CBI
Ministry of Foreign Affairs

ANALYSIS OF TOURISM VALUE CHAIN IN ETHIOPIA

FINAL REPORT

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SEPTEMBER 2018

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Acronyms

ARCCH	Agency for Research and Conservation of the Cultural Heritage
CRM	Customer Relationship Management (software)
CSR	Corporate Social Responsibility
CTTC	Catering and Tourism Training Center
EIC	Ethiopian Investment Commission
ESTDP	Ethiopian Sustainable Tourism Project[1]
ETB	Ethiopian Birr (official currency)
ETO	Ethiopian Tourism Organisation
EWCA	Ethiopian Wildlife Authority
GTP	Growth and Transformation Plan.
IFC	International Finance Corporation (World Bank Group)
IFIs	International Finance Institutions
IGAD	Intergovernmental Authority for Development (East Africa)
MoCT	Ministry of Culture and Tourism
MoFA	Ministry of Foreign Affairs
MSMEs	Micro, small and medium enterprises
PROHEDEV	Heritage for Development Project (EU funding)
PUM	Netherlands Senior Experts
SNNPR	Southern Nations, Nationalities and Peoples Region
SMEs	Small and Medium Enterprises
SDPASE	Sustainable Development of the Protected Areas System of Ethiopia
TTCI	Tourism and Travel Competitiveness Index
UNECA	United Nations Economic Commission for Africa
UNWTO	United Nations World Tourism Organisation
VFR	Visit Friends and Relatives
WTTC	World Travel and Tourism Council

[1] Financed by the World Bank. Phased out at the end of 2015

Introduction

The purpose of this VCA is to map out current European tourism to Ethiopia, to describe the range of products offered in Ethiopian tourism, current and planned, and to identify opportunities for developing European tourism, including which interventions are needed in order to do so and, specifically, which interventions CBI could include in a project.

A Business Case Idea (BCI) was submitted in November 2017 which showed that the tourism sector in Ethiopia has the potential to attract more international tourism, in particular European visitors, who represent about a third of the total demand. The BCI also identified the main gaps and challenges in the value chain to achieve further development and efficiency, as well as some areas in which the CBI could help to address the challenges.

According to the procedures for project preparation, a Preliminary Desk Research Report was produced in July 2018 with a compilation of excerpts from different published and non-published documents. This showed that a significant amount of relevant information is available, and that there is a need to:

- Obtain updated statistics about international visitors and tourism companies
- Get information regarding the current state of governance of the tourism sector
- Assess the current status of the Ecotourism Association and Ethiopian Sustainable Tourism Alliance (ESTA) mentioned in the BCI
- Identify challenges and gaps in marketing and commercialisation in the European markets
- Find out about sustainable practices and certification among tourism service suppliers
- Identify projects financed by donors supporting the tourism value chain
- Make recommendations regarding the type of activities that could be financed by a CBI project

To complement the information available through secondary sources, a field trip took place between 4–18 August 2018 focused on Addis Ababa. Meetings with representatives from relevant federal government organisations were organised, as well as with private sector associations, tourism professionals and donors. The list of all stakeholders contacted is provided in Annex 1.

Key documents that were used in the preliminary desk research and the preparation of this report are:

- *Tourism to Ethiopia, Senegal and Zambia, EU Market Scan*, prepared in 2017 for the CBI, referred to in this report as the 'Market Scan'.
- The *Marketing and Branding Strategy* prepared with Ethiopian Sustainable Tourism Development Program (ESTDP) funds for the ETO in 2015.
- The *Sustainable Tourism Master Plan 2015-2025* (STMP), prepared with United Nations Economic Commission for Africa (UNECA) funds for the Ministry of Culture and Tourism (MoCT) and made public in 2015.

Management Summary

Ethiopia has a wealth of natural and cultural resources, with some unique cultural and natural features that set it apart from other African destinations. In the last decade, international arrivals to Ethiopia have shown a positive trend, reaching nearly one million in 2017. However, growth has been fuelled mainly by the increase of international tourism worldwide, improved air connectivity and a dynamic economy that generates many business trips. Tourism data are skewed by weaknesses in the visa system, a large diaspora travelling on foreign passports, and an increasing number of transit passengers from Ethiopian Airlines flights (that cross the border to spend a night or a few hours in Addis). These have to be considered to draw meaningful conclusions.

Holiday trips represented 37.4% of total arrivals in 2016 while Europe generated over a third of those trips (34.4%). The UK, Germany, Italy and France consistently appear in the ranking of the top-10 tourism generating markets for leisure tourism. Sweden and the Netherlands also appear high in the ranking.

However, it seems that Ethiopia receives fewer holiday tourists than the number that can be concluded from official data. The sentiment of many incoming operators, and the low number of foreign visitors in key tourism attractions such as the National Museum in Addis Ababa (47,208 in 2016[2]), the Simien Mountains National Park (10,685 visitors in 2016)[3] and Lalibela (25,069 visitors in 2016), confirm this point. Both the Simien and Lalibela are UNESCO sites. **Thus, the number of true holiday trips from Europe to Ethiopia is well below the official 112,000 annual visitors (2016)** (which includes a difficult to explain 25% growth over 2015).

Moreover, most tourists follow the same two routes (North and South) and the leisure demand is quite seasonal due to the prevalent image among European outbound operators that the rainy season (European summer) is not a good moment to visit Ethiopia. However, Italy and Spain do generate visits at that time, when the number of holiday trips tends to go down.

There are opportunities for growth, but more proactive commercialisation is needed. Current international trends in European markets present opportunities to diversify the product portfolio and attract more visitors, and European markets were prioritised by the *Marketing and Branding Strategy* as being among the 'core' markets with high revenue potential and high affinity for leisure travel to Ethiopia, as well as among the 'steady markets' that are easier to penetrate.

In spite of all the opportunities, important **obstacles and challenges hinder competitive and sustainable tourism development in Ethiopia**, the most important being:

- Limited understanding of tourism as a development and export sector among high-level government officers
- Institutional framework in place but weak implementation capacity, skilled human resources and financing as well as improved coordination at all levels is needed
- Poor quality of service mainly due to lack of trained manpower
- Very limited accommodating capacity of international standards for leisure tourism, with investment concentrated in main cities and business-type hotels
- Lack of basic and IT infrastructure present challenges for tourism businesses
- Narrow product range offered to the market by incoming operators
- Weak private sector associations
- Official destination marketing focuses on mainstream trade shows (traditional activities) and lacks human and financial resources. Poor digital marketing
- Unplanned destination development
- Poor visitor management in natural and heritage sites puts them at risk, untapped potential for revenue generation
- Poor tourism statistics, needs improvement to provide grounds for sound decision-making by public and private organisations
- Little attention for sustainable practices among public and private players
- No suitable funding available for tourism SMEs
- Need for a recurrent funding mechanism to support tourism development

[2] Source: ARCCH

[3] According to the Wildlife Tourism Strategy prepared for EWCA in 2013, the total number of foreign visitors to ALL protected areas in Ethiopia was 51,269.

As a result, Ethiopia is lagging behind other East African destinations that have developed a more competitive tourism industry and attract higher numbers of international tourists.

In this scenario, the key opportunities for the CBI to add value to the tourism value chain in Ethiopia are:

1. *To foster a proactive and more professionalised commercialisation and sales effort by incoming operators, targeting strategic segments of the leisure market and higher-spending tourists in the main European markets*. This should contribute to: i) more professional incoming operators with improved capacity to approach and develop lasting business relationships with the European travel trade, ii) higher visitor numbers with more diversified travel motivations (segments), and iii) better distribution of tourism flows throughout the year and across Ethiopia.
2. *To support existing small tourism service providers (accommodations and restaurants) to upgrade the quality of their services and management practices*. They are the main suppliers of incoming operators, are in contact with visitors and have an impact on the quality of the travel experience, as well as the destination image. The added value of a CBI project could be multiplied by designing training and coaching in a way that could be replicated in the future with local resources. This approach would be an excellent complement to the CBI method to support incoming operators.
3. *To foster improved conditions to direct private investment and tourism flows to lesser developed regions*. CBI could foster coordination to capture and strategically direct investment in accommodation of higher standards that would attract more and higher-spending tourists, increasing jobs and exports. The CBI could also contribute to a more competitive and sustainable tourism product by providing very focused support to improve destination/product development in unique areas with high potential for European tourism.
4. *Promote sustainable practices among incoming operators and the tourism industry at large* to respond to the increasing interest in sustainability by European outbound operators and their customers, and because sustainable practices will allow further growth of tourism safeguarding natural and cultural assets. Providing technical assistance to improve visitor management and sustainable tourism operations in key natural and heritage sites would also support sustainable tourism development (including new opportunities for SMEs to provide services).

In general terms, to differentiate the project and achieve higher impact, the following approach is recommended:

- Focus on few activities with more in-depth work leading to some practical impact.
- Design project activities (at least some of them) in such a way that they can add value to the tourism value chain beyond the project scope.
- Regarding institutional development, involve relevant federal and regional public organisations in the different project activities but avoid providing training in classroom settings.

The specific CBI interventions proposed are summarised below and, as explained in chapter 11, PUM could become a great partner to amplify capacity building.

	ACTIVITIES
To foster a proactive, more professional commercialisation and sales effort by incoming operators	▪ Training and coaching for incoming operators to foster export readiness ▪ Technical Assistance (TA) to design and organise a B2B event in Addis in collaboration with the private sector, inviting outbound operators from Europe (B2B meetings plus fam trip) – to be repeated in the future with local resources ▪ TA to strengthen the two incoming operators associations
To support existing small tourism service providers	▪ Design a training and coaching system for small accommodations, restaurants, and other food and drink outlets. Produce training materials and train the trainers to achieve a cascade effect. ▪ Implement pilot test in Arba Minch (South)
Foster improved conditions to direct investments and tourists to lesser developed regions	▪ Working group to improve coordination, skills and procedures to capture investments in accommodations for leisure tourism ▪ Working group to foster competitive and sustainable tourism development in Danakil/Afar (North) (great potential and at risk)

To promote sustainable practices among incoming operators and the tourism industry at large.	▪ Awareness workshops and campaigns ▪ Travelife certification for incoming operators ▪ Working group to prepare guidelines for sustainable tourism operation in protected areas (involve incoming operators) ▪ Working group to improve visitor management and foster sustainable development at heritage sites (involve incoming operators)

Element 1. Generating EU tourism markets and competitiveness of the Ethiopian tourism sector in those markets

1. Trends in international visitor arrivals

Upward curve of international tourist arrivals to Ethiopia. International arrivals to Ethiopia reached 596,341 in 2012, a 39.6% growth since 2009. This upward trend continued in 2013–2017, with a record 933,344 figure in 2017.

International tourist arrivals in Ethiopia: all trips

Source: World Bank, accessed via Tradingeconomics.com https://tradingeconomics.com/ethiopia/international-tourism-number-of-arrivals-wb-data.html

Slowdown in visitor arrivals in 2016 with recovery in 2017–2018. After social unrest in Oromia started at the end of 2015, in November 2016 violent anti-government protests across the country led the Ethiopian government to declare a six-month state of emergency. The United States, as well as the United Kingdom, Germany and other source markets warned citizens against all but essential travel to Ethiopia, particularly in the Amhara and Oromia regions. The result was devastating for Ethiopia's holiday tourism sector as many international operators cancelled planned trips.

In 2016, Ethiopia recorded 863,742[4] international tourism arrivals, a slowdown compared to the growth registered in previous years, but still high given the difficult situation in the country at that time. The figure includes all travel motivations and a more careful analysis is needed to assess the impact of the unrest on the leisure and holiday market.

Reasons for optimism regarding the recovery of tourism activity. In November 2016, Germany lifted the travel ban to Ethiopia, while the UK did so in July 2017. In July 2018, the USA also lifted the travel ban. This is all very good news for the Ethiopian tourism sector that will foster the recovery of leisure demand. In fact, latest figures of visitor arrivals show that since 2017 the demand has already returned to growth.

Moreover, in April 2018, a new prime minister took office announcing a number of measures that have been welcomed with enthusiasm, have brought new faith in the government, and have reduced the tensions among ethnic groups and federal regions.

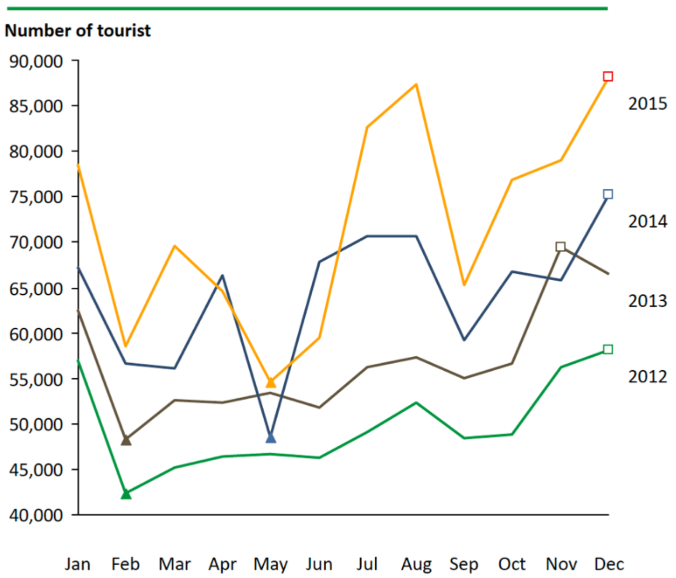
[4] This figure is too similar to the official figure published for 2015 to be taken as a reflection of the real situation.

The move of the new prime minister to sign a peace agreement with Eritrea in July has brought popular support, and is opening up new opportunities for economic development in both countries.

Seasonality of the demand is a challenge for the service providers serving the leisure and holiday segment. According to tourism professionals in Ethiopia, a pattern that has been maintained for many years shows that the high season for leisure tourism is between mid-September (Ethiopian New Year at the end of the rainy season) and March, with the highest number of arrivals recorded in December and January (Ethiopian Christmas and Timkat festivals). The low season starts from April and runs until September (wet season) with June and July recording the lowest number of arrivals due to the heaviest rainfall in that period.

However, the following chart showing the distribution of total international tourist arrivals by months in Ethiopia presents sudden changes that may be due to the launch of new Ethiopian flights and the increased traffic of transit passengers. For example, the peaks in 2014 and 2015 in July-August, the low season for leisure travel, indicate a need for a more in-depth analysis by travel motivations.

Seasonality of international tourist arrivals to Ethiopia – ALL trips



Source: Based on Bulletin of Tourism Statistics 2013-2015, MoCT

In spite of the fact that in recent years an increasing number of Spanish and Italian leisure tourists have been traveling to Ethiopia in their summer months (July to September), according to the incoming operators consulted during the recent field trip, the seasonality of leisure travellers is much higher than can be concluded from the published data.

The seasonality of leisure tourism prevents consistent business operation throughout the year for tour operators and accommodations with a negative impact on sales and benefits, as well as on employment opportunities, because many jobs are seasonal. Thus, incoming operators have expressed the need to prepare a strategy conceived to change the prevalent image in the markets regarding the unsuitability of traveling to Ethiopia in the rainy season.

The large majority of international tourists arrive in Ethiopia by air. Most international tourists use Bole International airport in Addis Ababa as their main gateway to the country. Tourism flows from neighbouring countries such as Sudan and Kenya across the land border to visit nearby areas or for shopping, often on day trips.

Leisure and holiday is the main motivation of international visitors arriving in Ethiopia. The share of leisure and holiday trips relative to total arrivals was around 34% in the period 2013–2015. In 2016, the breakdown of arrivals by travel motivation was as follows:

- 37.4% Leisure and holiday
- 29.4% Transit (cross the border due to overnight connecting flight or to spend a few hours in Addis while waiting for connecting flight)
- 17.7% Business and conference[5]
- 7% Visit friends and relatives[6]
- 8.5% Not stated

These figures show an increase in the share of leisure and holiday arrivals, as well as transit passengers, in relation to previous years. However, considering the social unrest, **it is unlikely that genuine leisure travel went up in 2016**. This is a feeling also shared by most tourism professionals consulted, who have expressed the **need to refine the tourism statistics in order to provide better grounds to make decisions regarding investments and marketing by both private and public organisations**. More tables including a more in-depth analysis by travel motivations as well as percentages should be included in the official tourism statistics bulletins, together with the comments needed to facilitate a clear understanding of the situation. A review of the methodology for data collection is also advisable. To this end, the MoCT Statistics Directorate should closely collaborate with the ETO and private sector associations.

The economic impact of tourism in Ethiopia: revenue and jobs

The direct export earnings generated by tourism in Ethiopia are increasing, and tourism seems to be the third source of export revenue after agriculture and industry.

The Ministry of Culture and Tourism (MoCT) publishes some basic estimates of the direct tourism expenditure based on total international arrivals multiplied by average stay and average daily expenditure. However, more reliable data should be obtained based on consistent and accurate visitor surveys, and by introducing more sophisticated methods that take into consideration the direct and indirect contribution of tourism activity to the national economy.

The latest data available regarding the economic impact of tourism in Ethiopia are produced by the World Travel and Tourism Council (WTTC) as part of their Travel and Tourism Economic Impact 2018 studies:

The DIRECT contribution of Travel & Tourism to GDP in 2017 was ETB 49,144.2 million (2.7% of GDP). This is forecast to rise by 6.7% to ETB 52,431.6 million in 2018. This primarily reflects the economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). But it also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists.

The TOTAL contribution of Travel & Tourism to GDP was ETB 121,435.0 million (USD 5,074.3 million), 6.8% of GDP in 2017, and is forecast to rise by 6.3% in 2018, and to rise by 5.2% pa to ETB 213,357 million (USD 8,915.4 million), 6.1% of GDP in 2028. The total contribution of Travel & Tourism to GDP is twice as large as its direct contribution.

In 2017 Travel & Tourism DIRECTLY SUPPORTED 604,000 JOBS (2.4% of total employment). This is expected to rise by 1.9% in 2018 and rise by 1.9% pa to 742,000 jobs (2.1% of total employment) in 2028.

[5] The percentage for independent business travel and conferences is not provided in the last bulletin. It could be obtained based on raw figures provided but it needs elaboration.

[6] Much lower than in the previous bulletin, although there is a large Ethiopian diaspora. The visa system does not provide data about VFR and it would be necessary to review the method used to find out about travel motivations.

In 2017, the TOTAL CONTRIBUTION OF TRAVEL & TOURISM TO EMPLOYMENT, including jobs indirectly supported by the industry, was 6.1% of total employment (1,538,000 jobs). This is expected to rise by 1.7% in 2018 to 1,565,000 jobs and rise by 2.1% pa to 1,934,000 jobs in 2028 (5.4% of total).

VISITOR EXPORTS generated ETB 50,447.7 million (USD 2,108 million), 35.2% of total exports in 2017. This is forecast to grow by 6.6% in 2018, and grow by 4.0% pa from 2018–2028 to ETB 79,309.1 million (USD 3,314 million) in 2028, 18.7% of total. Visitor exports are expected to grow by 6.6% in 2018 to ETB 53,772.4 million, and rise by 4.0% pa to ETB 79,309.1 million in 2028.

TRAVEL & TOURISM INVESTMENT in 2017 was ETB 18,490.3 million, 2.4% of total investment (USD 772.6 million). It should rise by 5.8% in 2018, and rise by 5.7% pa over the next ten years to ETB 34,179.5 million (USD 1,428.2 million) in 2028, 2.7% of total.

LEISURE TRAVEL SPENDING (inbound and domestic) generated 87.1% of direct Travel & Tourism GDP in 2017 (ETB 69,933 million) compared with 12.9% for business travel spending (ETB 10,350.6 million). Leisure travel spending is expected to grow by 7.1% in 2018 to ETB 74,928.3 million, and rise by 4.8% pa to ETB 119,837 million in 2028.

BUSINESS TRAVEL SPENDING is expected to grow by 4.3% in 2018 to ETB 10,799 million, and rise by 5.6% pa to ETB 18,585.4 million in 2028

DOMESTIC TRAVEL SPENDING generated 37.2% of direct Travel & Tourism GDP in 2017 compared with 62.8% for visitor exports (i.e. foreign visitor spending or international tourism receipts). Domestic travel spending is expected to grow by 7.1% in 2018 to ETB 31,954.9 million, and rise by 6.3% pa to ETB 59,112.8 million in 2028.

2. Current European market demand

European visitors account for around a third of the TOTAL international arrivals to Ethiopia. In 2016, the share of European LEISURE TRAVELLERS relative to total leisure and holiday trips was slightly above 34%, showing an upward trend. Nevertheless, considering the unrest which started in 2015, and the fact that many business tourists (including business people, participants in conferences, consultants and NGOs among other) still enter Ethiopia with a tourist visa[7] (issued for leisure travel), the number of Europeans who travel to Ethiopia on leisure trips is probably lower than what can be concluded from existing data, while the share of European travellers on real leisure and holiday trips is probably higher. It is worth noting that the motivation for travel is not stated for 15% or more of the total European arrivals due to weaknesses in the data collection process.

	2013	2014	Var 2014/13	2015	Var 2015/14	2016	Var 2016/15	2017	Var 2017/16
Total international arrivals	681,249	770,428	13.09%	863,742	12.11%	870,597	0.79%	933,344	7.2%
Total from Europe	**200,745**	**231,407**	15.27%	**259,431**	12.11%	**272,404**	5.00%	**280,268**	2.9%
Share of Europe/total	29.5%	30.04%		30.04%		31.29%		30.03%	
Total leisure and holiday	**231,586**	**268,944**	16.13%	**298,357**	10.94%	**325,501**	9.10%	**na**	na
Share leisure and holiday trips/total	34.0%	34.9%		34.5%		37.4%		na	
Total Europe leisure and holiday	**68,244**	**80,799**	18.40%	**89,615**	10.91%	**111,977**	24.95%	**na**	na
Share of Europe/leisure and holiday	29.5%	30.0%		30.0%		34.4%		na	

Source: Based on Tourism Statistics Bulletin 2013-2015 (MoCT) and latest non-published data

Several European countries are among the top-10 tourism generating markets for LEISURE AND HOLIDAY travel. According to a non-published analysis prepared by the ETO in 2014, the UK, Germany, France, Italy and the Netherlands were among the top-ten source markets for LEISURE TRAVEL in Ethiopia in the period 2009-2012. Sweden was also featured in the top 10 in six out of seven years of the period analysed. Between 2013 and 2016, the United Kingdom, Germany, Italy and France continued to appear every year in the top-10 tourism generating markets for LEISURE AND HOLIDAY TRIPS, accounting for almost 20% of that segment in 2016.

International tourist arrivals - Leisure and Holiday Trips - Top 10 source markets

[7] It is possible to get a variety of business visas online, however, it is often difficult to get the support letters and other documents required from the counterpart organisations.

