognition, lack of support and marketing, lack of cooperation among stakeholders, lack of government accountability and limited accountability.

Conclusion

Ethiopia is much less developed in terms of tourism than other classic safari destinations in East Africa. It has unique landscapes, history, archaeology, and living cultural tourism attractions. It is a popular tourist destination with a variety of attractions including religious festivals, historical sites and national parks. The Negash Mosque, the walled city of Harer, the rock-cut churches of Lalibela and the ancient city of Axum are popular historical sites. The Rift Valley Lakes, Awash National Park, the Danakil Depression and Dalol are tourist attractions in Great Rift Valley. Tigray's Geralta Mountains, Lasta Massif, Simien Mountains and Bale Mountains are well known to travellers. Ethiopia's tourism industry was growing even before the COVID-19 pandemic, but the pandemic has led to a significant decline in visitor numbers. However, projections suggest the industry could recover and surpass pre-pandemic levels.

Ethiopia has a lot of historic landmarks. Birds and wild animals of all types and colours can be found in Ethiopia. Nearly 45 years ago, modern tourism activity began in the country. The country's foreign exchange earnings, as well as new jobs, can be created by Tourism. There are many opportunities for wildlife tourism, heritage tourism, rural tourism, cultural tourism, adventure tourism, and agriculture tourism. International tourist arrivals reached over one million, marking the peak of a decade of consistent growth in the tourism sector. The sustainable development of the tourism industry has been affected by external and internal factors. Lack of integration and political will, weak promotion, lack of skilled human resources, and shortage of tourist facilities are some of the negatively contributing forces. Infrastructure, safety, travel promotions, taxation, and cross border set of laws are some of the challenges facing tourism.

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