2013			2014			2015			2016		
Total arrivals	**231586**	%		**268944**	%		**298357**	%		**325501**	%
USA	36744	15,9%	USA	43223	16,1%	USA	48061	16,1%	USA	54033	16,6%
UK	**12571**	5,4%	**UK**	**14532**	5,4%	**UK**	**16121**	5,4%	**UK**	**19530**	6,0%
China	10772	4,7%	China	12971	4,8%	China	14390	4,8%	**Germany**	**17577**	5,4%
Germany	**9956**	4,3%	**Germany**	**12141**	4,5%	**Germany**	**13468**	4,5%	**Italy**	**13997**	4,3%
Italy	**8231**	3,6%	**Italy**	**9774**	3,6%	**Italy**	**10843**	3,6%	China	13671	4,2%
Kenya	7996	3,5%	Kenya	9363	3,5%	Kenya	10387	3,5%	**France**	**13020**	4,0%
India	7407	3,2%	Saudi Arabia	8441	3,1%	India	9916	3,3%	Saudi Arabia	11067	3,4%
Sudan	6905	3,0%	India	8939	3,3%	Saudi Arabia	9364	3,1%	Sudan	10091	3,1%
France	**6897**	3,0%	**France**	**8301**	3,1%	**France**	**9209**	3,1%	India	9440	2,9%
Saudi Arabia	6627	2,9%	Sudan	8065	3,0%	Sudan	8947	3,0%	Canada	8463	2,6%
Total top 10	**114106**	**49,3%**		**135750**	**50,5%**		**150706**	**50,5%**		**170889**	**52,5%**
Europe		**16,3%**			**16,6%**			**16,6%**			**19,7%**

Source: Based on Tourism Statistics Bulletin 2013-2015 (MoCT) and latest non-published data

It is worth noting that, since 2013, new markets such as China, India, Sudan and Kenya have entered the ranking of top-10 tourism generating countries for leisure tourism, followed by Nigeria. However, the great majority of travellers from those countries are in-transit passengers who cross the Ethiopian border to spend a few hours or a maximum of one night in Addis; while those from Sudan and Kenya are mainly visitors arriving by land to destinations near the border. The big differences found between arrivals from those countries published in the Bulletin of Tourism Statistics 2009-2012 and the same publication for 2013-2015 suggest a more detailed analysis is required.

If the list is expanded to the top-16 tourism generating countries, the Netherlands and Sweden, which were included among the top 10 in 2009-2012, also appear in the ranking every year in the period 2013-2016.

Other conclusions based on the analysis of international arrivals.[8] The UK, Germany and France together accounted for 17.6% of the demand for conference travel in 2012. The USA were the largest single source market with 16.7%. With Addis being the diplomatic capital of Africa and a regional air hub, the capital city and its surrounding area have great competitive advantage for international and regional conferences and meetings.

Some European countries such as the UK, Germany and Italy were among the top-ten source markets for 'visit friends and relatives' (VFR) in the period 2009-2012 and the Ethiopian diaspora present in many other countries such as the USA could become an important source of tourism demand. They travel to Ethiopia on holidays and around the main religious festivals. The fact that many of these visitors enter the country with foreign passports should be taken into consideration in the analysis of tourism arrivals.

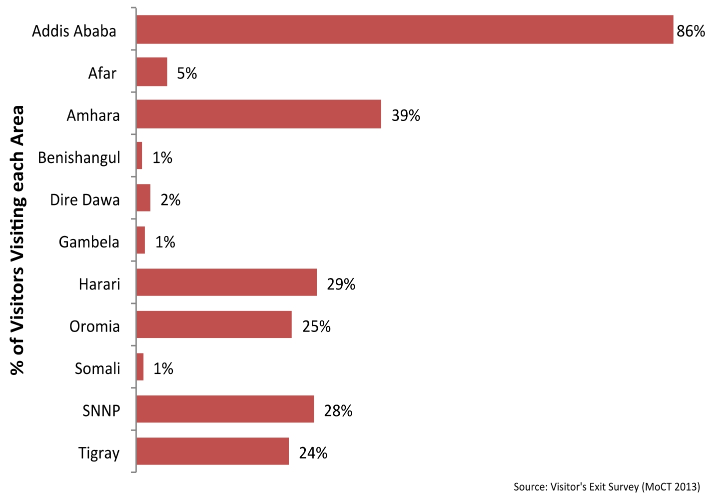
Profile of European visitors. Official statistics in Ethiopia do not offer detailed and consistent data about the profile and travel behaviour of international visitors (European and non-European).

The first 'International Visitor's Exit Survey' was conducted by MoCT in 2013 and the main conclusions have been included in the Statistics Bulletin 2009-2012.

In that survey, friends and relatives were mentioned as the main source of information for the preparation of the trip by 31.4% of respondents followed by the Internet/social

[8] Source: non-published analysis of top 10 tourism generating countries, ETO (2014). For the latest data it is necessary to expand on existing raw numbers.

media (30.7%) and travel books/magazines (20.9%). Concerning travel arrangements, 77% of respondents organised their trip independently while 23% used packaged tours.



As mentioned in the *Marketing and Branding Strategy*, using the same source, places visited by respondents showed a skewed regional distribution of tourism flows. Due to Addis Ababa's status as an air arrival hub, 86% of visitors visit the city. Five other destinations (Amhara, Harar, Oromia, SNNPR and Tigray) receive 25% or more of all visitors, while fewer than 5% of visitors visit the remaining five regions (Afar, Benishangul, Dire Dawa, Gambela and Somali).

In addition to the above, leisure visitors were slightly skewed in favour of the 50-70 years age group, although a significant proportion of visitors fall into the 31-40 years and 41-50 years age groups. Gender was skewed (70/30) in favour of male visitors, although there are indications that the gender mix is more balanced among leisure visitors.

Although this International Visitor's Exit Survey was a good first attempt, more regular visitor surveys are needed with a good sample that represents the whole demand and allows for breakdown analysis by travel motivations and source markets, among other factors.

IN SUMMARY

Official statistics recorded 325,000 international arrivals in 2016 motivated by HOLIDAY AND LEISURE and European visitors accounted for over a third of these.

However, it seems that Ethiopia receives fewer holiday tourists than can be concluded based on official data. *The sentiment of many incoming operators, and the low numbers of foreign visitors in key tourism attractions such as the National Museum in Addis Ababa (47,208 in 2016[9]), the Simien Mountains National Park (10,685 visitors in 2016)[10] and Lalibela (25,069 visitors in 2016), confirm this point.*

Current statistics are skewed due to very unique circumstances:

- *many business travellers make use of visas for leisure tourism (because it is easier);*
- *there is a high number of transit passengers due to the important air hub of Bole airport (they cross the border for a few hours or one overnight stay);*
- *large numbers of visitors from the Ethiopian diaspora enter the country with foreign passports and leisure visas to visit family and friends;*
- *Addis Ababa is the diplomatic capital of Africa and has a large community of expatriates who work in embassies, international organisations and NGOs.*

The conclusion is that the number of actual holiday trips from Europe to Ethiopia is likely to be under 100,000 per year and that there are opportunities for growth.

[9] Source: ARCCH

[10] According to the Wildlife Tourism Strategy prepared for EWCA in 2013, the total number of foreign visitors to ALL protected areas in Ethiopia was 51,269.

3. The potential to further develop the European market and risks of a reduction in demand

International tourism is on a growth path. Confidence in global tourism remains strong, according to the latest UNWTO Panel of Tourism Experts survey. The Panel's outlook for the May-August 2018 period is one the most optimistic in a decade, led by the particularly upbeat sentiment in Africa, the Middle East and Europe. Experts' evaluation of tourism performance in the first four months of 2018 was also robust, in line with the strong results recorded in many destinations around the world. In January-April 2018, international tourist arrivals grew by 6%, so far exceeding UNWTO's forecast of 4% to 5% for the year. Africa registered 6% growth in the first four months.

In addition, several recent market research findings also offer opportunities for Ethiopia[11]:

- There has been a 29% rise in the number of long-haul trips booked by European travellers since 2016 (Edreams-ODIGEO European Traveler Insights 2017)
- According to Booking.com, preferred travel activities in 2018 are: experiencing a unique cultural event (28%), learning a new skill (27%), going on an epic road or rail journey (25%) and visiting a remote or challenging location (25%).
- 'Getting off the beaten track' was the most common motivation for adventure travellers (43.4%). Other items on the list were 'Seeing or doing something new' (26.6%) and 'High adrenaline activities' (22.5%). (Intrepid Adventure Travel Index, 2018)
- The definition of adventure travel is changing. Risky adrenaline activities are favoured 45% less than 'experiencing a new culture' (Adventure Travel Trade Association, 2018)
- The State of Travel survey by AITO in 2017 shows that British holidaymakers appear to be getting much more active on holiday as beach breaks move down from fourth position to fifth, being overtaken by wildlife holidays (fourth) and walking (third). Learning a new skill abroad is gaining momentum and increases in tours such as expert-led study trips, gastronomy and wine tasting are expected.

Positive prospects for Ethiopia to attract European tourists. Considering the historic and ongoing growth figures from European visitor arrivals to Ethiopia, as well as the forecasts for world travel, it can be expected that this trend will continue over the next decade. Moreover, local production factors conducive to growth are:

- Expansion of airport infrastructure and air connectivity with the main international markets, including several European major airports.
- Improvement of road network.
- New train services offering opportunities for new tourism routes.
- Qualitative and quantitative growth of accommodation supply, although still insufficient.

The business environment is also improving:

- Travel bans have been lifted.
- Hotel grading system is being implemented although it needs to be improved and expanded to other types of accommodation.
- Growing demand, looking for new destinations and unique experiences. Long-haul Europeans are adventurous, interested in culture and nature and are in search of new destinations.
- A number of European outbound tour operators already sell trips to Ethiopia.

[11] Source: Trekksoft

- Travel in Ethiopia is increasingly getting coverage in general and specialised media.
- Ethiopia has been present at some main trade shows in Europe with improved booths and branding.
- European leisure tourists can easily get a visa to enter Ethiopia through the new e-visa system.
- Peace treaty with Eritrea is making travel safer to destinations near the border that used to be closed.
- Incentives available to foreign and domestic investors, although these need improvement and a more proactive and strategic investment promotion activity.

Risks of a reduction of demand from European markets. Although current European travel flows to Ethiopia represent a significant market share, two thirds of the visitor flows are made up of non-European visitors who could compensate for an eventual reduction in the demand from Europe.

The USA are the number-one source market for Ethiopia, generating significant leisure tourism, but also 'visit friends and relatives' (VFR) trips as well as business travel. The interests and requirements of the USA long-haul leisure market are quite similar to the European markets, as they are seasoned long haul travellers with interest in the cultural and natural heritage. Several American tour operators offer trips to Ethiopia in small groups following similar itineraries to those offered by European operators, and with similar levels of service. The air connections with the USA are good, as Ethiopian Airlines flies to Bole airport from Washington DC, Los Angeles, New York and Chicago.

Ethiopians from the diaspora, with family links to Ethiopia, represented around 7% of total arrivals 2016, and their share will certainly grow with the reforms expected from the new government and many people returning to Ethiopia for the first time in decades.

There is also potential to further tap leisure tourism from domestic and regional markets interested in family holidays in safe environments such as the Rift Valley lake resorts, including extended families from Saudi Arabia in search of better climate in their summer months.

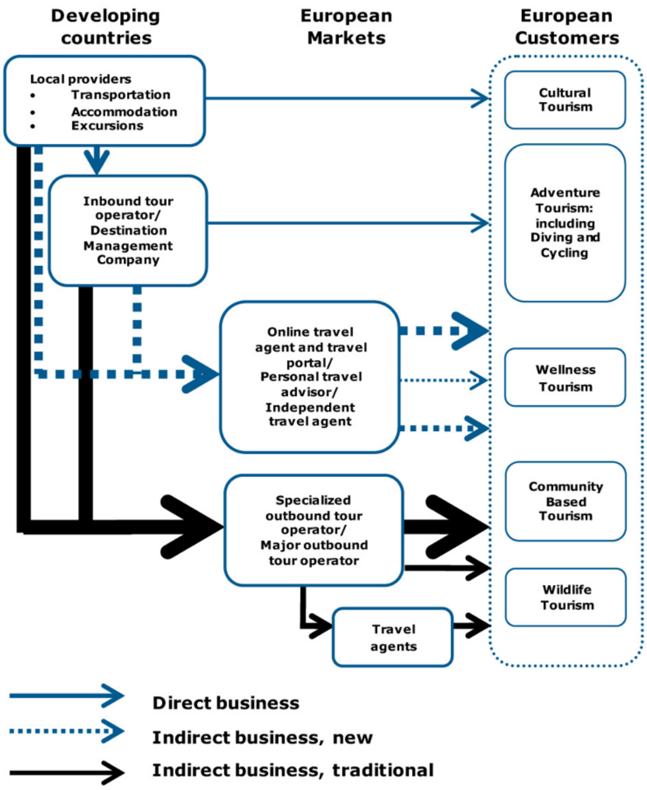
The regional and domestic markets are also important potential markets for Meetings, Incentives, Conference and Exhibits (MICE) tourism in Addis Ababa and surroundings considering the business and political activity around the air hub and the African Union.

Europeans seem to be the main market for holiday trips that allow for a broad geographical distribution of tourism flows across Ethiopia and ***a reduction of arrivals from Europe would cause havoc for many small towns and, in particular, for many SMEs and communities providing tourism services along the value chain.***

4. Ethiopia in the European travel distribution channels

4.1. The structure of the travel trade in the European markets

With the increased segmentation of the tourism demand and the expansion of information and communication technologies, the structure of the travel trade in the European markets has become a mix of traditional and relatively new distribution channels.



Source: CBI

Although online intermediaries like travel portals and online travel agents are becoming increasingly popular, distribution through tour operators still dominates the trade structure for long haul travel, particularly in Southern and Eastern Europe where the tourism markets are younger and still have a traditional structure.

On the other hand, when it comes to holidays in relatively unknown emerging tourism destinations, European travellers often prefer tour operators as well. Even adventurous clients want some sort of security and safety. This makes tour operators a consistently important distribution channel for Ethiopia. Most importantly, European outbound operators tend to work with incoming operators at the destination countries that bundle all ground services and ensure smooth operation of the whole travel itineraries.

4.2. Small players most interesting for the Ethiopian tourism sector

Traditionally, most European outbound tour operators were large companies selling standardised products and handling large volumes of passengers. They are still dominant in mass tourism destinations and they should not be the priority for Ethiopia because they mainly offer basic packages (flight plus accommodation), aggressively compete on price and focus on other types of destinations.

The best partners to sell travel to Ethiopia in Europe belong to a new breed of smaller, more specialised operators that focus on specific tourism segments in less common destinations. They have an excellent knowledge of their respective market segments and are particularly active in large and mature markets such as Germany and the UK, although they are increasingly present in all European source markets.

Specialised tour operators tend to offer high-quality travel packages, which are more complex products than what is offered by mainstream tourism operators, making them more dependent on local suppliers. Incoming operators in Ethiopia would benefit from partnering with those specialised outbound tour operators in Europe as they will help them to grow their customer base and income, as well as to increase their quality standards. This is because Ethiopian operators will receive guidance to provide the required service standards and to meet the legal and ethical requirements.

Specialised European outbound tour operators can be identified online as they all have good websites, as well as through specialised trade shows and associations. Of interest for Ethiopia are trade organisations such as the Association of Independent Tour Operators (AITO) in the UK, Operators specialised in Africa (ASA) in Germany or the Africa Travel Association (ATA).

4.3. Packages to Ethiopia marketed by European tour operators

The *Market Scan* selected 40 leading European outbound tour operators for the analysis of their tour packages to Ethiopia, Senegal and Zambia. Those operators are based in the UK, the Netherlands, Belgium, Germany, Scandinavia (Denmark & Sweden) and France. They represent volume markets (e.g. TUI) as well as smaller consumer markets (the specialised tour operators) and, in total, they offered 146 packages to Ethiopia. The table below provides key information of the analysed packages.[12]

Total tour operators analysed	**40**
Total packages analysed	**32**
Single destination packages %	87%
Duration of trip (days)	15.7
Country specific days	14
Packages that include Kenya (%)	0%
Packages that include Uganda (%)	0%
Packages that include others (%)	6%
Others include	South Africa, Zanzibar
Tour price (€)(excluding long haul flights)	2863
Price/day (€)	194
Maximum pax/tour	12.7
High season	Sep-Apr
Nights in hotel (%)	85%

[12] One package per tour operator was chosen for the analysis, and the figures in the table are an average of the different types of packages being offered. Not considered is the popularity of each package in terms of annual bookings. This information is confidential and not publicly available.

Nights in home-stay /camp site /village accommodation (%)	15%

The table below shows the data by source market. However, as the number of tour operators evaluated differs per country and is limited to three for the Belgian market, the conclusions should rather be taken as a qualitative indication of the specificities of the different European markets analysed. In any case, the differences by markets are quite in line with common knowledge about those markets.

ETHIOPIA	UK	Netherlands	Belgium	Germany	Scandinavia	France
Total tour operators analysed	8	7	3	8	7	7
Total packages analysed	8	5	3	7	3	6
Itinerary and duration						
Single destination packages	50	14	14	25	3	21
% Single destination packages	83%	100%	100%	76%	100%	95%
Total days whole itinerary	13.5	20.8	15	15.3	15	14.3
Country specific days in Ethiopia	13.1	19.2	13	16.2	9.7	12.8
Packages that include Kenya (%)	0%	0%	0%	0%	0%	0%
Packages that include Uganda (%)	0%	0%	0%	0%	0%	0%
Packages that include others (%)	0%	20%	0%	14%	33%	0%
Others include		Zanzibar		Zanzibar	South Africa	
Max participants number						
Max pax/tour	12.3	15	15	12.6	11	10
Accommodation						
Nights in hotel	10.1	14.8	12	11.1	7.7	10.2
Nights in homestay / camp site / village accommodation	2	1.4	0	2	4.3	2
Season						
High season (10% more)	Oct-Feb	Nov,Apr,Jul	Jan-Apr, Sep	Sep-Jan, Mar	Nov, Feb-Mar	Oct-Apr
Tour price						
Tour price (excluding intercontinental flight)	3392	2407	2180	3079	3329	2792
Price/day	251	122	150	224	218	202

In general terms, the packages to Ethiopia have relatively balanced and varied activities. Community tourism and ecotourism are among the top activities offered. Community tourism primarily includes visiting and staying with the ethnic groups in the Omo Valley, while ecotourism seems to be mainly focused in the Simien Mountains National Park. The UNESCO cultural and nature heritage is also a key attraction in Ethiopia.[13]

— Belgian, German and Scandinavian tour operators offer more balanced and varied activities. Community-based tourism and ecotourism are the top types of tours,

[13] The selection of tour operators seems to be skewed as the visitor survey conducted in 2013 – as well as general sentiment – shows that more people visit the Amhara region (39%) where the main historic attractions are located, compared with the 28% who visited the South which is home to the ethnic groups. The concept of city tourism should be clarified as most leisure tourists stay in Addis Ababa at the beginning or the end of the trip.

followed by cultural heritage and adventure activities. The adventure activities explain the high price of their packages.
- French packages are more focused on hiking/trekking and in-depth contact with the local cultures, visiting community-based tourism sites.
- Dutch packages offer cultural heritage, community-based tourism and ecotourism equally.

	Occurrence in Ethiopia packages (%)					
Types of tourism	**UK**	**Netherlands**	**Belgium**	**Germany**	**Scandinavia**	**France**
City tourism	7%	0%	0%	0%	0%	0%
Cultural heritage (incl. UNESCO-sites)	25%	29%	20%	20%	20%	21%
Community-based tourism	29%	29%	30%	30%	30%	36%
Ecotourism (hiking and trekking)	29%	29%	30%	30%	30%	36%
Adventure (motor-based sports, cycling,…)	11%	12%	20%	20%	20%	7%

The largest proportion of packages to Ethiopia (60%) are group travel, and most travellers are mature people (age 50s-70s). Couples are another interesting target.

Upmarket accommodation is mainly provided in Addis Ababa. 50% of all accommodations included in the packages are considered as 'comfort', while 19% are upmarket and 22% are basic.

4.4. Image of Ethiopia as a tourism destination in the European markets

The opinion of the European outbound tour operators

The following are the views from European outbound tour operators regarding Ethiopia's image in the source markets:

- Cultural and natural heritage are considered as the strongest reasons for Europeans to travel to Ethiopia, followed by authenticity and ethnical diversity.
- Lack of destination awareness and health and safety concerns are the main reasons for European travellers not to choose Ethiopia.[14] Product and service quality were also mentioned as negative factors, as well as prices that are higher than what many people expect from a low-income country (value for money).
- In European markets there is a perception that the best season to travel to Ethiopia is between September and April. The European summer period is the low season for tourism in Ethiopia and 67% of European tour operators surveyed indicated that they are not offering Ethiopia during the European summer months.

[14] A research by SABRE in 2017 showed that the main negative perceptions of travel in Africa have to do with: not feeling safe, **not having enough knowledge about the destinations**, not sure which are the tourist hotspots, and too expensive. Too complicated routes and stressful travel experience were also mentioned although to a lesser extent. The conclusion is that changing those perceptions is in the hands of the African travel industry that can work with governments to educate and reassure travelers and improve the travel experience.

To change these perceptions, it is key to improve the knowledge of Ethiopia among those involved in the European travel trade. Organising field trips to Ethiopia will offer them opportunities to experience the destination first hand and adjust misperceptions.

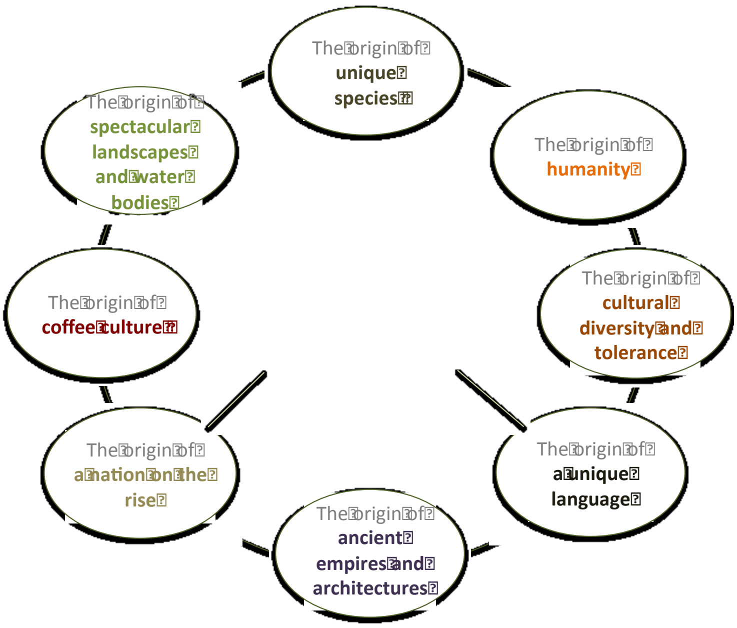
Regarding the need to improve the image of Ethiopia as a year-round destination, incoming operators agree that the country can be visited all year round and that extending the season would be possible but requires promoting the right regions taking into account the weather patterns, organising special events and festivals in the summer months, carrying out specific market promotion internationally and offering reduced rates/special offers (although the latter should not be a priority because competition should be based on added value and differentiation).

Positioning and brand strategy of Ethiopia as a tourist destination

Having a destination brand strategy and consistent communication were also mentioned by the European outbound operators as requirements to improve the image of Ethiopia in Europe. In 2015, the Marketing and Branding Strategy prepared for the ETO defined the following positioning for Ethiopia:

Ethiopia is as 'original' as it gets; authenticity is engrained in the lifestyle, landscapes, nature, history and heritage; in addition, the hospitality of Ethiopia's people towards each other and visitors is unique. Visitors are attracted and fascinated by this 'spirit of originality', which may be attributable to various factors, including the fact that the country has never been colonised, the geomorphological forces that have carved unique land and life forms, the confluence of cultures and religions among other. This 'Spirit of Originality'[15] presents Ethiopia with a unique selling proposition and a call to action for travellers to explore the many 'origins' to be found all over the country.

Ethiopia's Differentiated Market Positioning



Source: Marketing and Branding Strategy, 2015

Some key implications of this positioning for the marketing strategy are:

[15] The positioning statement should not be confused with a brand slogan; it presents the point of differentiation based on which Ethiopia will be promoted and will be translated into a marketing brand.

__The journey is the destination__: Ethiopia is primarily a travel destination for experiencing and learning, more than a holiday destination for relaxation. This has implications across the entire tourism value chain ranging from visitor access and mobility to community involvement.

__The target market is the 'experience seeker'__: Those who want more out of a trip than looking, sitting and eating; who prefer to see, touch, and taste and engage with the 'spirit of place'. Targeting and being focused on such travel segments is an important requirement for achieving rapid and sustainable tourism growth.

__The travel experience needs development and packaging__: The variety of attractions and experiences in Ethiopia are spread across the country and access to, availability and quality of visitor services vary considerably from place to place. Product packaging and improvement are of critical importance. Presenting such attractions and experiences to visitors requires a strong public-private partnership, with private investors developing commercial facilities and services, private tour operators linking experiences and attractions as itineraries that can be sold to visitors and public tourism bodies promoting travel destinations and routes, providing public visitor services and improving sites.

__The brand is layered__: The 'spirit of originality' is a multi-facetted positioning and expressing it as a captivating brand identity and architecture that inspires across market and product segments is important.

The positioning was the basis for the brand promise and brand essence shown below.[16]

The following logo was designed as part of the brand strategy and was approved for official use in 2015.

Ethiopia
LAND OF ORIGINS

Most European leisure travellers to Ethiopia fall within the main segment targeted by the brand strategy – experience seekers – and could be motivated by an improved offer of itineraries and activities developed with their needs in mind, communicated and commercialised accordingly.

[16] Both were further developed in the report 'Brand Strategy and the Ethiopia Tourism Brand Manual', which set out the brand identity in a comprehensive manner.

4.5. Main requirements to be competitive in the European markets

WHAT ARE THE MOST IMPORTANT LEGAL REQUIREMENTS ON THE EUROPEAN MARKET?

The ***European Package Travel Directive*** (EU) 2015/2302[17] is the most important European legislation for the travel industry and it puts pressure on outbound operators to ensure compliance with the travel programmes they market and sell.

Thus, European tour operators need reliable partners in the destination countries, the most important being incoming tour operators that can select suitable service providers and coordinate the whole ground operation as per the itineraries sold. The Directive has recently been updated to include provisions regarding flexible or customised packages and online sales.

Building trust and a long-lasting relationship with outbound tour operators in the markets is a must for Ethiopian incoming operators, as they will not take the risk to partner with unexperienced or unethical operators that may damage their reputation. Safety and liability insurance are also important.

The ***General Data Protection Regulation*** (GDPR) is a more recent European regulation that should be taken into consideration by incoming operators and accommodations, in particular when handling booking data and using online channels to communicate with European clients and sell trips. This is because the GDPR reshapes how private data about EU residents are collected and used, and more thoroughly defines data security. European companies and any company involved in processing data of individuals from the EU, regardless of the location of their organisation, will be responsible for updating their data privacy to comply with the GDPR.[18]

MAIN REQUIREMENTS OF EUROPEAN BUYERS REGARDING PRODUCTS AND SERVICES

Both outgoing and incoming operators interviewed for the *Market Scan* and the recent field trip agree that the priority area to be tackled to attract more European travellers to Ethiopia, and higher spenders in particular, is **higher quality accommodations and more ecolodges**. More diversified restaurant menus, luxury dining options and higher-end community products/services were also mentioned.

Health and safety are among the main concerns of European tourists and there is a need to improve food preparation facilities and techniques and invest in toilets.

European tourists are increasingly active and need to be offered a variety of options beyond guided visits to the main sites, something not well developed in Ethiopia. Adventure activities that entail some danger should be performed by trained professionals and licensed companies, and some ISO standards are available for specific activities.

Being able to communicate in the visitor´s language is a must to ensure proper engagement with the guides and service providers, a key component of the travel experience. However, in Ethiopia few guides speak good English, not to say German, French, Italian or Spanish. There is also a need for more knowledgeable specialised guides able to respond to the interests and needs of specific segments.

In addition to reliability, European tour operators increasingly demand sustainability from their suppliers, but in Ethiopia there is little awareness in this regard.

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[17] https://ec.europa.eu/info/law/law-topic/consumers/travel-and-timeshare-law/package-travel-directive_en

https://eur-lex.europa.eu/legal-content/EN/LSU/?uri=CELEX%3A32015L2302&qid=1529931942475

[18] https://ec.europa.eu/info/law/law-topic/data-protection_en

European tourists expect to be given the option to pay with credit cards. However, in Ethiopia it is seldom available and the network supporting it is not reliable. This is a source of inconveniences for both businesses and customers, hampering the capacity of tourists to spend more money in Ethiopia and increase tourism exports.

Ability of Ethiopian SMEs to meet the requirements of the European demand

Most tourist accommodations in Ethiopia including some 'large' hotels suffer from poor architectural design and do not offer the look and feel expected by international tourists. Many entrepreneurs lack experience in the sector and specialised management skills, and their idea of 'modernity' does not match the expectations of European tourists. The shortage of trained staff and poor attention to systematic maintenance does not help to offer quality service.

Better regulation including specific market-based standards for different types of accommodation would help investors to design well-conceived facilities and would have a positive impact in the competitiveness of the hospitality sector.

Additionally, most investors and managers of tourism accommodations need an improved understanding of markets and segments, product and service requirements, commercial channels and pricing mechanisms. Safety and security issues also need attention.

Regarding restaurants, given the uniqueness of the Ethiopian cuisine, food service and table manners, together with the lack of exposure to Western-type restaurants, it is difficult for local people to adapt their menus and service to international standards without help. There is a need to improve the design/decoration of facilities, food preparation techniques including food safety, pricing, and to learn more about international cuisine and service standards. Basic knowledge of English is often lacking.

Many incoming tour operators are offering a narrow product base and are competing on price as they lack the skills to develop and market more specialised and targeted tour packages. Some unethical practices have also been reported such as not providing services as per itineraries sold or asking for additional payments along the trip; however, some tour services are offered to the market by non-licensed professionals who are damaging the reputation of the destination.

To be in a position to add value to their product offer, proactively market their services and grow their business, incoming operators need help to better understand market opportunities, learn how to approach and develop lasting relationships with outgoing operators, as well as understand the keys for success in the different geographic markets and segments. Communication with the market and digital marketing are other areas that need improvement.

Specialised regulations, training and licensing for adventure and outdoor sports activities should be developed in Ethiopia to take advantage of market opportunities, together with proper insurance and safety measures.

4.6. Are there opportunities for products with improved CSR performance?[19]

The demand for sustainable holidays is a growing trend in the European markets

Although the exact demand for sustainable holidays in the source markets is difficult to measure, 46% of travellers already consider themselves a sustainable traveller.[20]

This figure explains why 11% of European travellers actually book sustainable holidays and 55% would like to have more information and more of a choice.[21]

The term 'sustainable travel' continues to mean many things to many people, but the role of accommodations in helping travellers to achieve their sustainable travel goals is clear. The research shows that over half (56%) consider staying in eco-friendly accommodation as sustainable travel (it provides a more authentic local experience), topping the list of what travellers think of when they hear the term. The same survey found that the intention to book sustainable accommodation at least once was expected to double in 2017, with 65% of global travellers expressing this intention versus 34% who stayed in one or more sustainable accommodations in 2016.[22]

These sustainable travellers are generally higher-educated, well-travelled people of all ages and from higher socioeconomic groups. They mainly come from more mature travel markets in Northern and Western Europe and can be divided into two main groups:

- Dedicated sustainable travellers. This group is a relatively small segment with a strong focus on sustainability, high expectations and cautious of so-called 'greenwashing'. To target this segment, it is important that operators and service providers at the destination can support any claims made about sustainable practices; for example by getting sustainable tourism certification.
- 'Soft' sustainable travellers are the largest segment and with the most growth potential. These travellers are not necessarily very knowledgeable about sustainable tourism, but they prefer it because they associate it with doing 'the right thing', and they rely on tour operators to provide these types of holidays. In this regard, 66% of European travellers believe that the responsibility for sustainable travel primarily lies with travel companies.

Outbound tour operators in Europe are increasingly requesting sustainable practices from their suppliers

Responding to these market trends, European tour operators, especially in Northern and Western Europe, increasingly focus on working with sustainable suppliers. To increase their chances on the EU market, tourism businesses in Ethiopia are therefore recommended to implement sustainable practices. The main sustainability requirements of European tour operators include a sustainability policy, decent working conditions, poverty reduction, conservation of natural and cultural heritage and competitiveness. Although most tour operators do not require sustainability certification yet, it is expected to become more important over the next few years.

While certification itself is more or less valued by some customers, and the variety of sustainable and/or green tourism labels worldwide may cause confusion among tour operators and travellers, the implementation of those schemes allow for a systematic

[19] https://www.cbi.eu/market-information/tourism/sustainable-suppliers/

[20] https://news.booking.com/bookingcoms-2017-sustainable-travel-report/

[21] https://www.tuigroup.com/en-en/media/press-releases/2017/2017-03-07-tui-survey-sustainable-tourism

[22] https://news.booking.com/bookingcoms-2017-sustainable-travel-report/

way of introducing sustainable practices in a destination that are meaningful to most tourists. Moreover, they engage the whole industry in an effort that improves awareness and adds value along the value chain, going even beyond legal regulations.

Originally, certification programmes for sustainable tourism mainly focused on accommodation. Nowadays, their scope is expanding to include providers of other services and activities. Moreover, after having been primarily focused on individual tourism businesses, sustainability is now expanding to entire tourism destinations that increasingly strive to create an image for themselves as sustainable frontrunners. Destinations in developing countries with a good sustainability reputation include Costa Rica, Peru, Tanzania and South Africa.

The Association of British Travel Agents (ABTA) Travel Trends Report 2018 highlights responsible tourism as an increasingly important market requirement[23]

'ABTA research shows that almost 70% of people now believe that travel companies should ensure their holidays help the local people and economy. Following the huge public rise in sentiment for programmes such as David Attenborough's 'Blue Planet II' – the most watched programme of 2017 – and campaigns like Sky News' Ocean Rescue Scheme, this trend looks set to continue and take centre stage in 2018.

With a greater public awareness not only of environmental issues, but also of human rights and working conditions, tour operators and hoteliers are supporting this move towards responsible tourism that looks after our environment and our people. In 2018, we can expect more initiatives such as social enterprise projects which give back to local communities, carbon-neutral group tours and the banning of plastics from beaches.'

Interestingly, the same report includes Rwanda among the 12 destinations to watch in 2018 (the only one in Africa) mentioning that '*this award winning sustainable African jewel packs a great deal and its people treasure and respect their heritage of lush and diverse forests, fertile plantations and a wide range of wildlife'.*

IS ETHIOPIA READY TO INTRODUCE A SUSTAINABLE TOURISM CERTIFICATION?

Ethiopia would certainly benefit from the introduction of one of the existing certification schemes for incoming operators, accommodations and other service providers. This is because:

- European tour operators increasingly select their suppliers based on sustainability certification. Especially in the United Kingdom, the Netherlands and Germany, certification is set to become a mainstream requirement.
- Some negative environmental and social impacts of tourism activity are already visible due to poor planning and lack of awareness.
- Although some regulations exist in Ethiopia that would foster sustainable practices, they are insufficient, they are not always enforced and may not cover all the issues that need to be addressed.

The increasing number of tourists may only exacerbate some problems and weaknesses. In particular, it is urgent to improve the awareness about the need to protect the cultural and natural resources, reduce environmental impact of tourism services and activities, to improve the relationships among visitors and residents, and to foster more equitable distribution of the benefits of the tourism activity. This requires, among other, awareness campaigns at different levels, introducing sustainable practices in the operation of tours and services, improved guidelines and regulations regarding visitor management in protected and heritage areas, and setting up mechanisms to ensure that

[23] https://www.abta.com/sites/default/files/media/document/uploads/ABTA_Travel_Trends_Report_2018_0.pdf

local communities, as well as local businesses and professionals, have opportunities to participate in the tourism value chain.

The situation in Ethiopia does not seem to be mature enough to introduce a certification scheme that requires creating a local organisation to manage it. This is because sustainable certification is something totally new, public organisations lack implementation capacity, and there is no partner that could take over certification at the end of the CBI project without receiving external funding.

However, it would be helpful to start working on awareness campaigns targeting tourism service providers as well as relevant public organisations at federal and regional level. Collecting and disseminating existing best practices (i.e. ecolodges in Simien Mountains, Bale Mountains and Gheralta owned by Europeans, and some incoming operators) would be an efficient way to showcase what needs to be done. Additionally, there is a need to work with EWCA to improve visitor management in protected areas including better coordination with incoming operators and national guides.

On the other hand, a certification scheme such as Travelife, developed and supported by the European travel trade, could be introduced for incoming operators after the awareness creation phase, as it is relatively easy to implement (it is organised in different stages and most tools are online).

Establishing tourism awards including the recognition of sustainable practices could also help at this stage to prepare the grounds for certification of other players in the value chain.

5. Current Ethiopian tourism sector product range

It is widely acknowledged that Ethiopia possesses remarkable tourism potential due to its unique and largely unexplored cultural, historical, archaeological and natural resources. Those resources are key to attracting visitors and are the basis on which to build a strong tourism industry. With its more than 3,000 years of history and more than 80 ethnic communities, each with their own distinct languages, cultures and traditions, Ethiopia stands out as a unique country in Africa. The following is an outline of the country's tourism resources and products.

Tourism routes.[24] For many years, most Ethiopian tour operators have sold to the international market packaged tours for the following two routes with little variations:

— *Northern Historic Route* includes Lalibela, Aksum, Gondar, Lake Tana monasteries and the source of the Blue Nile (around Bahir Dar). A brief visit to the Simien Mountains is often included. A detour to Gheralta has been added in recent years to some trips.
— *Southern Route* includes cultural and natural attractions of the lower Omo Valley National Parks, Rift Valley Lakes (Langano, Hawassa and Chamo).

The average stay at each destination is low, often short stopovers *en route* or less than two days and apart from the sightseeing of the main sites there is little diversity in the activities offered to tourists. Moreover, the potential for differentiation and the organisation of more specialised routes and packages in those areas have not been fully exploited.

Other tourism routes which are also promoted, although less often, include:

— *Afar and Danakil* Depression (north-eastern Ethiopia), Dalloll geothermal fields, salt quarry sites, Erta Ale Volcano, and Low Awash Valley located on the way from Addis.
— *Eastern Route*: Walled City of Harar and Awash National Park, Dire-Dawa, Hurso Sercama rock paintings, Babile Elephant Sanctuary.
— *South-eastern Route*: Bale Mountains National Park, Sof Omar Cave and Dire Sheik Hussein Muslim Shrine.
— *The western and southwestern*[25] areas are not well developed although they have great potential. They are well known for their cloud forests, considered the origin of coffee, with three Biosphere Reserves (Kaffa, Shaka and Yayu) where many varieties of wild coffee still grow. The Gambella National Park, known for seasonal migration of about a hundred thousand Nile Lechwe, is also an outstanding resource in the area but is difficult to reach and lacks visitor services.

In spite of the potential of these routes, they are not formally established, and they lack proper tourism services and facilities as well as integrated tourism development plans.

Tourism resources, attractions and activities. The UNESCO sites and Wildlife Protected Areas are the main tourist resources in Ethiopia that have an advantage compared to other African destinations in heritage and culture (Lalibela, Axum, Gondar, Harar). However, it also has great potential for nature-based tourism development that has not been fully tapped yet.

Some protected areas are often included in the tour packages of many inbound tour operators. These include the Simien Mountains, Awash, Bale Mountains, Nechisar and

[24] See www.ethiopia.travel, the official tourism portal, for a description and maps of the routes.

[25] In 2014, the ESTDP financed a *Plan for the development of the Western Route*. It was prepared by an American company, and although it has some good analysis and proposals for action, it does not provide enough details to guide private and public investments.

Mago National Parks, Senkelle Swayne's Hartebeest Sanctuary and Guassa and Abuna Yoseph Community Conservation Areas. But most visits are short as part of a route and, with the exception of trekking, the National Parks are not developed or perceived as destinations per se, as is the norm in most African countries.

Because in Ethiopia tourism is operated based on long routes and tourists do not remain long at each destination, limited services and activities are offered. On the other hand, as destinations do not offer a variety of good-quality activities and services, tourists do not stay for long. This seems to be a vicious circle that needs to be broken with improved product development in products than can retain visitors such as trekking, hiking, birdwatching or special interest tours for those who prefer to travel less allowing for a more in-depth discovery of the destination (i.e. culture, religious, textiles).

Access to the historic and natural sites remains an issue in some cases, although when planning investments there is a need to take into consideration the targeted markets and their expectations. For example, an adventure destination does not need large paved roads everywhere.

Management of the natural and cultural attractions needs to be improved, including collection of visitor statistics. Management plans of parks and cultural sites need to include provisions for visitor management, and entrance fees collected should be reinvested – at least partially – in visitor management. Public-private partnerships could help provide the necessary management skills and investment needed to improve the visitor experience and increase revenue.

Tourism towns*.* Most leisure tourism destinations in Ethiopia are small and mid-size towns. Although many of these places are home to world-class attractions, there is a lack of strategies and integrated planning to develop tourism, tourism facilities and services are very limited in number and quality, and many services are still provided in an informal way.

Tourism destinations are expected to offer a quality urban environment, well organised, clean and with a distinctive character. In Ethiopia, there is an effort to clean the main streets and add greenery to the urban landscape. However, most towns with high tourism potential lack proper urban planning and building codes aimed at preserving the natural resources, enhancing prime public spaces and conveying a sense of place. Ensuring compatible land uses also remains an issue.

Moreover, the provision of basic services and infrastructure such as power and water supply, sewage and waste collection and disposal, and paved streets are lagging behind the fast pace of the new 'modern' constructions. Access to hotels and parking space are often insufficient and chaotic; and weaknesses in the telecommunications infrastructure make communications and payment transactions difficult.

Apart from the Regional Culture and Tourism Bureaus which are regional government organisations, there are no destination management organisations (DMOs) with public and private sector participation, and there is an appalling lack of coordination mechanisms among the different stakeholders involved and having an impact on tourism.

Awareness regarding sustainability is almost inexistent and, if no action is taken in the short term, it will be difficult and costly to reverse the damage done to some of the most iconic tourism destinations and resources.

Marketing and branding*.* The Marketing and Branding Strategy developed in 2015 provides guidance regarding market segments and geographic markets (see chapter 7), as well as recommendations about marketing activities. However, the ETO does not have sufficient qualified human resources and the allocation received from the government budget does not suffice to conduct an efficient and effective marketing action in the main source markets. Moreover:

- Since its inception, the ETO has dedicated most of its efforts and budget to ensure continuity of participation in the main trade shows that was the main promotional activity carried out by MoCT in the past. Traditionally, trade fairs attended were mainly in Europe, (i.e. ITB in Berlin, WTM in London, Top-Resa in Paris and Vakantiebeurs in the Netherlands[26]). In the last years new markets such as China and Russia have also been targeted.
- Some B2B roadshows have also been organised in the USA and some European markets, but the ETO has received criticism for not carrying out more innovative or better-targeted promotional activities.
- Although a new official travel portal was developed following the preparation of the Marketing and Branding Strategy, there is no clear online marketing plan, nor consistent updating of the portal contents and use of social media.
- The ETO does not have market representatives in the source markets and often has to rely on the support from the embassies abroad that lack specialised and dedicated staff.
- The ETO does not have proper databases of tour operators and media in the markets or CRM system to facilitate follow up of contacts and activities. Thus, it is not in a position to ensure consistent communication before and after the trade shows, and through the year.
- Familiarisation trips are organised, but they lack strategic focus and are not conceived to actively foster B2B contacts with Ethiopian incoming operators and other service providers.

Some Regional Tourism and Culture Bureaus (such as Aksum, Harar, Oromia and Addis Ababa) print promotional brochures, have their own websites and sometimes participate in trade events, although they lack marketing skills and collaboration with the ETO is not well established. The ETO (in Addis Ababa) and the Regional Cultural and Tourism Bureaus manage the centres of tourism information found in the main destinations.

Other findings from the industry's stakeholders consultations held during the preparation of the STMP indicated that key weaknesses[27] of destination marketing in Ethiopia are:

- Current efforts are uncoordinated and fragmented
- Absence of well-established coordination mechanisms among private-public partnerships and among private sector players
- Lack of focus on market niches, poor matching of market and products
- Limited skills and knowledge of inbound tour operators to promote and market Ethiopia in the international markets
- Absence of a tradition of organising international and regional tour and travel trade fairs and events in the country
- Absence of concerted efforts in marketing and handling events and MICE

[26] Incoming operators that participate in the official booths are selected based on their sales figures in foreign currency. Additionally, some spaces are kept for smaller operators. Incoming operators have attended other leading travel shows such MITT (Moscow), ATM (Dubai) and COTTOM (Beijing).

[27] Source. SMTP, MoCT, 2015.

6. Comparative Advantage

6.1. Global competitiveness[28]

The World Economic Forum (2017)[29] ranked Ethiopia 116th (out of 136 countries) in its Travel and Tourism Competitiveness Index (TTCI). This rank follows the gradual improvement achieved in the last years, but Ethiopia still lags behind other African countries, well established tourism destinations such as Kenya, Tanzania, Rwanda and Uganda. Ethiopia's relative lack of competitiveness is echoed in a number of studies.[30]

Year	TTCI ranking Ethiopia
2009	123
2011	120
2013	122
2015	118
2017	116

The TTCI is based on 14 pillars, which are outlined in the table below.

Indicator	Ranking - ETHIOPIA		Direction of change
	2015 (141 countries)	2017 (136 countries)	
Natural Resources	63	69	↘
Price Competitiveness in Travel and Tourism	69	64	↗
Environmental Sustainability	76	56	↗↗
Cultural Resources	79	70	↗↗
Safety and Security	80	99	↘↘
Air Transport Infrastructure	90	111	↘↘
Affinity for Tourism / International Openness	93	97	↘
Health and Hygiene	104	102	↗
Policy Regulations / Business Environment	116	118	↘
Prioritization of Travel and Tourism	118	115	↗
Ground Transport Infrastructure	123	90	↗↗
Human Resources	126	125	↗
Tourism Infrastructure	134	129	↗
ICT Infrastructure	137	125	↗↗
Overall ranking	***118***	***116***	↗
Overall ranking among sub-Saharan countries	*17 (out of 31)*	*15 (out of 30)*	↗

Source: Market Scan, CBI

[28] Tourism top Ethiopia, Senegal and Zambia. EU Market Scan. CBI, 2017.
[29] World Economic Forum (2013): *The Travel & Tourism Competitiveness Report,* 2013 Edition
[30] These include:
ODI (2009): *Enhancing private sector and community engagement in tourism services in Ethiopia*
World Bank Group (2012): *Ethiopia's tourism sector: Strategic paths to competitiveness and Job creation*, in association with MoCT
ETO (2014): *Preliminary identification of weaknesses/problems of the tourism sector in Ethiopia*

Quite surprisingly, Ethiopia received its best score in environmental sustainability (based on environmental regulations, sustainability of travel, threatened species, and waste water treatment), ranked 56th in 2017 compared to a 76th position in 2015. Other areas with best score were **price competitiveness** (based on factors like price parity, airport charges, hotel prices) – ranked 64th – and **natural resources** (based on number of World Heritage natural sites, quality of the natural environment, total known species) – ranked 69th. It also scored favourably on **cultural resources** (from 79th in 2015 to 70th in 2017) and **ground transport infrastructure** (from 123rd in 2015 to 90th in 2017).

In 2017, Ethiopia lost ground in safety and security (based on business costs of crime, violence and terrorism, and reliability of police services) from 80th in 2015 to 99th in 2017, probably due to the unrest in 2016, and air transport infrastructure from 90th to 111th. The latter is rather surprising due to the quite good infrastructure available and projects underway, and has been contested by government sources and tourism professionals. However, the number of airlines operating in the country is included in the evaluation and the dominant position of Ethiopian Airlines is a negative factor here.

Ethiopia scored poorly in terms of tourism infrastructure (based on numbers of hotel rooms and ATMs, and major car rental companies); **ICT infrastructure** (based on factors like Internet use, mobile and broadband subscriptions, ICT use); **human resources** (based on enrolment rate in education, training of staff, and availability of skilled workers among other); **policy regulations and business environment** (based on a range of measures such as visa requirements, costs to start a business, transparency of government policy making); and **health and hygiene** (based on access to drinking water, improved sanitation, hospital beds), slightly improving to 102nd position.

6.2. Competitor analysis[31]

The competitor analysis focuses on key tourism destinations of similar or larger scale than Ethiopia in East and Southern Africa and the Gulf region. These include Jordan, Egypt, Kenya, Tanzania, Uganda, and South Africa. A comparison of where Ethiopia is at an advantage or disadvantage to these competitors is presented in the table below and reveals the following:

- In terms of unique, iconic sites to visit, i.e. places declared as UNESCO World Heritage Sites, Ethiopia is on par with Egypt, Tanzania and South Africa and is better placed than Jordan, Kenya and Uganda.
- Ethiopia's rich cultural diversity, ancient cultural practices and its unique cultural character that spans both the Arabic and African world provides it with a distinct advantage over all other competitors.
- Similarly, the outstanding hospitality, friendliness and peacefulness of the people is a distinguishing feature that sets the destination apart from all other competitors.
- Ethiopia is only exceeded by Egypt when it comes to historical sites and relics. It is on par with Jordan and more attractive than other Eastern and Southern African destinations in this regard.
- Concerning scenic beauty and natural features Ethiopia outperforms all regional competitors except South Africa.
- In terms of tourism support services and demand conditions Ethiopia's main competitive advantages are its excellent air links and value-for-money, two major advantages.

[31] Tourism Marketing and Branding Strategy for Ethiopia, MoCT-ETO, 2015.

- Ethiopia is at a disadvantage concerning wildlife and safari, city life and conferencing and contemporary man-made attractions.
- Factors that constrain the country's tourism competitiveness are limited hospitality facilities, land transport limitations, difficulty of planning and booking travel and most importantly the limited human resources and institutional capacity to operate, develop and promote tourism.
- While image barriers related to personal health and safety are real, such perceived risks are even more relevant to competitors such as Kenya and Egypt and are of equal concern in Uganda, Jordan and South Africa.

Competitor comparison of regional competitors vs. Ethiopia

REGIONAL COMPETITORS	Kenya	Tanzania	Egypt	Uganda	Jordan	South Africa
Selling proposition	**Classic safari, affordable mass beach**	**High end safari, beach, & adventure**	**Ancient history, mass beach**	**Ecotourism and adventure**	**Ancient history, high end wellness**	**Contemporary Africa, nature & scenery**
Volume: ('000 arrivals 2013) Ethiopia = 681 **Yield:** (USD/arrival) Ethiopia = USD 909 **Value Point**: Ethiopia = Medium-high	**1,433** **617** **Low-Medium**	**1,063** **1,768** **High**	**9,174** **659** **Medium**	**1,206** **982** **Medium-high**	**3,945** **1,043** **Medium-High**	**9,537** **968** **Medium-high**
Factors of competitiveness						
TOURISM RESOURCES						
Unique sites/Iconic experiences						
Wildlife and safari						
Cultural uniqueness/people						
Historical sites and relics						
Scenic beauty and natural features						
City life and conferencing						
People hospitality, peacefulness						
Contemporary man-made attractions						
TOURISM SUPPORT SERVICES						
Hospitality (accommodation, catering)						
Land transport						
Air access						
DEMAND CONDITIONS						
Size/proximity of major markets						
Value for money						
Ease of arrangment and purchase						
Image of health, safety						
INDUSTRY CAPACITY						
Human resources						
Tourism entrepreneurship/innovation						
Tourism institutions and funding						
Colour Key:	**Ethiopia at an advantage**		**Ethiopia Equal**		**Ethiopia at a disadvantage**	

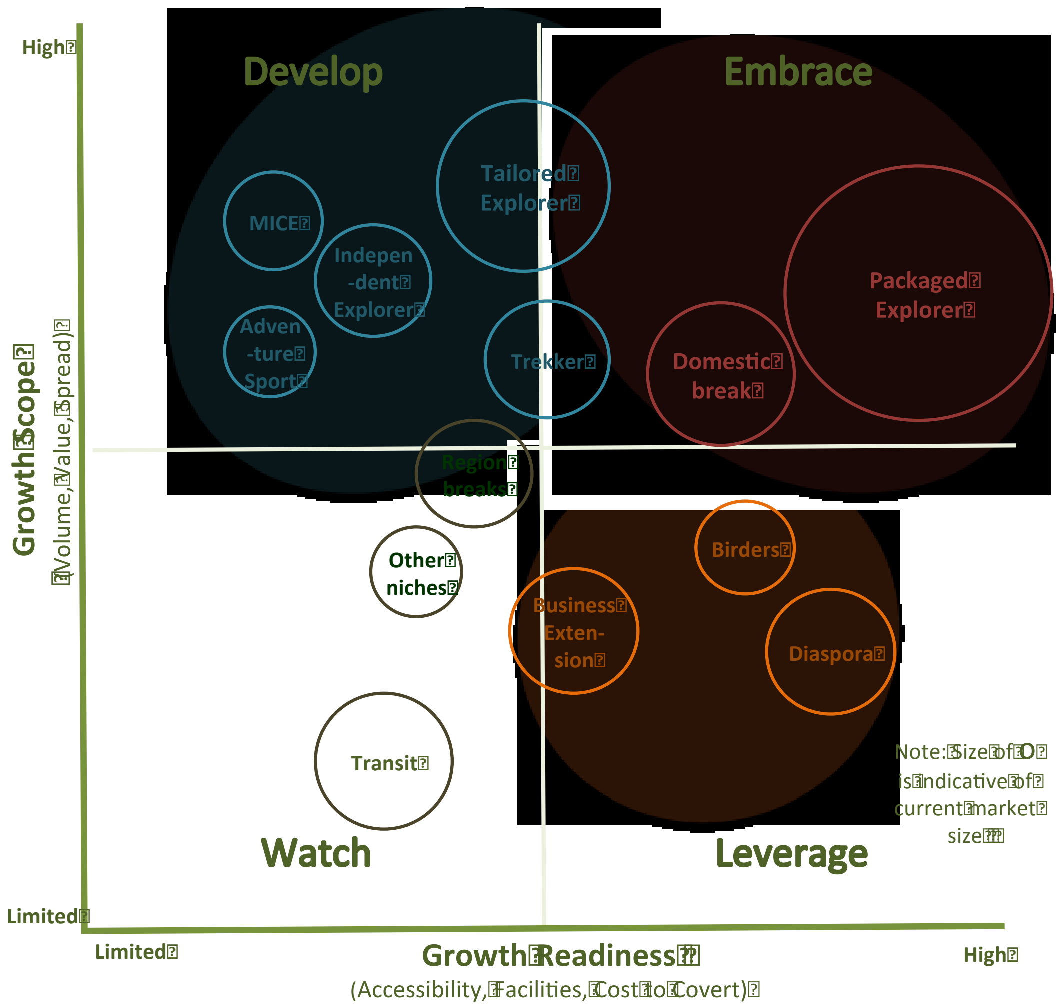
In spite of the uniqueness of Ethiopia's natural and cultural resources and the fact that the country can still benefit from its status as a 'new' destination, competition is increasing and Ethiopia is ***lagging behind other East African destinations*** *such as Kenya, Tanzania and Uganda. This is mainly due to the weak capacity of tourism service providers and public institutions that need more qualified human resources and consistent funding.*

7. Potential for new products

The Tourism Marketing and Branding Strategy recommends that the ETO highly **focus on fostering the growth of international leisure travel to Ethiopia**, as it is the main travel segment that can be influenced by the official marketing activity. It also makes recommendations regarding priority product/segments and geographic markets. The information in this section is an excerpt from the document.

7.1. High-yielding target segments

Various current and potential market segments were identified through focus group discussions, tour operator interviews, desk research and stakeholder workshops. Then they were evaluated based on their scope for growth (in terms of value, volume and ability to spread tourism around) and Ethiopia's readiness for such growth in terms of access to experiences, tourism facilities for these segments and cost of reaching them. As a result, priorities should be as follow:



Packaged explorer: Cautious 'soft' exploration as part of a packaged group tour, visits mainly the key cultural and historical attractions on the traditional northern and southern circuits and sites.

Tailored explorer: Confident 'soft' exploration on a tailor-made itinerary, wants to delve deeper and veer off the traditional circuit on personal preference, organised with some local interaction.

Trekkers/hikers: Always in search of new mountainous and other topographical, exotic landscapes to hike in like Simien Mountains, Bale Mountains, Gheralta, etc.

Adventure sport enthusiasts: A collective segment of specialised niche adventurous outdoor sport activities, especially trail running and endurance running capitalising on Ethiopia's celebrity athletes that could be expanded to cycling, motorcycling, mountain biking, overlanding, climbing, canoeing or kayaking.

MICE: Meet with colleagues and discuss issues of mutual concern, in a professional and interesting environment with opportunities for local, high-quality experiences. Mainly Addis Ababa.

Birders: Focused traveling to see endemic species (and other bird species) and adding them to the list. Main destinations are Simien and Bale Mountains, Awash National Park, Lakes of the Rift Valley.

Independent explorer: Confident 'hard' exploration on a flexible, largely independent itinerary and in search of extraordinary experiences – prepared to sacrifice comforts to go to less visited places or enjoy unique experiences.

Domestic breaks: Affluent locals and expatriates taking weekend and short breaks to spend quality time relaxing.

Business extension: Extending the primary business trip to experience Ethiopia's leisure attractions.

Other niche segments: Various small segments of specialists visiting Ethiopia for its unique features in particular areas like antiquities, religion and pilgrimage, archaeology, palaeontology, geology**,** anthropology, art, etc.

In summary, marketing targeting the leisure market should give high priority to:

- Grow the demand of *Packaged Explorers* (**most likely to be Europeans**).
- Diversify the options for the *Tailored Explorers* (new routes, new activities).
- Build recognition as a destination for some trip-motivating travel experiences: Trekking/hiking, birding and adventure/sports with running as a short-term priority.

MICE tourism versus leisure tourism

MICE was also identified as a priority product by the Marketing and Branding Strategy. Given its strategic position, the air hub of Bole airport, the number of diplomatic missions, the vibrant business sector, and the increased number of international-standard hotels and meeting facilities, Addis Ababa and its surroundings have a clear potential for meetings and events.

The hotel owners association of Addis Ababa is pushing for a more integrated effort to develop this segment, and claims that official statistics do not reflect the real share of MICE travel. The association is increasingly active in the promotion of MICE and has participated in specialised trade shows such as IBTM in Barcelona and IMEX in Frankfurt. A trade show in Addis focusing on MICE has also been launched by a private Ethiopian company.

Due to the fact that the main MICE players are bigger companies with more financial muscle, more competent management, and that they are more concentrated and closer to decision makers than the companies targeting the leisure market, it will be easier for them to mobilise resources and get support from relevant public sector organisations. However, although they are probably right regarding the higher share of business travel, ***the conclusion should not be to give priority to MICE only, as its benefits will be concentrated.***

With more fragmented players and a larger geographical scope, leisure tourism is lagging behind due to lack of leadership and investment, but it offers more opportunities to expand the benefits of tourism across the country reaching small towns and rural areas. It also makes it possible for a diversity of small tourism service providers to participate in the export activity. Leisure tourism flows are a source of jobs and income for local businesses, professionals and rural communities including youth and women; sometimes complementing other traditional activities. Leisure tourism also fosters the preservation of the natural and heritage resources and sustainable development. However, as the players are smaller and more diversified, there is a need for leadership, coordination and technical support that in most countries is provided by the public sector and through destination marketing organisations with participation of the private sector.

The CBI main objective is to promote the participation of SMEs in exports to Europe, and as Europe is an important market for leisure tourism in Ethiopia this report is focused on that segment.

7.2. Main leisure products of interest to the European market

This section provides a more detailed analysis of the products prioritised by the Marketing and Branding Strategy: **Trekking/hiking, birdwatching, running, adventure travel. Community-based tourism has also been considered**.

These products are also highlighted in the Sustainable Tourism Master Plan (STMP) and the national tourism Internet portal (see www.ethiopia.travel), and they have higher potential to provide the unique and sustainable experiences expected by strategic segments in the European markets. However, to add value to the tourism offering and strengthen the positioning of Ethiopia in those segments, a more focused, organised and sustained effort is needed with participation of all key stakeholders at federal, regional and local levels.

All these products also offer more opportunities for services provided by small local companies and local communities, fostering stronger linkages with sectors such as building (local techniques), crafts, agriculture and food production. They also foster sustainable practices.

Although hard investment is needed in core services such as accommodation offering higher standards across Ethiopia, it is also necessary to work on other sources of competitiveness and added value in the specific product value chains such as better organisation and coordination aimed at improving the operation of tours and visitor management in natural and cultural sites, and diversifying the services and leisure activities on offer.

TREKKING/HIKING

The Simien Mountains National Park, Bale Mountains National Park and Mount Yossef are already positioned as world-class destinations for high-altitude trekking and several incoming operators are marketing trekking trips. The national parks offices and organised communities in those areas provide information, sell tickets and offer support services for trekking (scouts, porters with mules to transport camping gear, cooks and guides, community lodges).

However, tourism facilities and services need upgrading and expansion. Camp sites are in extremely poor condition but sometimes overbooked. Food safety is an issue and there is a demand for proper cooking facilities, shelters and toilets among other. There is also a need for more comfortable accommodations in mountain lodges[32] with food preparation facilities that can serve higher-spending travellers, and that would also provide more permanent jobs. The nearby towns of the above-mentioned sites like Debark, Dodolla and Lalibela have the potential to become tourist centres and gateways for the trekking market but need proper planning to offer a feeling of nature and mountain destinations.

As stated in the STMP, many other areas across Ethiopia have great potential as trekking and hiking destinations for the international market including, among others: Mekedella Mountains, Gunna Mountains, Gheralta, Gunndagundi, Debredamo, Adwa Mountain Swamps, Chercher Highland, Chilalo and Arsi Mountain Plate, Guge Mountain, Choke Mountains. However, there is a lack of organised tourism products and services ready to be marketed to the international market.

[32] An international best practice are https://www.mountainlodgesofperu.com, mountain shelters in the Alps and other European destinations are also good examples of more basic but comfortable accommodations that can be reached on foot only.

BIRDWATCHING

'In recent years, Ethiopia has rightly become one of Africa`s leading birding destinations. Its avifauna represents an interesting mixture of east and west African, Palearctic and some strikingly unusual endemic components'.[33]

According to the STMP, the country is home to at least 596 resident species and 224 regular seasonal migrants, including 176 ones from the Palearctic. Of the world's endemic bird species, 43 species are restricted to Ethiopia and neighbouring states on the Horn of Africa; of which 18 are endemic.

Top bird watching areas are Lake Tana, the Rift Valley Lakes (Abijatta-Shalla, Hawassa, Chamo, Ababya, Chewbahir). The lower Omo Delta, Goba-Yabello and Bale, Nechisar and Mago National Parks are some of the Important Bird Areas (IBA) that are visited by birdwatchers and are included in the packages of many inbound tour operators.

However, to fully develop the potential, it is necessary to strengthen the product value chain ensuring availability of:

- tourism facilities and services such as trails, hides, observation platforms and visitor centres, and suitable accommodation in strategically located ecolodges;
- further specialisation among incoming operators;
- specialised and knowledgeable guides able to respond to the demands of serious international birdwatchers;
- targeted promotion through specialised clubs and outgoing operators in the main markets.

RUNNING-BASED TOURISM

As mentioned in the STMP, distance running has produced many world and Olympic champions in Ethiopia, which is well known as a land of runners. Building on the image of the great Ethiopian athletes, the well-established *Great Ethiopian Run* held annually in Addis Ababa attracts thousands of local runners and an increasing number of international participants (although still low). Several other road running events along the year are less popular but also have the potential to attract further demand if properly marketed.

The fact is that running is an activity increasingly practiced in the main source markets for Ethiopia. In 2017, a German running expert at Runner's World, a specialised portal, stated that there is still major growth going on in running[34]: *'The sport is becoming more and more of a mass phenomenon, it is extremely broadly positioned, and continues to find new interested parties from target groups who just a few years ago weren't into running'.*

Furthermore, many runners are changing from road running to trails, and the popularity of trail running has spread all over Europe and beyond because it offers runners a real feeling of freedom as they run across beautiful natural landscapes. As a result, every year the number of trail-running events across Europe and worldwide is increasing. That potential is being tapped in Ethiopia with new initiatives such as the Ethiotrail held for the first time in 2014 in the Abijata-Shala National Park and the Wenchi Crater run, both in locations not far from Addis Ababa.

Additionally, there is already an offering for training professional athletes in high-altitude areas including Sululta (near Addis Ababa), and Bokoji (in Arsi), the birthplace of many of the Ethiopian world class champion athletes.

In 2015, the ETO prepared a plan to develop and market running-based tourism in consultation with the Great Ethiopian Run and Run in Africa, the company promoting

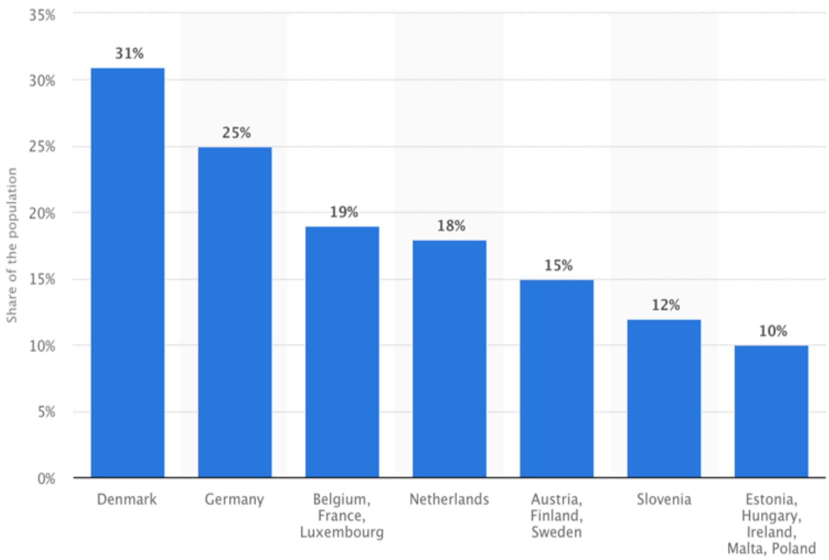
[33] http://www.africanbirdclub.org/countries/Ethiopia/introduction

[34] https://www.ispo.com/en/products/id_79698856/running-is-digital-these-are-the-7-trends-in-running-of-2017.html

cross country running events. This is a niche that has great potential given the market opportunity and the strong positioning of Ethiopia as a land of great running champions.
Updating and adopting the existing plan and sharing it with the stakeholders would foster better understanding of the opportunities and what needs to be done to develop the specific value chain of this product:

- Setting up a cooperation/coordination mechanism among public and private stakeholders involved (ETO, organisers of running events, federation, regional and local governments in running destinations, as well as accommodation providers).
- Foster product development by supporting the organisation of new trail running events, organising running retreats targeting different audiences, etc.
- Organising very targeted promotional activities, making the best use of the resources of all participating stakeholders.

Share of population who runs in European countries (2015)



Source: Statista

ADVENTURE SPORTS AND EXPEDITIONS

For the more conservative 'packaged explorers' any kind of travel to Ethiopia will be considered as adventure travel. But Ethiopia also has iconic great adventure destinations such as the Danakil Depression and the Afar region, remote areas visited by a small but increasing number of tourists. Most current demand is made up of 'intrepid explorers' that directly book the trip with local operators based in Mekele. Only a few basic campsites are available to visitors, and local operators carry food, water and provide cooks for their customers.

The product value chain is not well developed and there is a need to define and enforce proper procedures to operate in such a remote and to some extent dangerous area due to the extreme heat, geothermic fields and volcanic features. It is also urgent to reduce the current negative environmental impacts, such as increased plastic waste, introducing and enforcing safety and environmentally friendly practices, and involving the communities in more meaningful and sustainable ways to obtain benefits from tourism activity (currently there are several sort of 'toll' stations with no added value services offered).

Apart from the unique geological and scenic resources in the Afar region, camel trekking, scientific expeditions, educational travel and volcano climbing are some of the opportunities for developing attractive tourism products. Investing in better tourism facilities and services is a must to capture the higher-spending market but many soft measures could be implemented in the short term.

COMMUNITY-BASED TOURISM (CBT)

Community-based tourism (CBT) is not included as a specific product in the Marketing and Branding Strategy, because rather than being the main tourism motivation for a trip, it offers different and authentic ways to experience a destination.

Products such as trekking and birdwatching offer good opportunities for communities to be involved in the provision of services to tourists including accommodation and food. Those services are rather targeted to the *intrepid explorer* but any travel experience in Ethiopia would be more interesting by including activities and services offered by local communities (i.e. boat tours, horse riding, crafts demonstrations, coffee ceremony).

Numerous community-based tourism initiatives and associations have been developed across Ethiopia in the last decade. Regions like Tigray, Amhara, Oromia, and SNNPR are actively promoting these alternative development models, and some locations of active community-based ecotourism include the Simien and Bale Mountains national parks, Menze Guassa,[35] Lake Tana, Lalibela Meket, Lake Ziway, Wenchi Crater, Lake Langano, Lake Hawassa, Abune Yossef,[36] Mekedella, Adawa and Yirgalem. Some of them are commercialised by TESFA tours.[37] However, many other CBT initiatives have not been successful because they were supported with donor funds and could not survive after the end of the project. In Ethiopia, as in many other destinations worldwide, these projects are seldom based on realistic assessments of the market potential, lack good feasibility studies and links with the commercial channels are not well established from the outset.

In any case, there is a market opportunity, and feedback from European outbound operators showed an interest in community experiences among operators selling cultural, adventure and nature travel packages. In turn, the survey of Ethiopian inbound operators showed that while most of them include visits to communities in their tours, the potential is not being fully tapped and these initiatives are not yet well integrated into the mainstream tourism marketing.[38]

Incoming operators in Ethiopia offering community experiences

Rate from 'least important' (1) to 'most important' (5)

Assessment of destination	Ethiopia (1-5)
Visiting local communities	4
Walking or cycling through communities	4
Lunch break in community	4
Home-stays or community lodges	3
Bed and breakfast accommodation	3
Cooking courses in local home	3
Participation in daily (farm) life activities	3
Handicraft demonstration	2
Other: hair-style/hair pleating	2
Other: making local brewery	1
Other: village tours including weaving	1

Source: CBI Market Scan

[35] See http://www.guassaarea.org

[36] http://www.abuneyosephtourism.org

[37] See www.rootsofethiopia.com

[38] Market Scan, CBI

According to the Ethiopian inbound operators, in order to further develop CBT in Ethiopia there is a need for providing training to community members (tourism basics, hospitality, service provision, health and safety, food and hygiene) and foster the development of community accommodation facilities (home-stays) complying with defined quality standards that respond to the requirements of European tourists.

Main constraints for effective product development

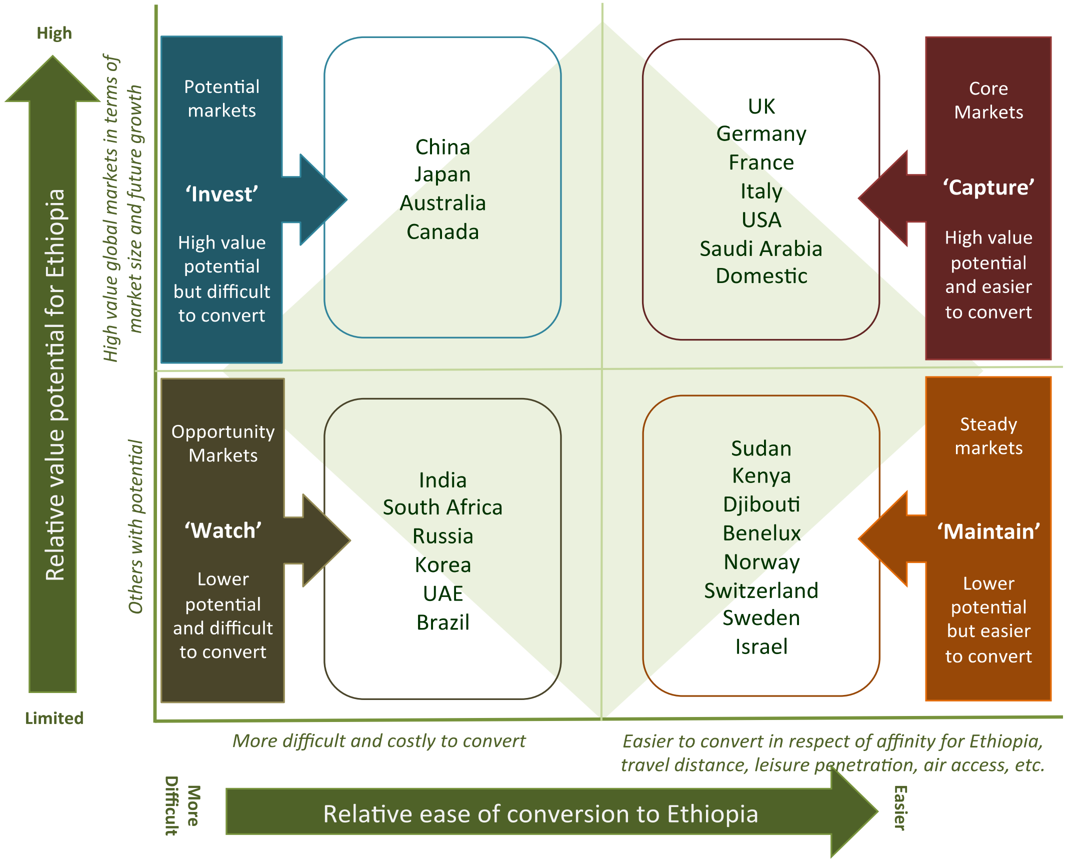
A survey among tourism stakeholders in Ethiopia conducted for the preparation of the STMP identified the following challenges related to the current tourism offer that have been confirmed through the interviews held during the field trip:

- *Most products are underdeveloped in quality and quantity*
- *Lack of new product development initiatives*
- *Lack of coordination among stakeholders focusing on product development*
- *Lack of capacity and know-how about how to develop tourism products*
- *Lack of destination development plans and packaging systems*
- *Lack of national conservation strategies, legal protection and proper site designation, and management plans for cultural and natural resources*

7.3. High-yield geographic markets

During the preparation of the Marketing and Branding Strategy, the opportunities in traditional source markets and in new emerging markets were analysed. For each market, the analysis included the current importance and their tourism value potential on the one hand and the relative ease of attracting tourists and converting such potential. Based on this evaluation, geographic markets were prioritised to determine where to focus the destination marketing activity and funding to best maintain market share, invest for growth or respond to and monitor market opportunities.

European markets are among the 'core' markets with high revenue potential and high affinity for leisure travel to Ethiopia, as well as the 'steady markets' that are easier to penetrate.



The following approaches are recommended by the Marketing Strategy.

PRIORITIES	COUNTRIES	STRATEGY	PROMOTION APPROACH
Core markets High revenue potential, an affinity for leisure travel to Ethiopia and are easier and less costly to penetrate	**UK** **Germany** **France** **Italy** USA (East and West Coast areas) Saudi Arabia- (Middle East climatic summer resort breaks) season) Domestic	**Capture** Focus most promotional activities here in the short and medium term Apply 70% of marketing resources	Apply the full promotion mix including: • A major PR and media drive • Strong digital advertising and social media focus with matching language content • Attendance of suitable travel trade and consumer fairs • Major trade education and joint promotions drive with inbound and foreign operators • MICE sales and trade fairs • Selective consumer advertising Priority markets for ETO in-market representation
Potential growth markets High revenue potential, low incidence of leisure travel to Ethiopia and	China (focus on '2nd wave' experiential travellers) Japan Australia	**Invest for growth** Focus some promotional activities here in the medium term towards growing these into the core market portfolio in the	Selective activities e.g.: • Selective travel trade and media education and familiarisation programme • Selective travel trade joint promotions with inbound and foreign operators • Major online drive through language

more difficult and costly to penetrate	Canada	longer term Apply 20% of marketing resources	content expansion (China, Japan) and suitable social media channels ETO to engage in promotional activities with Ethiopian diplomatic missions and Ethiopian Airlines in these markets
Steady markets[39] Lower revenue potential, an affinity for leisure travel to Ethiopia and are easier and less costly to penetrate	• **Benelux** • **Sweden/ Norway** • **Switzerland** • Sudan • Kenya • Djibouti • Israel	**Maintain** Focus limited promotional activities here aimed at increased penetration by strengthening existing travel trade relations to ensure packages expand and deepen Apply 10% of marketing resources	Mainly information provision and education, including: • Providing Africa-focused and special interest travel trade with product updates and information • Leverage suitable online channels and content to make it easy for travellers to access information online Communication with travel trade in collaboration with local inbound operators and via diplomatic missions in these markets

[39] Benelux and Scandinavia are collectively attractive markets and could move to core markets should resources allow.

8. Destinations offering higher potential for European tourism

Apart from the two main tourism routes in Ethiopia (North and South), specific areas that offer potential to increase the number of European visitors are the following:

GREAT ADVENTURE DESTINATIONS/DESERT EXPEDITIONS

The Danakil Depression and Erta Ale volcano in the Afar region. The Danakil is a remote region with world-class geological features. It is attracting a small but growing number of visitors which, in the absence of well-defined procedures for the operation of tourism, is leaving behind significant negative impacts. The recent peace treaty with Eritrea is expected to improve the security of the area and increase tourism flows.

The Danakil has been identified by the incoming operators in the recent field trip as the area that needs more urgent attention in terms of product development. In 2014, the ESTDP technical assistance to the ETO prepared a report summarising the situation and identifying the issues in the Danakil and proposed to create a Geo Park (a concept developed by the UN). A draft document is available that could be a departure point to set up a strategy and action plan.

A document[40] prepared for the ETO in 2015 prioritised this area for immediate action, suggesting investment in facilities that could be used by the existing tour groups and operated as community businesses:

- Development of Hamed Ali as a base for trips to Arte Ale, Dallol Ghost town and the salt lakes.
- Setting up an organised and serviced campsite in Hamed Ali perhaps with mule base for day trips to the lakes and Dallol.
- Establish a more basic campsite on flank of Erte Ale for night viewing of the lava lake.
- The organisation of a ground transport hub in Mekele was also mentioned.

The ETO is currently working in the area, but a more comprehensive effort is needed to define guidelines for tourism operation in collaboration with the associations of incoming operators, the regional government and local communities, to foster the introduction of sustainable practices and create new sources of income.

TREKKING/HIKING/RUNNING/CBT

- **Simien Mountains National Park**. Trekking in the Simien is a top world-class tourism experience and attracts many European tourists. Whereas permits and provision of guides and porters are organised by the park management in the nearby town of Debark, proper visitor facilities are needed in the park to provide basic services, reduce negative environmental impacts, and increase the tourism expenditure. EWCA has prepared a *Strategic Framework for Tourism Development in the Simien Mountains National Park* that identifies priority areas for tourism services and includes useful recommendations. However, it is necessary to improve coordination mechanisms and procedures involving the park management, porters, cooks, incoming operators and guides. The small town of Debark is the gateway to the park and has some basic accommodations and restaurants that need support to improve their services.

[40] Interim Draft Five Year Project Document, ETO, January 2015 (technical assistance financed by UNDP)

— **Gheralta (Tigray).** Away from the main Northern Route, this area is sometimes visited as a detour, and is less developed but has the potential to become one of the great destinations in Ethiopia.

Tigray is home to 121 rock-hewn churches, believed to represent the single largest group of rock-hewn architecture in the world. With support from EU PROHEDEV, the Sacred Landscapes of Wukro-Tigray is proposed to be nominated as World Heritage Site with three separate zones consisting of groups of rock-hewn churches in spectacular natural landscapes – the Sacred Landscape of Gheralta, the Sacred Landscape of Tembien and the Sacred Landscape of Atsbi. These three areas include eighty rock-hewn churches, dating to the 5th to 14th centuries AD, as well as a small number of masonry-and-timber-built churches, which include some of the oldest timber structures surviving worldwide, dating from 6th to 10th centuries AD. A significant number of churches have wall paintings and many retain treasures in the form of manuscripts, portable paintings and liturgical objects, including examples which have survived from the Middle Ages.

The area has very scenic landscapes of pink cliffs dotted with the small churches and has **great potential to be developed as a hiking/running destination combined with cultural tourism**. Developed with care, with low density constructions, small towns, a network of trails – some of them leading to churches – and complementary activities, it could retain tourists for several days and become a prime destination.

The Gheralta lodge in Hawzen used to be the only accommodation in the area, and is an excellent example of simplicity and comfort with a local flavour, but some other lodges have been opened recently. Other small towns in the area such as Wukro provide some simple tourism services but could become service hubs for tourists in the future.

Mekele, a town with a reasonable range of hotels and other services, is the gateway for those arriving by air. Mekele is also a departure point for visits to Danakil by road, making it possible to develop combined tours with Gheralta. It is also possible to visit the Danakil by helicopter from Mekele or Gheralta, an option sometimes offered to high-end tourists that makes the whole area even more attractive.

Southern Route: Nature and ethnic groups

The Southern Route already attracts European tourists but could be further developed and more sustainable practices are needed. The town of Arba Minch – included as a priority area in the *Draft Five Year Project Document* prepared by the ETO in 2015 – has an airport and an established accommodation base serving attractions such as the cultural villages of Dorze, Chencha and Konso, which are products with strong community involvement included in the Southern Route. There are embryonic water-based activities on Lake Chamo in the Nechsar Park and the town is a hub to access other southern and south-western destinations.

Untapped heritage potential: Harar[41]

The town of Harar has been inscribed on the UNESCO World Heritage List since 2006 and has all the assets required to become a primary tourism destination, but so far its World Heritage status has failed to translate into significant income generation for the city.

[41] Source: PROHEDEV (EU financed project)

Successful income generation through tourism requires: 1. Extended visitor stays – every extra night spent multiplies the value of each tourism visit; 2. Providing a 'positive visitor experience', so that tourists want to stay longer and want to come back again. And, to achieve this: A. There must be enough 'must-see' attractions, so that tourists feel they need to stay longer to see everything that's important; B. Their visit must be pleasant, memorable and free from unnecessary hassles.

Based on the above, the PROHEDEV Programme has assisted the Harari Region in developing a tourism transformation plan, linked to visitor routes within the walled city and outside, which are designed to significantly lengthen visitor stays and thereby support local socio-economic development through:

- Creating a business environment which encourages private investment and economic growth.
- Designing two tourism circuits within Jugol: 1. Museums and Crafts Circuit, which links the five museums and the crafts training centres; 2. 'Living City' Circuit, which links interesting historic buildings, workshops and crafts and antique shops. Each of these circuits will take three hours to go around, i.e. half a day, and therefore have the potential for keeping visitors in Harar for one day longer.

The outcome of successful implementation will be to lift Harar from a secondary to a primary tourism destination in Ethiopia, so that it receives a comparable number of visitors as Gondar, Lalibela and Axum. The improvement in conservation and environmental management will enable an atmosphere conducive to private investment, so that individuals and families invest in tourism-related businesses, which become more numerous and diverse, making Harar a more interesting, pleasant and relaxing place to stay.

TOURISM DESTINATIONS THAT STRENGTHEN THE BRAND PROMISE

- **Source of the Nile (Bahir Dar).** Bahir Dar, the capital of the Amhara region, is a mid-size town on the shores of Lake Tana, with good road access, an airport and a variety of accommodation options. The main tourist attractions are the Nile waterfalls and the monasteries located on the islands of Lake Tana that are visited by boat.

  Bahir Dar is located on the Northern Route and visitors' average stay is low, but it offers opportunities for other activities such as bird watching and kayaking. The traditional Tankwas made of papyrus could also be made available to tourists.

  The creation of a Biosphere Reserve in 2015 has added value to the area and will foster sustainable development. NABU, a German NGO, has been working in the development of alternative tourism activities, and has produced a number of brochures and publications available online,[42] such as an *Ecotourism Concept Paper*, a *Green Guide to the Zege Peninsula*, information about walking trails and community activities around the famous peninsula and its monasteries.

  Visits to the area known as Tis Abay (smoky water), the Blue Nile waterfalls, are not well organised. There is a local guide association and sale of crafts, but it is necessary to reduce hassle for tourists, and offer some other facilities and services (seating and shaded areas, toilets, and sale of drinks should be added to improve the visitor experience and offer new opportunities for income). Some activities are taking place to improve the situation but a more integrated intervention is needed.

[42] http://www.laketana-biosphere.com/downloads/

The reduced water flow experienced in some moments along the year, due to the diversion of the water flow to a dam, disappoints visitors that expect to witness the source of the mighty Nile.

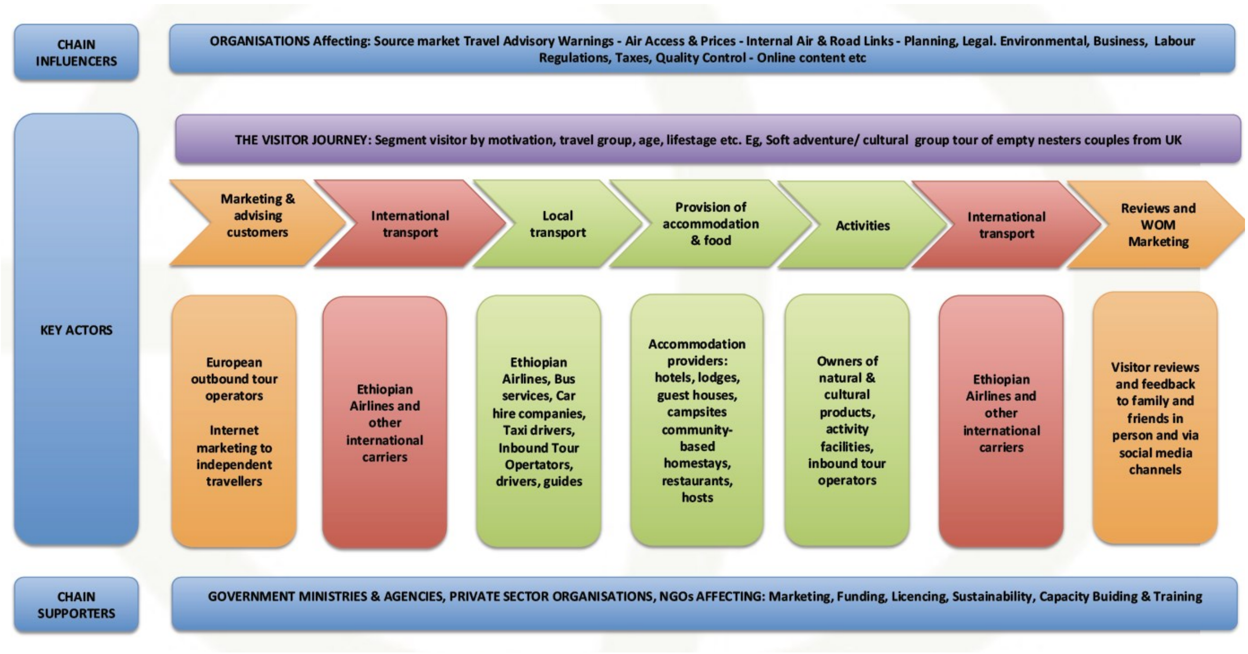
- **Origin of coffee routes in the southwest**: The cloud forests around the town of Bonga in the southwest have endemic wild coffee varieties and the area could be developed as a tourism destination, including learning about the origin of coffee, harvesting and preparation techniques, birding and hiking. However, this area is located away from other main tourism routes, the current offer of accommodation and tourism services is very small with poor facilities and services. Significant resources have been invested in a future coffee museum that is not finished due to a lack of funds. In any case, the museum's concept and design are not what one could expect in an area with Biosphere Reserves (concrete, poor layout, poor ventilation system in a very wet climate). The ESTDP financed a plan for tourism development in the southwest that provides some ideas about what can be done, but significant investment is needed before the area can be proactively promoted.
- **Lower Awash Valley**. This is the area where the skeleton of Lucy – our remote ancestor – was found, and the palaeontological site is a UNESCO World Heritage site. However, the site and the whole area are undeveloped and a strategy is needed to provide guidelines for product development and foster investments in accommodations. Focusing on educational and scientific tourism could help to attract visitors in the short and mid-term.

ELEMENT 2. STRUCTURE, GOVERNANCE AND SUSTAINABILITY OF THE VALUE CHAIN

9. The Tourism Value Chain

9.1. Structure of the tourism value chain

The value chain describes the full range of activities that are required to bring a product from its conception to its end use and beyond. A tourism value chain is simply defined as a system which describes how private sector firms in collaboration with government and civil society receive or access resources as inputs, add value through various processes (planning, development, financing, marketing, distribution, pricing, positioning, among others) and sell the resulting products to customers.[43]



As shown in the chart above, the main actors in the value chain are:

- **Value chain influencers**: Their decisions regarding the regulatory framework, policies, infrastructures, etc. – at local, regional, national and international level – have an impact on the key actors and the efficiency of the value chain. Online contents increasingly have a positive or negative impact on the tourism value chain of tourism destinations.
- **Value chain key actors**: They directly own, operate and deliver the tourism services to the visitor. They are found along the customer path and cover the different needs and activities along the trip.
- **Value chain supporters**: Although they may not directly serve the visitors, these actors can add value to the product by protecting public natural and heritage resources, promoting investment, providing capacity building and fostering sustainable practices, etc.

[43] Source: Hawkins

9.2. Tourism service suppliers: the key actors in the tourism value chain

Tourism service suppliers are private companies that are in direct contact with the tourist at the destination, providing the different services needed along the consumer path. Unlike export products that are shipped to the markets, tourists travel to the destination, offering opportunities for many SMEs to participate in the export activity. Thus, the consumer path starts with international transport, a key link in the tourism value chain.

INTERNATIONAL TRANSPORT

Contrary to international trends, Ethiopian Airlines is still a national carrier owned by the government. It is managed by a local team of competent professionals, has a good safety record, and has proved to be an extremely dynamic company that has built an important air hub for Africa in Addis Ababa. The network of Ethiopian flights serves the following European cities: Brussels, Dublin, Frankfurt, Geneva, London, Madrid, Milan, Oslo, Paris, Rome, Stockholm, Vienna.[44] Lufthansa and SAS are the only European airlines flying to Bole.

Ethiopian has partnered with MoCT and the ETO to carry out promotional activities in the European markets, providing discount tickets for Ethiopian operators and free tickets for fam trips and media trips. Its CEO used to be the chairman of the Tourism Board.

LOCAL TRANSPORT

Ethiopian Airlines provides domestic flights to the main tourism destinations countrywide (Lalibela, Gondar, Bahir Dar, Harar in the North, Arba Minch in the South) but it can be expensive for those not flying Ethiopian to reach the country.

Until recently, private airlines were allowed to operate with small planes only and had little impact on the leisure market. They are now authorised to operate with planes up to 50 passengers and it is expected that domestic air services will expand in the near future. Helicopter flights are sometimes offered to high-end customers and are mainly operated by foreign companies.

Regarding road transport, it is a good way to get to know Ethiopia and organised groups mainly use the vehicles owned by incoming operators (4x4, small vans and coasters, and a few large buses). Many independent travellers also hire chauffeured vehicles and guides from the incoming operators. Rent-a-car is increasingly available, but there is a need for a more organised activity of tourism transport providers that offer their services without a specific license (for example, upon arrivals at airports in the regions).

Although road infrastructure has improved, safety remains an issue, but accidents rarely involve tourism transports. The new train line between Djibouti and Addis Ababa is opening up new opportunities for leisure travel.

ACCOMMODATION

Due to the pace of growth of tourism activity in Ethiopia, the availability of accommodation facilities and services remains a major challenge, both in quantitative and qualitative terms, to develop Ethiopia as a globally competitive destination. European outbound operators interviewed for the *Market Scan* mentioned the lack of adequate accommodation as one of the main obstacles to attracting more European tourists.

[44] Source: https://www.ethiopianairlines.com/AA/EN/book/destinations

The information provided in the Tourism Statistics Bulletin 2013-2015 (MoCT) shows how small the number of star-rated hotels considered to have international standards is; most of these hotels only received one or two stars.

Star-rated hotels

Location	Number
Addis Ababa	79
Oromia	30
Tigray	11
Amhara	19
SNNPR	20
Dire Dawa	5
TOTAL	**164**
Lodges (not formally rated)	22

Though the situation is rapidly changing with a hotel construction boom across the country, important issues remain:

- Uneven geographic distribution. Key destinations, such as Lalibela, Aksum, Arba Minch and Gambela, still lack adequate accommodation facilities to serve international tourists.
- The quality and standards of existing accommodation facilities continue to pose a major challenge. Most hotels in the main tourist destinations are small and offer poor service because owners/staff lack management and service skills.
- Although a star grading classification for hotels was introduced in 2015, compliance is not properly monitored and standards for other accommodations such as lodges and guest houses have not been implemented yet.
- There is a lack of reliable data on the existing accommodations, as well as on upcoming projects.[45] Good data on occupancy levels in different locations for different types of accommodation are not available,[46] and market data on existing and potential tourism demand are also scarce and not fully reliable. As a result, growth in tourism accommodation is rather unplanned, without careful consideration of market and zoning issues, and there is a danger of over-supply of lower-end accommodations.
- Poor urban planning and lack of alignment with tourism planning hinder the allocation of the land needed by different types of accommodations, with many hotels squeezed in small plots, often away from the most desirable areas. In Ethiopia most land is public.
- Unreliable supply of power and water increase the building and operational costs, since accommodation facilities must have generators and water tanks.

The conclusion is that there is a clear need to compile reliable statistics and to prepare a strategy to guide and monitor the development of accommodation infrastructure. It should provide directions regarding number, type and level of service of facilities needed in different locations.

Business people from Ethiopia that are doing well in other sectors and the Ethiopian diaspora are among the main investors in larger hotels, some of which are managed by international hotel brands (e.g. Sheraton, Hilton, Radisson, Marriott, Golden Tulip, Best Western, Ramada in Addis). However, the majority of hotels in the main tourist destinations are owned and run by small local entrepreneurs who need help to improve the levels of service as well as their management practices to become more competitive.

Local hotel owners and managers need to get better market insights and be aware of customer expectations, in particular regarding safety and security as well as food security and fire regulations, and they need guidance to implement them. The lack of

[45] Information that many investors expected to get from MoCT.

[46] Information that many investors expected to get from MoCT.

regular maintenance of facilities is another issue and service standards are quickly deteriorating, as is the case with the value of the investment.

The lack of an official and clear definition of the different types of accommodation (hotel, lodge, guest house, serviced apartments, resorts) and the corresponding standards means there are no clear guidelines for investors, who build using their own criteria.

Regarding lodges, they are the most appealing accommodation for European tourists and their number has increased in recent years, although it is still low. A total of 22 lodges are listed in the Tourism Statistics Bulletin 2013-2015. They are mainly isolated initiatives by small investors, many of them foreigners. Some lodges owned by Europeans are:

- Simien Mountains Lodge (in the National Park), UK
- Limalimo Lodge (in Simien National Park), UK
- Gheralta Lodge, Italian
- Bale Mountain Lodge (in the National Park), UK
- Eco-Omo Valley, Italian partner

Some Ethiopians, including an increasing number of incoming operators, are investing in lodges. Unlike many other hotels with poor design and decorated with cheap imports from China, most lodges convey a sense of place, offering added value to international travellers. However, there are no destination lodges in Ethiopia that can retain travellers for three days or more, as is the case in many African destinations.

Food and beverage

There is an increasing number of international restaurants in the main cities, but there is a lack of restaurants offering international standards along the tourism routes. The Ministry of Culture and Tourism regulates the so-called Cultural Restaurants only, a special category of restaurants that serve Ethiopian cuisine, feature traditional decoration and offer live music and dance from different areas in Ethiopia. The Regional Tourism and Culture Bureaus regulate, issue licenses and inspect other food and beverage outlets.

Most restaurant and cafes are small or micro businesses, facilities are not well set up and lack cooking, managerial and service skills. Many of them offer the same menus, present safety and health issues in food storage and processing, and lack proper toilets. On the positive side, they offer many jobs, and most supplies are locally sourced as Ethiopia has good fruits, grains, vegetables, meat and poultry.

Leisure activities

The current supply of activities targeting international leisure visitors is rather narrow but slowly growing, and it is often considered as a complement to sightseeing:

- Cultural restaurants, which interestingly do not cater for tourists only.
- Jazz clubs in Addis Ababa (tradition of Ethio Jazz and other music).
- A ballooning company owned by a Dutch entrepreneur was established some years ago after a long bureaucratic process.
- Bike tours around Addis and routes countrywide.
- Short hiking around Addis.
- Short birdwatching walks.
- Boat tours (i.e. Lake Hawassa, Lake Tana, Lake Chamo).
- Activities at rural communities: coffee ceremony, horseback riding, etc.

Many opportunities exist to diversify leisure activities, offering more interesting experiences to tourists and additional job and income opportunities for locals. They are not well developed due to lack of knowledge and understanding of international markets and lack of references, and there is a need for support in this regard. The lack of regulations for outfitters or activity operators is a barrier for the development of new activities and a source of problems for innovative entrepreneurs. The Tourism Act under consideration should include some provisions in this regard. Entrepreneurs also need to know under which business license they can operate, and investment regulations should take into consideration these types of businesses.

INBOUND TOUR OPERATORS

Inbound operators are key players in generating exports, as they package and sell the tourism product in the markets. They are also in direct contact with visitors as they operate the tours when tourists arrive at the destination. This is a regulated activity in most countries and in Ethiopia there are over 467 incoming operators accredited by MoCT[47] which are allowed to operate countrywide. Some licenses are combined with travel agency and rent-a-car, and as it seems that Regional Tourism and Culture Bureaus are also entitled to issue business licenses for travel agents/regional operators, the status of many of those who serve visitors arriving by air to the regions is not clear.

Most licensed tourism operators are Ethiopian, but this is a sector open to foreign investment and there are a few companies owned and managed by foreigners, most of them Europeans. The investment incentives offered to buy duty-free vehicles have attracted many business people not interested in the profession. For true operators, the incentives offered are over-prescriptive (restricted type of vehicles only) without leaving room for innovation and diversification.

Among those focusing on the incoming business, some are well established and have gained professional experience, they have a fleet of vehicles and some of them have invested in lodges. But the sector is very fragmented, with many very small businesses that lack economies of scale and capacity to grow. This situation is exacerbated by lack of financing adapted to this type of companies.

Because of a lack of specialised knowledge and skills, their capacity to reach the market is poor and they often imitate others. However, with many key tourism resources with limited visitor capacity such as Lalibela, incoming operators need to add value to their product range and improve their capacity to attract high-yield visitors.

Many incoming operators are not used to working with outbound operators in the markets (and mainly serve customers already in Ethiopia or through limited word of mouth), have never attended a trade show or participated in a B2B event abroad due to lack of resources, and they sometimes experience difficulties to obtain visas. There is no clear understanding of what quality service is and there is little awareness about the importance of adopting sustainable practices.

The lack of professionalism and specialised skills resulting in competition based on prices, as well as some unethical practices, need to be addressed as they can damage the image of the destination and the reputation of the whole profession. It is also a barrier to increasing sales and visitor exports. Stronger professional associations are needed to foster professional development.

The MoCT has been trying to improve the regulation of tour operators and updated regulations are expected to be included in the Tourism Act under preparation. Collaboration with private sector associations, regional governments and other relevant federal organisations will be key to come up with good regulations that close current gaps, and to reach agreements on procedures for effective enforcement.

TOUR GUIDES

National tour guides are accredited by MoCT and work for incoming operators. After some time, many of them start their own business. Additionally, associations of local guides have been set up in many destinations to offer job opportunities for the local

[47] http://www.moct.gov.et/tour-operators

youth, but they lack service and communications skills as well as the capacity to diversify their services, and are often a source of harassment and conflict with incoming operators and tourists.[48]

Tourism SMEs need access to financing

Limited access to long-term bank loans by small accommodation providers and inbound operators hamper further development and diversification of tourism facilities and services, and it is a barrier that makes it difficult to keep up with the competition. Providing the guarantees required by banks is often a challenge for SMEs.

9.3. Private sector organisations that support the tourism value chain[49]

Addis Ababa Hotel Owners Association (AHA)

AHA was established in 1997 to represent the hospitality industry's collective interests. It has 115 active members and eight full-time employees, and it has a chair at the Tourism Transformation Council and the Tourism Board.

Among other activities, AHA provides training to its members and **has been partnering with PUM for some time** to deliver group training covering different functions and areas in hotel management and operations. A more ambitious project recently launched is the establishment of a Hospitality Academy with the aim of solving the human resource problem in the hospitality industry. Private funds will be raised, although they are also looking for other funding sources, including donors. The Academy is expected to have a hotel which will support it as an income source and will be used as an apprenticeship and training centre for the students. Partnerships and affiliation with renowned international hotel schools are envisioned.

It is worth noting that AHA members are the largest hotels based in Addis Ababa only and that it does not represent the accommodation sector at large, in particular the small hotels run by local entrepreneurs, and the increasing number of lodges located in key tourism destinations. On the other hand, some regional or local associations are being formed in other destinations such as Bahir Dar, Hawassa, and Axum and AHA would like to see stronger hotel associations throughout the country as well as a future national Federation.

Association of Hotel Professionals

This is a small association of professionals with experience in hotel operations and management. They collaborate with MoCT to deliver training to officers at Regional Culture and Tourism Bureaus in charge of licensing, grading and inspecting tourism accommodations. A new president and board have been appointed recently and they have plans to expand the association, as well as the range of services offered to members and to the hotel industry.

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[48] Given the original objective of the local guides associations, some regional governments are telling guides that after five years they have to leave the job to make room for newcomers, showing a total lack of understanding of the role of good guides in the tourism experience, not to mention of free markets.

[49] The Ecotourism Association mentioned in the BCI (CBI) is not currently operational. Their members joined the hotel and tour operators associations. Regarding TESFA, it was originally an NGO that supported the development of community tourism. The NGO has been dissolved, but TESFA Tours, a private operator, provides a marketing and sales channel for the services offered by local communities (mainly to trekkers).

Ethiopian Tour Operators Association (ETOA)

Created in 1996 to defend and protect the interests of tour operators, ETOA is a member of the Tourism Transformation Council and has a seat on the Tourism Board. It has a small office and a manager and wants to play a more proactive role in the development of tour operations and tourism activity at large. About 150 members are listed on the association's website.

ETOA would like to strengthen the association; however, they need:

- a stronger financial base, as it is reliant on membership fees and has limited financial resources;
- a benchmark of best practices of similar associations;
- marketing intelligence for its members;
- to develop the marketing and commercialisation skills of its members;
- an improved website and online promotion;
- advice to make the association more meaningful for members and become a stronger player in the tourism value chain, as well as an effective counterpart for government organisations.

http://www.ethiopiantourassociation.com

Society of Tour Operators in Addis Ababa (STOA)

STOA was founded in 2011 by a group of young entrepreneurs, most of them graduates in tourism, who wanted to start or formalise a tour operation business and did not have the capital to buy the three vehicles that were required at the time to be accredited. Since then, they have been lobbying the MoCT to accredit tour operators even if they do not have vehicles. As a result, criteria were amended and, since 2014, only one vehicle is required.

The Association has 33 members and some of them are still fighting to get accredited without vehicles, operating in a legal limbo. It should be noted that those operators got a business license from the Ministry of Trade before the coordination with accreditation by MoCT was established.

http://www.stoa-ethiopia.org

Other private sector associations

In addition to the abovementioned organisations there are:

- A Chef's Association. See https://www.facebook.com/chefhenok2008/
- A Guides Association in Addis Ababa (not clear whether members are national guides or local guides).
- Small local guides associations in the main tourism destinations.

9.4. Value chain supporters in the public sector

Given that tourists travel to destinations where they share many spaces and services with the local population, and the fact that tourism is an activity that has many links with other sectors, there are many public organisations that have an impact on the development and competitiveness of the tourism value chain at federal, regional, and municipal levels. The following are the most relevant in Ethiopia, as they are responsible for tourism planning, licensing, destination marketing and training specialised staff, among other factors.

A NEW GOVERNANCE FRAMEWORK FOR NEW CHALLENGES

In Ethiopia, the Growth and Transformation Plan 2010/11-2014/15 prepared and approved by the Federal Government set-up as strategic directions to enhance the role tourism and culture play in socio-economic development initiatives. Going one step further, the GTP II included tourism among the strategic sectors up to 2020.

On the other hand, considering that the international tourism marketplace becoming increasingly sophisticated and that competition is tough, there was agreement on the need for a higher degree of professionalism, efficiency and coordination among the different government bodies that directly and indirectly impact on tourism development and promotion. With this in mind, **in 2013, the Government of Ethiopia proclaimed the Federal Regulation 294/2013, which established the Tourism Transformation Council, the Ethiopian Tourism Organisation (ETO) and the Tourism Board. Their main mandates are the following[50]:**

Tourism Transformation Council	Provide leadership and set directions for tourism development and marketing, remove major impediments, foster institutional collaboration and ensure implementation
Ethiopian Tourism Organization	Enhance the benefits of tourism in a sustainable and competitive manner by mobilizing and providing leadership to tourism sector and stakeholders towards tourism destination development and marketing.
Tourism Board	Oversee the ETOs activities, provide guidance, review and approve work programmes and budgets, evaluate performance of the Organization.

The **Ethiopian Tourism Transformation Council** (ETTC) addresses the need to develop a mechanism to better coordinate and manage the diverse goals and resources of involved stakeholders. It reports directly to the Office of the Prime Minister, and the CEO of the Ethiopian Tourism Organisation acts as Secretary.

Regarding the **Ethiopian Tourism Organisation (ETO)**, its mandate covers the following areas:

[50] Road Map for the ETO, 2014.

ETOs MANDATE	
FOSTERING DESTINATION AND PRODUCT DEVELOPMENT	Improving the competitiveness and sustainability of tourism destinations, products and services in Ethiopia through smart and efficient destination planning and management, human resources development, quality services, investment promotion and business development; properly aligned with market opportunities and requirements. The ETO will also identify policies essential to the development of tourism.
MARKETING ETHIOPIA AS A TOURISM DESTINATION	Improving the image of Ethiopia in the world, contributing to a strong and attractive destination brand, and leading a consistent and coordinated effort to communicate and promote the different destinations and tourism products Ethiopia has to offer, in collaboration with the private sector and the regional governments. The domestic market will also be targeted.
ENSURE COLLABORATION AND ALIGNMENT	Bringing together and ensure proper communication and coordination among the different stakeholders involved, directly or indirectly, in tourism development and marketing. In particular: federal government bodies, regional and local governments, private sector associations, NGOs and donors.

The ETO has suffered from overstated expectations regarding its capacity to transform tourism in the short term, a misconception regarding its mandate by public and private stakeholders, and an unresolved conflict with MoCT.[51]

Moreover, since its inception, the ETO has lacked the necessary human and financial resources. According to the Council of Ministers Regulation to establish the ETO, the Organisation's budget would be allocated by the government. However, in order for the ETO to fulfil its mandate and be able to introduce significant change in the development of tourism in Ethiopia, it needs sufficient human, material and financial resources, well beyond those allocated to tourism in the past. A benchmark of tourism taxes and bed levies was conducted in 2014 as an option to ensure a recurrent source of funding, and MoCT started to prepare the legal documents for introducing a tourism tax and creating an associated tourism fund. After an impasse, MoCT seems to be working on that initiative again.

Since 2016, the ETO has undergone two changes of CEO, and before it can move forward, it has to solve the internal financial and human resource constraints.

The **Tourism Board** was initially chaired by the CEO of Ethiopian Airlines and its members, twelve in total, were high-level officers of relevant federal organisations (such as the Airport Authority and the Ethiopian Investment Commission) as well as two representatives from the private sector associations (hotels and tour operators). In April 2018, the then minister of Culture and Tourism dissolved the Tourism Board, which was reinstated recently with fewer members (only eight), with a majority (five) from the private sector, and is now chaired by the prime minister's Chief of Staff.

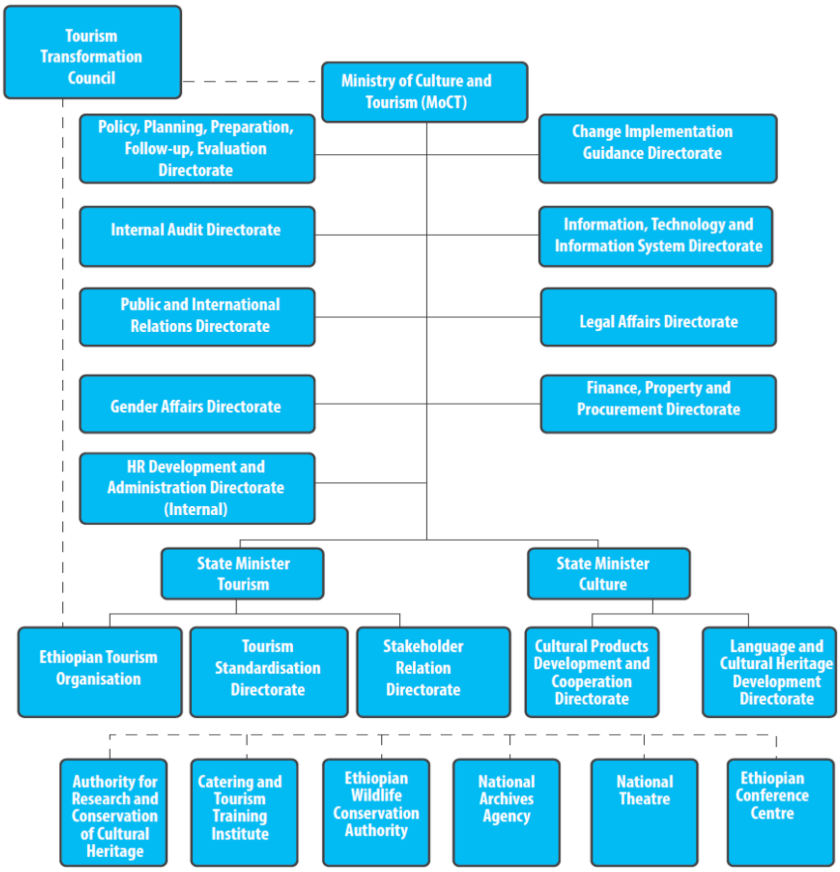
The **Ministry of Culture and Tourism (MoCT)** is the policy-making and regulatory body at federal level for the tourism sector, and the Agency for the Research and Conservation of the Cultural Heritage (ARCCH), the Ethiopian Wildlife Authority (EWCA), and the Catering and Tourism Training Institute (CTTI) are autonomous organisations under MoCT. The Ministry is responsible for preparing tourism policies, regulating and grading tourism accommodations and cultural restaurants, as well as licensing national incoming operators and national guides. It also has a Statistics Directorate in charge of elaborating and disseminating the official statistics for the sector. Those functions require significant improvement.

[51] The mandate of MoCT was supposed to be amended after the ETO became operational, but it is interesting to see how the organisational chart of MoCT (included in the STMP and shown on the next page) includes the ETO in the same position as the former Marketing Directorate, directly under the State Minister of Tourism, not even considered as an autonomous organisation such as ARCCH. This is not consistent with the ETO's approved status and mandate.

The organisation and resources seem to be clearly skewed towards culture and the offices and facilities for tourism services are very small and in poor condition. There is a lack of financial and human resources, and turnover of staff is high. The IT infrastructure is almost inexistent, with no databases to manage licensing and inspections or a good website targeting the tourism industry and other internal audiences. The Ministry does not have delegations in the regions.

In 2014, MoCT led the preparation of the *Ethiopia Sustainable Tourism Master Plan 2015-2025* (STMP) undertaken with technical assistance from the UNECA Sub Regional Office for Eastern Africa. The STMP is in line with the federal Growth and Transformation Plan and aims at achieving the country's tourism industry development goals. It sets out a vision for sustainable tourism development and includes strategic programmes and actions in a ten-year implementation framework.

Organisational chart MoCT



Source: STMP, MoCT, 2015

Other federal organisations that support the tourism value chain

a. *Immigration and customs (facilitating access)*

For many years, the Immigration Authority had a restrictive policy that limited travel to Ethiopia. The requirement to get a visa and the paperwork involved used to be a significant barrier for the growth of tourism arrivals to the country. The new e-visa system introduced in 2018 is a great improvement, as it allows all travellers to get tourist and business visas in advance, although business visas require additional paperwork. European visitors and nationals from other countries can also get a tourist visa on arrival (36 countries in total for leisure travel only). In May 2018, the new prime minister announced that Ethiopia would very soon follow Rwanda's example by allowing all Africans to travel to the country without visas, a measure that will undoubtedly ease the free movement of African nationals and boost tourism.

Customs services have posed problems in the past for travellers bringing with them binoculars or professional photo equipment (i.e. birdwatchers, travel journalists and photographers) or large sport equipment, creating some unexpected and unpleasant situations upon arrival in Ethiopia. In order to improve the travel experience for their customers, incoming operators have to bear the burden of taking care of the paperwork.

Employees of *immigration, customs, and police* working at airports have to enforce laws and regulations, but attitude matters and some training is needed to project a good image of the country, as well as a more welcoming experience for travellers.

b. *Protection and management of cultural and natural resources*

— **Ethiopian Wildlife Conservation Authority (EWCA).** Protected areas are significant tourism resources in most African countries. According to the STMP, there are sixty-six documented wildlife protected areas in Ethiopia, of which twelve national parks and two wildlife sanctuaries are managed by the Ethiopian Wildlife Conservation Authority (EWCA) at the federal level. The remaining wildlife protected areas are protected by the respective regional states.

However, **only 15 national parks and 1 sanctuary are legally gazetted, both at national and regional level**. Apart from a lack of legal boundaries, most protected areas (except Bale and Simien National Parks[52]) do not have a proper management plan, and all of them lack proper tourism services and facilities. EWCA has given priority to demarcating the legal boundaries of national parks and the preparation of management plans and is currently supported by GIZ.

The national parks are mainly financed by public funds and they have suffered from poor management and lack of human and financial resources. The economic value of the natural heritage and the relationship between public investments and benefits for local peoples and the local economy are not well understood and developed. Although tourism is often considered a source of income for the parks and many local communities, special guidelines for visitor management and regulations such as concessions to the private sector and PPPs are not in place or not clearly communicated and enforced, and there is no systematic coordination with incoming operators and other tourism stakeholders.

Habitat loss and hunting have severely depleted most populations of medium- and large-sized mammals and they are difficult to see. This presents a challenge for the development of wildlife tourism, and the *Wildlife Tourism Marketing Strategy*[53] proposes ways to overcome it. Following recommendations from that strategy, the department in charge of non-consumptive activities at EWCA is now in charge of tourism development in parks and should foster the provision of small tourism

[52] Those two parks have Management Plans prepared with support from GTZ and the Frankfurt Zoological Society (FZS). See https://fzs.org/en/projects/bale-mountains-conservation/

https://balemountains.org

[53] Prepared for EWCA in 2013 with support from SPADSE project.

infrastructure and services for tourists, attract more visitors and generate income from tourism. However, technical assistance and external funding will be needed.

The **national defence and police** are in one way or another responsible and involved in the development and the conservation of natural resources and the defence of the country's resources. However, there is no established strategy to strengthen the ongoing law enforcement effort to respect protected areas, and collaboration with EWCA and the regional states should be strengthened.

Finally, it is worth noting that there is no public institution at federal or regional level with the mandate to protect and manage outstanding landscapes and unique geological features across the country. For example, the Danakil and some lake areas deserve some kind of protection that could be compatible with sustainable economic activities. A good example is the designation of the Lake Tana Biosphere Reserve set up with support from NABU, a German NGO, that is now managed by EWCA. Geo-Parks, another concept developed by UNESCO, could also be used for this purpose.

— **Authority for Research and Conservation of the Cultural Heritage (ARCCH).** The survey of European and Ethiopian tour operators indicated that the government should urgently start to develop policies to ensure that the cultural heritage of Ethiopia will be adequately protected. In this regard, it is important to note that while the ARCCH is the federal agency in charge of heritage conservation, the management and visitor services of the sites are the responsibility of regional authorities with little or no supervision or coordination. This is true even for UNESCO sites such as Gondar and Aksum, and ARCCH does not even collect visitor statistics. In Lalibela, the Ethiopian Orthodox Church manages and administers the tourism visits and the funds collected. In general terms, there is a need for guidelines and coordination regarding visitor management, as well as investment in tourism infrastructure and services at all sites including ticket booths, rest areas, toilets, signage, drinks, etc. Opportunities for concessions, PPPs and sponsorship should be explored.

c. *Business climate and investment promotion*

— **Ministry of Trade.** It delivers business licenses for all kind of companies, including tourism service providers. The document *The cost of business registration and licensing in Ethiopia and options for reform* published in 2016 by the World Bank[54] identifies the following main issues to be tackled in order to streamline business licensing:

- Lack of compatibility between the Ethiopian Standard Industrial Classification (ESIC) and the sectoral laws
- Overly prescriptive business licenses
- Lack of agency coordination and integrated system
- Insufficient institutional capacity

The document also makes some recommendations regarding licenses for which certificates of competence are proposed to be abolished, as well as a simplified list of licenses.

The lack of alignment of ESIC codes with the MoCT regulations and licensing of hotels and tour operators created problems in the past and can create new challenges if investors find ways to avoid existing regulations by applying for alternative types of licenses. On the other hand, it is necessary to define and make publicly available the activities allowed under each license,[55] and to create new types of licenses covering a

[54] http://documents.worldbank.org/curated/en/506611468197369773/pdf/106225-WP-PUBLIC.pdf

[55] For example, what is the difference of a 'safari and sightseeing' company versus an incoming operator, or between a lodge and a hotel.

broad range of professional and business opportunities in the tourism sector such as event organisers, independent guides, operators of adventure/outdoor activities and tourism transport, among others.

The MoCT is currently working on the preparation of a new Tourism Act that should include provisions regarding regulated activities. In order to ensure a more transparent and consistent business environment, all issues mentioned above should be carefully analysed and discussed with the Ministry of Trade and the private sector to be addressed in the final version of the Act.

— **Ethiopian Investment Commission (EIC).** This is an autonomous government institution accountable to the Investment Board chaired by the prime minister, whose members are composed of relevant ministers. The Investment Board makes high-level decisions on investment policy, issues regulations for investment promotion, and supervises investment promotion and facilitation activities. A commissioner, who is also member of the Board, heads the EIC.

The EIC offers a range of services to foreign investors including the issuance of investment licenses, support to obtain business licenses and construction permits, and issuance of work permits (including renewals, replacements, suspensions or cancellations) among others. The EIC has restructured itself recently to become more effective at attracting FDI and improving the services provided to investors, but they do not have specialists in the tourism sector.

Tourism is not included among the strategic sectors of the EIC, although it is listed among other sectors offering opportunities for investment. Investment incentives in tourism are offered to domestic and foreign investors investing in star-rated hotels, restaurants and 'Grade 1'[56] tour operators only, mainly consisting of an exemption of custom taxes for a specific range of imported items:

- Hotels, lodges and restaurants are allowed to import duty-free building materials, equipment and furnishings.
- Tour operators are allowed to buy up to three duty-free vehicles of a specific type in a one-year period.

These provisions have created many disputes among investors and the Customs and Revenue Authority that prosecutes duty-free imports used for other purposes. On the other hand, they are overly prescriptive and do not foster innovation or differentiation.

Up to five years of income tax exemptions have also been approved more recently for hotel and tour services in non-traditional tourism destinations as defined by the Ethiopian Investment Board. However, more detailed information is not available to investors in English, which is a major constraint.

In the case of tour operators, no incentives are available for the periodical renewal of imported vehicles that is needed to provide the standards required by the markets (after six or seven years vehicles are considered unsafe and outdated by outbound operators in the markets). Considering the high custom taxes, a reduction to a reasonable amount would contribute to a more modern fleet and a more competitive sector.

http://www.investethiopia.gov.et

— **Ministry of Foreign Affairs**. The network of Ethiopian embassies abroad can make an important contribution to the promotion of Ethiopia as a tourism destination in the

[56] This classification is confusing, as it does not exist in the sectoral regulations and licensing procedures established by the MoCT. Thus, there is a need to ensure consistency among related laws and regulations, although it is not advisable to create categories of tour operators to match the investment laws (as MoCT intended in the past).

source markets and to attract investment. Given the lack of market representatives, the embassies often support the organisation of promotional activities in the markets. However, they lack specialised staff and cannot replace professionals. In any case, there is a need to establish a stronger coordination with the ETO, as embassies should be aware of and take into consideration the strategies and priorities for tourism development and investment.

— **National Bank of Ethiopia.** It manages the country's foreign exchange reserves; ensures effective use of such reserves through monetary and financial regulations, and issues approval of transactions involving foreign hard currency (investment capital inflows, repatriation of funds, suppliers credit, export/import bank permits, etc). The National Bank has an impact on tourism businesses transactions in foreign currency (income from sales and payments to suppliers), as well as the availability of foreign currency for promotion abroad. Limited access to foreign currency is an issue in Ethiopia, which imposes restrictions on imports needed by tourism service providers and on tour operators that must conduct promotional activities abroad. The National Bank also releases foreign currency for the payment of official destination promotion activities, and frequent delays in the approval process hamper the ability to effectively plan and implement promotional activities.

d. Training centres – human resource development

Tourism is a service industry and it is labour intensive. Its capacity to create jobs at all levels, including opportunities for women and young people, are among the main reasons why tourism can contribute to the socioeconomic development of the destination countries. In this regard, training institutions play an important role in the provision of a trained workforce for the tourism industry.

The Tourism Policy approved in 2009 by the MoCT identified as one of its six pillars 'Overcoming the serious capacity limitations observed in the industry'. The shortcomings in human resources were also reflected in the Travel and Tourism Competitiveness Report 2017 by the World Economic Forum, which ranked Ethiopia 125th out of 136 countries in human resources, considering both education and training, and availability of qualified labour.

Professionals and public officers consulted during the field trip have confirmed that **one of the main and most pressing obstacles affecting the performance of the tourism industry in Ethiopia is the acute shortage of skilled workers in both the public and private sectors.**

While there are many people who need a job and could be trained in Ethiopia, training institutions are not able to respond to the fast development of the private sector and cannot respond to the growing demand for skilled workforce at all levels, both in quantitative and qualitative terms. As a result, there is competition among hotels to get the best professionals available, resulting in high turnover, and many larger hotels have opted to bring foreign professionals to cover managerial positions (many of them from Kenya, which has a well-developed tourism industry and is known to have a good training system).

Several levels of public organisations provide training for tourism and hospitality in Ethiopia:

— **Catering and Tourism Training Institute (CTTI)** is an organisation under the MoCT and has recently moved to the former Hotel Getnet (part of the former chain of state-owned hotels). In its new location the CTTI has more space to expand its activities and the number of students has grown (more than 800), but it does not provide proper facilities as a training hotel and the centre cannot obtain income from services offered to the public. The trainers received some training financed by the ESTDP and the centre has some collaboration agreements with other centres abroad, although they are not fully deployed.

- The federal **TVET Authority** manages a large network of centres offering vocational education and training across Ethiopia, and about 50 of them offer training in tourism using a similar methodology. They are very important to provide the skilled professionals at basic and middle level required by the industry.
- More than 50 **universities are under the Ministry of Education**, and most main cities and important tourism destinations such as Addis Ababa, Hawassa, Gondar or Mekele, among others, have universities that offer higher studies in tourism planning and management.
- A system for the **certification of professional competencies** (TVET level) is also available, including the possibility of recognition of on-the-job training.

In addition, an increasing number of private sector centres are also offering training in tourism, although quality tends to be low.

According to an assessment conducted for ESTDP in 2012,[57] the main problems faced by training institutions are:

- The training system is not based on current and future demand, it lacks input by the private sector, and trainees and graduates do not respond to the needs of the tourism industry.
- A lack of qualified instructors with practical experience in the industry, and high instructors' turnover in public training institutions due to a lack of motivation and low wages (they cannot compete with the high demand from new hotels).
- A lack of adequate teaching materials, facilities and equipment for practical education (most training is theoretical).
- A lack of cooperation with high-end tourism enterprises in order to provide adequate practical training.
- Insufficient budget to accomplish their tasks.
- University graduates lack practical experience and outnumber the jobs available in tourism planning, management and marketing.

In 2018, the same needs prevail, as was confirmed during the recent field trip.

Tourism & Culture Bureaus support tourism development at regional level

Most regional governments in Ethiopia have a Regional Tourism and Culture Bureau that to some extent mimics the functions of the MoCT at regional level. They have an important role to play in[58]:

- Protecting and managing the natural and heritage resources (some protected areas and UNESCO sites, among others).
- Collecting revenue generated from National Parks, Protected Areas, as well as other tourist attractions sites administrated by the Region, as well as managing and developing them.
- Preparing tourism development strategies and plans.
- Regulating the sector in their respective regions. They inspect accommodations and restaurants regulated by MoCT and provide licenses to those that do not serve the international leisure market. They also provide licenses to travel agents and local guides.
- Enhancing the skills and capacity of the sector through training.

[57] CRISIL, 2012. Capacity building gap assessment and intervention plan. Vol 2. Training needs assessment.

[58] CRISIL, 2012. Capacity building gap assessment and intervention plan Vol 1. Institutional assessment report.

— Undertaking awareness raising programs to prevent social discrimination and harmful traditional practices.
— Designing and implementing strategies to ensure local communities benefit from the development of attractions found around their area.

In Ethiopia **most land is public and regional governments are also responsible through other departments for land allocation,** which is key to allow well-planned tourism destinations and to allow and facilitate investments in suitable locations.

The organisational structures, human and financial resources allocated to the Regional Culture and Tourism Bureaus show great variations (i.e. in terms of departments/sections, number of positions and budget) that reflect the priority of the sector in that particular region. Most of them lack basic IT infrastructure.

MUNICIPALITIES ALSO HAVE A ROLE TO PLAY IN THE TOURISM VALUE CHAIN

They are responsible for urban planning, building permits, solid waste collection and disposal, traffic and security, etc. Decisions taken at this level have an impact on the quality of the urban environment and the perceived value of the destination in the markets, as well as on the value of private investments.

There is a need to create awareness about tourism activity and the role of the municipal authorities and to develop the skills of municipal officers to plan and manage sustainable and competitive tourism destinations.

VALUE CHAIN INFLUENCERS REGARDING ACCESS, BASIC AND IT INFRASTRUCTURE (FEDERAL LEVEL)

a. *Ethiopian Airports Enterprise (EAE)*

The regulation approved by the Council of Ministers (CoM) on July 14, 2017 created the *Aviation Holding Group* by merging the Ethiopian Airlines Group with the Ethiopian Airports Enterprise. The new Holding Group comprises Ethiopian Airports Enterprise, Passenger Airline, Cargo Airline & Logistics Company, Ethiopian Aviation Academy, Ethiopian Inflight Catering Services, Ethiopian MRO Services and Ethiopian Hotel & Tourism Services. The Airports Enterprise has been running 23 airports (four are international) and some are under construction.[59] At the time of writing the Bole airport is being expanded, facilities and services in most airports are being revamped, and there are plans to build a much larger airport for Addis Ababa.

b. *Ethiopian Roads Authority (ERA)*

As one of the organisations under the Ministry of Works and Urban Development, ERA has the task of administering the federal road network system. It plays a role in the tourism value chain as its investments provide and facilitate access to the main tourism destinations. In spite of the effort made in the last years, some tourism destinations still suffer from poor road connections and coordination mechanisms are needed to take tourism development into account when planning investments in roads. Additionally, there is a need to provide rest and service areas along the main tourism routes, as well as scenic viewpoints that will improve the experience of tourists traveling by road. Improvements of roads should also contribute to improve road safety and reduce the high number of traffic accidents and casualties in Ethiopia, that according the World Health Organisations are among the highest in the world.

[59] https://addisfortune.net/articles/airports-enterprise-joins-ethiopian-aviation-holding-group/

c. *Power supply*

Ethiopia suffers from a chronic shortage of power, which makes it difficult and costly for new businesses to get connected to the network, and often requires additional investment in expensive transformers and generators. In order to solve this situation that has an impact on all economic sectors, the government is engaged in important investments in dams and reservoirs aimed at ensuring sufficient and consistent power supply. In Ethiopia the energy supply is controlled by the public sector.

d. *Water supply and sanitation*

Over recent years, significant progress has been made towards establishing the basic institutional arrangements in the water and sanitation sector. However, access to safe water supply and sanitation remain important challenges countrywide for tourism accommodations, restaurants and related businesses, and additional investments are required to overcome the limitations of the public network. Municipalities are involved in the provision of this basic infrastructure and some donors are supporting the government efforts.

e. *IT infrastructure*

Ethiopia is one of the very few African countries that has not liberalised its telecoms market and introduced competition. In 2017, Ethiopia's state-owned telecommunications company *Ethio Telecom*, which benefits from its monopolistic position, was reported to be the continent's largest mobile operator.[60] Although the telephone network is improving, communications are often hampered by saturated lines. Regarding the Internet, hotels, restaurants and cafes are among the companies that get priority service, but online communications can be slow and erratic, and continue to pose a challenge for tourism service providers that increasingly rely on online channels to market and sell their services. Website hosting is not reliable, and the sites are often down, limiting the options to access the market. Payment with credit card is seldom available and cash payments are the norm limiting tourism expenditure. Online transactions connected to bank accounts are not easily available to small companies that are forced to use alternative systems such as PayPal that add steps to the sales process.

9.5. Donor-financed initiatives supporting the tourism value chain

By supporting public sector organisations, environmental management and local communities, the projects financed by donors help to tackle weaknesses and opportunities and add value at different levels of the value chain.

Many international organisations support tourism development in Ethiopia. However:

- Most donors and development organisations do not approach tourism as a system. They rather use tourism as a tool to support their economic, social or environmental objectives, and the support and impact on the tourism value chain is often indirect.
- Support is skewed towards conservation of natural and to a lesser extent cultural resources, and there is a need to help sustainable development in tourism destinations at large including destination planning, support to existing tourism service providers, fostering product development and diversification, business

[60] http://www.africanews.com/2017/11/16/ethiopia-telecoms-monopoly-now-africa-s-largest-mobile-operator//

— development services for local entrepreneurs, and strategic investment promotion.
— There is insufficient coordination with the public organisations in charge of tourism planning and development. This is due in part to lack of leadership and initiative on their side.

The Road Map of the ETO stressed the role to be played by the organisation in monitoring, coordination, and dissemination of outputs and results of these initiatives.

PROJECTS FINANCED BY MULTILATERAL DEVELOPMENT ORGANISATIONS

The following are the main projects financed by multilateral development organisations in the last few years.

a. *Ethiopian Sustainable Tourism Development Project (ESTDP)*

In 2010-2015, this USD 30 million World Bank loan operation with the Ministry of Culture and Tourism financed the following projects, among others:

- Some civil works in and around heritage sites in Axum, Lalibela and Addis Ababa (the project focused on those three areas).
- Training:
  - assessment of training needs for the public and private sectors;
  - short training on destination management and product development for public sector officers;
  - training and technical assistance to CCTI and TVET centres in the project areas
  - short training for the private sector was also planned but not implemented.
- Advisor to MoCT and the ETO
- Tourism Statistics System, including the design of software to manage it.
- Hotel Star Grading System, including preparation of standards for all types of accommodation, assessments of hotels countrywide, and training for officers at MoCT and Regional Tourism Bureaus in charge of licensing and grading accommodation services.
- Marketing and branding strategy (the counterpart was the newly established ETO).
- Promotional materials including a new official tourism portal for Ethiopia, image bank, press kit and production of brochures (also with the ETO).

b. *UNDP*

In 2015, the UNDP supported the newly established ETO by providing funds to open and equip a new office and finance some temporary staff. The UNDP also financed some technical assistance activities at a later stage.

c. *European Union*

Promoting Heritage for Ethiopia's Development (PROHEDEV), a EUR 10 million EU grant implemented by the Ministry of Culture and Tourism. This programme supports culture to further Ethiopia's cultural and socioeconomic development as well as protecting and safeguarding its heritage for the future wellbeing of the nation. It started implementation in 2015 and is expected to be phased out in a few months. The PROHEDEV project works around the country in three interlinked clusters of activities:

- The first cluster aims to strengthen the Ministry of Culture and Tourism's capacities and to improve conservation and promotion of the rich paleontological heritage.
- The second cluster consists of specific support for regional development projects based on local cultural resources. Six Regional Grants covering Tigray, Amhara, Oromia, SNNPR, Harar and Afar supporting the regional cultural and tourism bureaus' work.
- The third cluster aims at strengthening two creative industries: 1) music, and 2) image/audio-visual arts. A grant for the Yared School of Music and grants for audio-visual art have been offered.

The second cluster has implemented activities that will directly and indirectly support tourism development, in particular in the Gheralta area and Harar. It has also provided training for crafts. Some project documents are available containing more detail about activities supported.

Projects financed by bilateral organisations and NGOs

Bilateral development organisations as well as NGOs have also financed projects with an impact at different levels of the tourism value chain, the main ones being[61]:

a. *Conservation and management of natural resources and related economic development*

- Years ago, the Austrian Cooperation financed the construction of the office of the Simien Mountains National Park in Debark, as well as some basic camping facilities. The latter are currently in a very poor state.
- The Ethiopian Sustainable Tourism Alliance (ESTA) financed by USAID (2008-2013) strove to enhance biodiversity conservation and economic development through sustainable ecotourism products, services and other opportunities in selected destination regions of the Rift Valley, the Bale Mountains and Awash National Park. The project provided awareness and training, and prepared business plans for CBT.
- Sustainable development of the protected area system of Ethiopia (SDPASE) 2008-2016, financed by the Global Environment Facility (GEF) of the United Nations Development Programme (UNDP); Ethiopian Government – in-kind contributions; national and international institutions as co-financiers. The executing agency was EWCA. The project financed the demarcation of some protected areas, wildlife management, training for park staff and development of the economic value of protected areas including the preparation of a Wildlife Tourism Strategy in 2013.
- NABU, a German membership NGO, has been involved in setting up the Biosphere Reserves of Kaffa and Lake Tana, including some activities to support the development of tourism services. They have offices in Addis Ababa, Bahir-Dar and Bonga (southwest-Kaffa Area).
- Since 2014, the Frankfurt Zoological Society (FZS) has worked with EWCA to support park management – mainly in the Bale area – empowering communities, building capacity, and developing ecotourism, among other activities. Regarding ecotourism, they contribute to developing policies and guidelines for ecotourism in the park, as well as developing the capacity and opportunities of communities to deliver tourism services.
- GIZ has supported several initiatives in the past including financing facilities for hotel management education in Hawassa University. Currently, GIZ is working with EWCA to launch the second phase of the *Biodiversity and Forestry*

[61] Source: compiled by the author from different sources

Programme (BFP) that focuses on the conservation and management of protected areas, including some new national parks.
- The African Wildlife Foundation has been working in the Simien Mountains National Park to support EWCA in conservation and tourism development, among others.

b. Training and human resource development

- Several small ad-hoc training programmes have been carried out such as training of trekking guides provided by the Italian Cooperation in Gheralta (facilitated by Gheralta Lodge, owned by an Italian).
- Nicolas Youth and Adult Learning Center in Mekele (Tigray). Financed by Rainbows4children, the centre started as a school for children of disadvantaged families, mainly disabled war veterans. In 2017, they launched a TVET centre to train youth in hotel and catering, as well as garment industries, two sectors that are creating job opportunities in the area. The intention is for hospitality students (food preparation and bar/table service) to spend four months in class and two months at the workplace. The first groups have already graduated, and several more are following the specialised training provided. PUM has been collaborating with them on the new hospitality courses.

Regarding training targeting public officers, MoCT staff (and presumably ETO staff in recent years) have benefited from numerous donor-funded initiatives, including one-month stays in places such as Japan, India and China. They have also attended many other trainings organised in Ethiopia. However, officers attend trainings that are not related to their daily responsibilities and activities, and they are not requested to come up with initiatives resulting from what they have learned. On the other hand, many trainings take one week or longer and public offices are left without staff (even those that are open to the public).

The fact is that, in Ethiopia, public employees often consider training as a way to escape from boring jobs, enjoy opportunities for domestic or international travel and get per diems that complement their low income. Thus, it is not surprising that for many years, the numerous trainings do not seem to have had much positive impact on the performance of the tourism value chain. New approaches are needed, such as learning by doing, with coaching on practical activities aimed at skill development, but also at getting things done. The lack of managerial and implementation skills – including planning, monitoring and follow up – has been a big handicap for MoCT and other public organisations in implementing the activities identified in many reports and in their own action plans.

There is a need to break the vicious cycle of preparing new analyses, plans and strategies while the perceived lack of progress is due to a lack of implementation, due in turn to a lack of experienced human resources, proper management and funding.

9.6. Opportunities for creating synergy

Collaboration at all levels (public-public, public-private, and private-private, at federal, regional and local levels) is necessary to achieve the development of competitive and sustainable tourism destinations.

The Road Map for the ETO stated that the organisation 'will be able to assume full direct responsibility regarding the implementation of international tourism marketing. However, regarding destination and product development it will be necessary to count on the active involvement and collaboration of the stakeholders at federal and regional level, and the private sector'. To do so, the Road Map suggested to establish formal collaboration and partnership agreements with tourism stakeholders in order to foster alignment of strategies, plans and budgets. Those agreements should include: establishment of communication channels, involvement in strategic decisions and in the preparation of work plans, holding regular meetings, developing co-financing agreements and exploring opportunities for PPPs. The ETO should proactively manage the implementation.

Key partners

- MoCT
- MoFA
- ARCCH
- EWCA
- REGIONAL GOVERNMENTS
- TOURISM INDUSTRY
- UNIVERSITIES /TRAINING CENTERS
- DONORS and IFIs

Basic principles for successful partnerships

- Gain understanding of the respective roles
- Establish communication channels
- Build mutual trust and respect
- Define clear roles and ensure commitment
- Organise regular meetings
- Ask for and give feedback
- Appoint liaison person on each side
- Formalise agreements (MoUs and other) and ensure implementation and monitoring.

The following partnerships were specifically mentioned in the Road Map. However, although some contacts have been established and some MoUs have been signed, effective and systematic cooperation has not been established yet.

Agreements with federal bodies

In order to coordinate the ETO's destination and product development activities, a Memorandum of Understanding will be signed with key federal bodies, including the creation of working groups chaired by members of the Tourism Board:

- *The Ministry of Foreign Affairs (MoFA)*
- *The Ethiopian Wildlife Conservation Authority (EWCA)*
- *The Authority for Research and Conservation of Cultural Heritage (ARCCH)*
- *The Ethiopian Investment Agency (EIA)*
- *Others deemed relevant*

Agreements with regional governments

Regional tourism authorities and local tourism authorities play a crucial role in destination and product development, and collaboration and alignment is paramount. A working group with regional representatives will be set up and will meet regularly, and an umbrella Memorandum of Understanding will be signed with the regions.

- *Additionally, specific MoUs for the implementation of annual work plans or ad-hoc projects could be signed.*
- *MoUs will reflect in writing the agreements reached regarding the roles and commitments of each party.*
- *ETO management and key staff will visit the regions to learn about their strategies, plans and needs regarding tourism development, and to coordinate joint activities.*

Agreements with the tourism industry associations

A working group with representatives of the tourism industry associations will be set up to:

- *Discuss marketing and tourism development strategies.*
- *Discuss priorities for the operational marketing plan.*
- *Negotiate co-funding for marketing activities (written agreement and procedures will be prepared).*
- *Discuss new regulations for incoming operators and guides among other relevant issues.*

The working group will meet regularly to follow up the performance of the tourism sector, identify bottlenecks and make recommendations.

Coordination with the donor community in Addis Ababa

The donor community supports a number of projects that have a direct or indirect impact on tourism development. The ETO should play a coordinating role in order to ensure that every project fits with the strategy and plans for tourism development, and to minimise duplications and overlaps.

- *Identify international donors active in Ethiopia.*
- *Identify ongoing projects having to do with tourism, funding source and implementing agency to ensure coordination and avoid duplications (a preliminary identification has already been done).*
- *Organise a presentation of the ETO to all donors*
- *Develop good knowledge and understanding of the different donors, their priorities, planning cycles and funding facilities, and identify matching with ETO needs and project concepts.*
- *Prepare brief project concepts based on operational needs and work plans, as well as expected mid-term projects (3-5 years) in order to facilitate fund-raising.*
- *Organise at least one annual meeting to discuss tourism for development and share information about projects.*

Agreement with universities and other educational centres

A working group with representatives of universities and vocational education centres (TVET) offering tourism studies will be set up to:

- *Design an internship program.*
- *Discuss how to align the educational programs with industry needs.*
- *Set up a network of academics and define potential areas for collaboration.*

Representatives from the tourism industry will also be involved.

At least one annual public event will be organised to discuss relevant issues on tourism development, share best practices and research, etc.

Additionally, ad-hoc working groups, Destination Management Organisations (DMOs) and Product Clubs should be organised at regional and local level, although the latter do not seem to be viable in the short-term.

9.7. Sustainability of the Tourism Value Chain

In general terms, social and environmental good practices have not been a priority in Ethiopia – for both the private and public sectors alike – as the country is rather focused on fast economic development. Although there are some good examples, the claims regarding sustainable tourism made by most Ethiopian inbound tour operators are rather ‘green washing’, and there is a lack of awareness about the importance of sustainable tourism development and what it takes to implement sustainable practices. Currently, there are no official bodies in Ethiopia that deal with CSR implementation, accreditation and auditing for the tourism industry.

Main issues regarding sustainability

a. Terms of employment (working hours and contracts)

Most hotels and operators have formal contracts with their employees as per the labour regulations, while in smaller tourism businesses members of the family are often employed in different positions. Some contracts are fixed while others are seasonal or to cover specific needs (for example, banquet service). Seasonal contracts are less frequent in accommodations in Addis Ababa and main cities that attract a more consistent demand along the year, but are more frequent in small incoming operators.

As advertised by the Ethiopian Investment Commission on their website, conditions regarding the workforce in Ethiopia include:

- Normal amount of working hours per day is 8 (excluding breaks for lunch)
- Maximum number of working days per week is 6 (288 days per year)
- No general restriction on night works

The terms of employment are not a main source of complaints. This is because employees in tourism companies have better working conditions and a safer and more pleasant work environment than in sectors such as manufacturing, construction or farming.

b. Forced labour and child labour[62]

It has been reported that children in Ethiopia perform dangerous tasks in agriculture and also engage in domestic work and textile weaving.

In 2016, Ethiopia made a significant advancement in efforts to eliminate the worst forms of child labour. The government adopted the Overseas Employment Proclamation that prohibits employment agencies from recruiting workers younger than 18 and allows the Ministry of Labour and Social Affairs to revoke the license of any agency that violates the prohibition. The government also established a mechanism to refer victims of human trafficking to social services and trained labour inspectors, police officers, and judges on child labour issues. In addition, the government adopted the National Human Rights Action Plan, which includes efforts to eliminate child labour, and participated in and implemented several programmes to combat the worst forms of child labour.

Tourism services are not included among the sectors where child labour is prevalent but in rural areas sometimes children are sent to meet tourists and try to sell them crafts or ask for money and gifts. They often harass tourists and contribute to an unfriendly environment. Many tourists consider this to be child labour which casts a negative image on the destination, while other tourists feel pity and purchase items from them. These activities keep children from attending school and this type of child labour is increasingly becoming an issue in some places.[63]

Any tourism development efforts should carefully avoid allowing or promoting child labour and there is a need for awareness campaigns targeting incoming operators, guides and tourists. Encouraging to buy fair-trade textiles only will also help to fight child labour. Finally, although sex tourism is not common in Ethiopia, hotels are not organised to fight this type of practices.

c. Discrimination and gender

Ethiopia is a diverse country with many ethnic groups and different religions recognised by the constitution.

In the tourism sector, the current Minister of Culture and Tourism, the State Minister of Tourism and the CEO of the ETO are all women. This would be a good sign of women empowerment but it rather seems the result of offering a weak ministry to women.

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[62] https://www.dol.gov/agencies/ilab/resources/reports/child-labor/ethiopia

[63] Tourists in many areas face this situation, which is mentioned in Ecotourism Concept: Development and Promotion of Ecotourism in the proposed Lake Tana Biosphere Reserve, NABU, 2014.

Several women work as technical officers at the Ministry and the ETO, and two of the eight members of the new Tourism Board are women.

The tourism industry in Ethiopia counts a number of smart women entrepreneurs who own and manage hotels, restaurants and tour operators. The presence of women is high among tour guides in most countries; however, all national guides in Ethiopia are men (they usually travel along the tourist routes and are often driver-guides) and most local guides are also men. In the Simien Mountains there is at least one woman working as a trekking guide.

In large hotels women receive equal pay to men, but it seems that they have less chances of being promoted.

Ethiopian Airlines has a high number of female employees and although most of them are flight attendants and check-in agents, they also have several women pilots and captains. In 2015, Ethiopian launched the new flight to Bangkok with the first all-female crew where pilots, cabin crew and flight dispatchers were all women. The experience has been repeated in the launching of other flights and the inaugural flight to Laos was the first all-female crew flight in Africa. These initiatives have benefited from ample media coverage and Ethiopian Airlines is proud to offer opportunities to inspire young African female students to believe in their dreams and embark to fill the skill gap for aviation professionals.

In any case, it is necessary to improve the awareness of women regarding job and business opportunities in tourism, and mainstream gender in training and other initiatives in support of tourism development.

It is worth mentioning that, according to the traditions of the Orthodox Church, women are not allowed into some monasteries and churches in Ethiopia. However, this is not always publicised in advance and it can become a source of disappointment.

d. Salary and reward

In Ethiopia, there is no minimum wage requirement on private sector employers and low wages are included among the advantages for investment by the EIC.

Although salaries in travel and tourism services are low, they are higher than in other sectors.[64] Moreover, the current shortage of skilled and trained professionals in the hospitality and tourism sector is pushing an increase of wages as companies fight to attract and retain good professionals, or even those with basic experience. For example, a waiter with experience hired by a good restaurant may get over 2000 Birr per month while basic salaries in restaurants may be around 600-800 Birr.

A hotel receptionist may get around 3000 Birr[65] per month, the same as staff with some experience working for tour operators preparing tours. Staff working in international hotels and in large cities have more chances to get higher salaries. In addition, most hotels and restaurants have a service charge that is distributed among the service staff.

The salaries of middle managers can go up significantly to reach around 15,000 or 20,000 Birr per month (still under USD 1000 per month).

The number of paid annual leave days for a starting employee is 14, with a slight increment for additional years of service; and average premium pay for overtime work is 50%.

e. Rights of indigenous people

[64] Construction workers may get one or two dollars a day for hard work and salaries in farms and manufacturing are very low, often around 40 USD per month or less. Those amounts are below what a person, not to say a family, needs to have their basic needs covered.

[65] The exchange rate is around 27 Birr per USD, or 32 Birr per EUR.

Ethiopia has a diversity of ethnic groups and the smaller and more vulnerable are located in the SNNPR, in particular in the Omo Valley, which is considered one of the main tourist attractions in Ethiopia.

According to Human Rights Watch,[66] the federal government considers that area economically and socially backward and many official development efforts undertaken do not take into consideration the interests and needs of the local population. With the development of infrastructure and land allocated for intensive farming, traditional farms are being cleared, grazing lands have been lost, and livelihoods are being destroyed. These changes are being carried out in contravention of domestic and international human rights standards, without meaningful consultation, consent, or compensation for loss of land, livelihoods, food security, and access to vital subsistence resources. The Ethiopian government should conduct an environmental and social impact analysis that considers the cumulative impacts of new initiatives on the Lower Omo. Human Rights Watch also urges Ethiopia's donors to press for appropriate social and environmental impact assessments.

Current and future investors should comply with best practices of corporate social responsibility and refrain from any investment activities in areas where land title is contested and involuntary resettlement is occurring, until all violations are investigated and remedied.

Regarding tourism operations, visits to those ethnic groups tend to be limited to quick exchanges of money with people selected to pose for photos. Immediately after, most vehicles transporting tourists leave the communities. In some cases, out-of-context traditional ceremonies are performed for tourists only. Given the situation, in 2013, Exodus, a specialised UK tour operator, stopped offering trips in the South because the way tourism is operated there was not aligned with their sustainability standards.[67]

This may not be the only case, and the whole approach needs to be redefined in order to improve the quality of the experience for both locals and visitors, the economic impact on the communities, and the respect for the traditional cultures and livelihoods. However, at this stage, it may not be an easy task as in many communities people are already used to getting cash directly from visitors, and some initiatives to create community funds have failed. Nevertheless, in a few places such as Konso cultural village, a UNESCO Cultural Landscape, better practices are in place (they charge an entrance fee and 70% goes to the community).

Regarding tourism services offered by rural communities, no problems have been reported as those initiatives were started with donor funds, the communities received training and they charge for the services.

f. Waste management

Waste management remains a serious issue in fragile areas such as the Danakil where trash is left behind, mainly plastic bottles.[68] Online reviews often refer to trash and include negative comments about the way tourism is operated. Incoming operators have also reported that tourists are surprised and complain at the sight of trash in such wild and remote area, although they do not seem to feel responsible to do something about it. This situation could certainly improve if the incoming operators introduce more

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[66] https://www.hrw.org/report/2012/06/18/what-will-happen-if-hunger-comes/abuses-against-indigenous-peoples-ethiopias-lower

https://www.nytimes.com/2017/10/30/travel/omo-valley-ethiopia-eco-tourism.html

[67] https://www.telegraph.co.uk/travel/news/Exodus-abandons-Omo-Valley-tours/

[68] By tourists, but also by local people. Interestingly, tour operators transport bottles of water in their vehicles as part of the 'payment' requested by one of the chiefs that controls the tourism activity in Afar.

sustainable practices and if tourists are given proper instructions and are made aware of the environmental impacts of their presence.

Poor cooking and food service practices in places as the Simien Mountains are also a source of environmental impact (for example, sandwiches are often offered to trekkers wrapped in aluminium foil. Both sandwich and aluminium often end up littering the park).

The growth of resorts along the shores of the Rift Valley lakes and Lake Tana without proper planning and little or no care for sustainable practices needs improved management and basic infrastructure to avoid water pollution.

g. Preservation of biodiversity[69]

Many of Ethiopia's Wildlife Protected Areas are under greater conservational problems with extensive incursions by livestock and people, and their biological and physical resources are in rapid decline. Moreover, the law enforcement practices are not well integrated with the national defence and police who are supposed to be involved in the protection of the natural resources.

Being aware of this situation, the EWCA at federal level and the respective Regional States of Culture and Tourism Bureaus are collaborating to solve the prevailing resource conflict that exists between the protected areas (especially national parks) and the local communities. The initial focus is to re-demarcate the existing boundaries of the national parks and conservation areas, with local administrators and local communities being involved in this process. A compromise is needed so that wildlife areas-dependent people are not adversely affected, and there is an interest in providing alternative sources of income. Getting involved in the provision of tourism services is often one of them.

h. Other CSR topics at risk in Ethiopia's tourism sector

In Ethiopia, tourism takes place in environmental and socially sensitive areas, and in the absence of proper destination development, management plans and operational guidelines, the increasing number of visitors in places such as the Simien Mountains, the Erta Ale volcano, the Danakil Depression and the Omo Valley, although small, is already causing significant negative impacts (camping without proper infrastructure, little benefit for the local communities and accumulation of solid waste).

In many destinations across Ethiopia locals perceive that they do not get their share of the benefits as most tourists arrive in vehicles provided by incoming operators from Addis, with national guides that work for them. This has resulted in charges being imposed on operators without any service offered in return, tourists harassed by people asking for payment, even stones thrown at vehicles. These situations need to be addressed in collaboration with the regional governments, with awareness campaigns, the organisation of services or activities to generate some revenue for locals, and through collaboration with the incoming operators.

Tourism is often seen as an alternative to unsustainable practices to create jobs and revenue, and as a tool to fight poverty. However, there is a need to create awareness among regional authorities and communities about the fact that the direct provision of tourism services is not the only way for rural communities to get their fair share of the benefits of the tourism activity in their areas. Some of the most successful examples in other destinations involve agreements and partnerships with tour operators or lodges that can ensure a flow of visitors and higher expenditure. Tourist income can then be shared through some direct jobs, but also by investing in projects and activities benefiting the community at large. As shown below, lodges also offer linkages with the agricultural value chain as they need recurrent food supplies that can be sourced locally.

[69] Source: STMP

Construction and maintenance works are other sources of employment and revenue for locals.

Linkages vs. leakages[70]

The pre-eminence of global lead firms has implications for the value captured by domestic actors who participate in the chain. With foreign tour operators, hotel companies, and investors often controlling supply chain decisions and procurement opportunities, linkages between tourism and supporting industries sometimes remain underdeveloped. The pro-poor tourism literature advanced by Mitchell and Ashley and similar researchers investigates linkages in extensive detail. Mitchell and Ashley (2010) conducted a broad literature review and estimated that the empirical evidence suggests that roughly 25–33% of total tourism revenue is captured by the poor in developing countries through direct earnings and indirect multipliers in the supply chain.

Although tourism and agricultural industries have a complicated relationship that is sometimes characterised by competition for land rights (Torres and Momsen 2011), there are also thick ties between the two. ***Mitchell and Ashley (2009) mapped the flow of tourism expenditures throughout the Ethiopian economy. According to the analysis, Ethiopian tourists spend roughly USD 55 million on food and beverages; of this, hotels purchased USD 16 million from 6,300 domestic producers to support an estimated 25,000 farm jobs.***

Many South African safari lodges also have relatively strong linkages with the domestic food supply chain. Rogerson (2012) surveyed 80 lodges in six distinct regional clusters to examine local sourcing of eight food categories: (1) vegetables; (2) fruit; (3) eggs; (4) dairy products; (5) meat; (6) luxury goods; (7) tinned goods; and (8) dried goods. The average sourcing distance was the shortest for fruit, eggs, and vegetables. Considering the robust demand from each location for all three goods – each lodge, for instance, ordered 250 kilograms of vegetables per week – the potential benefit for domestic actors in each industry is significant.

While 77.5% of the population of lodges in the Rogerson study were owned by South African companies, backward linkages between tourism and agribusiness persist in markets with foreign lead firms. Spray and Agarwal (2016) studied linkages in the tourism industry in Rwanda, which is characterised by high degrees of foreign visitor spending and ownership. Only 3% of the total imports from tourism were from the agriculture, forestry and fishing sectors, which suggests local sourcing suffices to some degree (prepared foodstuffs, including beverages and tobacco, were the largest single food import category). Instead, the largest imports in the tourism industry in Rwanda were related to construction: base metals, machinery, mineral products, and stone and cement.

Organisations working to tackle these issues

The federal government has already taken measures regarding the worst forms of child labour (not a main issue in the tourism industry) and Human Rights Watch is pushing for the recognition of indigenous rights. In addition, there are women's associations and NGOs supporting progress on gender issues. As mentioned in section 8.5, several development organisations and NGOs support the protection and management of natural resources. They also foster increased awareness among local communities about the need to preserve the resources and alternative economic opportunities offered by tourism. However, there are no government or development organisations that are focused on fostering sustainable practices in the tourism value chain, and private sector organisations are not playing a role in this sense either.

Are there opportunities in terms of CSR?[71]

[70] Source: https://www.econstor.eu/bitstream/10419/161581/1/87897041X.pdf

[71] https://www.cbi.eu/market-information/tourism/trends/, accessed July 23rd 2018

The European travel industry to long-haul and less developed destinations increasingly demands sustainable practices from local inbound tour operators and service providers, and sustainability continues to be an important topic in the travel industry. The UN declared 2017 the International Year of Sustainable Tourism for Development and sustainability has moved on from being a competitive edge to being the norm. Small, specialised outbound operators were pioneers in the introduction of sustainable practices and a growing number of European tour operators require their suppliers to be sustainable.

WHAT IS NEEDED TO IMPROVE THE SOCIAL RESPONSIBILITY PERFORMANCE OF SME EXPORTERS IN THE VALUE CHAIN?

As the main link with the market in the export value chain, incoming operators should be the first to adopt sustainable practices in their companies that will have a cascade effect on their suppliers and the destinations visited. The professional associations could help to introduce these practices working together with the ETO, regional governments and EWCA. Working with hotel associations will also foster more sustainable practices in the design and operation of tourism accommodation

WHAT CAN CBI DO TO ENHANCE CSR IN THE TOURISM VALUE CHAIN?

At this stage, as mentioned in section 4.6, the CBI could start with supporting awareness campaigns before introducing the Travelife certification for incoming operators. Support may include:

- Public presentations, workshops and communication activities to create awareness about the importance of sustainable tourism development, what is sustainable certification, and what it takes to achieve progress. Target publics are:
    - Relevant public sector organisations (i.e. MoCT, ETO, Regional Tourism Bureaus, EWCA)
    - Incoming operators and their associations
    - The local population in selected destinations

  Collaboration with the Tourism Media Forum, a group of media professionals that cover the tourism sector, is recommended. They are coordinated by MoCT.

It is also important to support EWCA to develop and enforce overarching guidelines for sustainable tourism activities in protected areas, in collaboration with the associations of incoming operators, NGOs and donors. EWCA may already have some guidelines prepared by different projects, but they are not implemented or well known to operators and national guides.

Similar support is recommended for ARCCH and other organisations involved in the protection and management of heritage sites.

Element 3. Opportunities and obstacles in the Value Chain regarding tourism from EU markets to Ethiopia

10. Key opportunities and obstacles in the tourism value chain

A number of sectoral assessments and strategic plans that have been used to prepare this report have already identified the opportunities and challenges for the development of tourism in Ethiopia, and have suggested action plans. This chapter focuses on opportunities and challenges related to export activity, in particular: marketing and commercialisation, product development, performance of the small service providers in the tourism value chain, and sustainable tourism development

OPPORTUNITIES	
Europeans are a key market for leisure and holiday trips in Ethiopia that could be further developed.	Europe generates around 30% of total international trips to Ethiopia and Europeans represent a significant source market for leisure and holiday trips (37.4% in 2016). The UK, Germany, Italy and France consistently appear among the top-10 source markets for holiday and leisure travel. Sweden and the Netherlands also appear high in the ranking. However, visitor numbers are still low while other African countries are more successful in attracting European and long-haul leisure travellers. There is an opportunity to increase the demand from European markets. The Marketing and Branding Strategy identified the experience seekers as the most promising market for Ethiopia and recommended giving high priority to the 'Packaged Explorers' that are most likely to be European. It also included several European markets among the 'core' markets with high revenue potential and high affinity for leisure travel to Ethiopia, as well as among the 'steady' markets that although smaller are easier to penetrate.
Ethiopia can benefit from current trends in the European travel market to diversify the product portfolio and attract more visitors	Long-haul travel from Europe is growing, and European travellers search for authentic and unique experiences in non-traditional destinations. More active and specialised holidays are in demand, such as adventure tourism, walking/hiking, cultural and religious tourism, nature and wildlife tourism. This opens up opportunities for small, specialised incoming operators and activity operators, as well as for activities that foster exchanges with local communities.
Ethiopia has a comparative advantage in relation to other African destinations	Its unique history and culture with old roots and a halo of mystery is attractive to many Europeans. Eleven UNESCO heritage sites and rough and diverse landscapes that can be further developed to attract European visitors. Relative proximity to Europe makes travel to Ethiopia easier. Good air hub with Ethiopian airlines serving several key European source markets.
Private investors interested in tourism that could be strategically channelled	The lack of accommodation targeting the leisure market is often mentioned as one of the key challenges for tourism development in Ethiopia. However, there is also interest from local and foreign investors to invest in tourism. With improved information and coordination, investments could be channelled to priority areas and to types of facilities that can attract higher-spending Europeans and more international leisure tourists.

The main obstacles and challenges in the tourism value chain to attract and retain European leisure tourists, in particular higher spenders, are summarised in the following table.

OBSTACLES AND CHALLENGES	
Tourism service providers accommodation/food services	
Poor quality of service	Poor service impacts the perceived value for money and customer satisfaction. Unsatisfied customers will not return or recommend, and the travel trade may be reluctant to proactively market the destination. Although there are some good examples, service levels in the supply chain (hotels, restaurants, guiding, etc.) across Ethiopia are low for EU standards. The lack of understanding about European market needs and wants limits the capacity to serve European tourists. Many small companies imitate others, often repeating bad examples as they are the only reference available. Owners have no experience in the sector and often lack exposure to international standards. This results in poor projects for buildings and facilities not adapted to the taste of the European leisure market. Poor management skills and poor maintenance of facilities do not help to upgrade the services offered.
Lack of trained manpower	One of the main causes of poor service is the appalling lack of trained manpower and addressing this gap has become a national priority. Training institutions cannot follow the pace of tourism development, they lack adequate facilities, human and financial resources, and graduates do not respond to the needs of the industry, lacking practical experience and exposure to international service standards. Of critical importance is the lack of experienced middle managers that can train and provide guidance for staff.
Limited accommodation capacity of international standards	In spite of the boom in tourism accommodations in the last years, investments are concentrated in the main cities and in business type hotels, with important design flaws, and in low-end accommodations. Maintenance, cleanliness and hygiene are often poor, and the availability of decent bathrooms is often an issue. Thus, although the number of lodges is growing, the supply of accommodation adapted to the European holiday travellers is very limited and is a significant barrier to attracting and retaining more international tourists, in particular the older as well as the higher spenders. Some incoming operators have reported problems with not being able to confirm the availability of accommodation when they receive a booking request and they sometimes have to cancel group requests due to a lack of suitable accommodation. Current investment policy and promotion has not been successful in attracting more investment in accommodations targeting the leisure market. The lack of specialised staff, lack of coordination with tourism development strategies, poor IT tools and lack of proactive search of relevant investors have prevented Ethiopia from achieving better results.
CBT initiatives struggle to be successful	Many donors have supported CBT projects in Ethiopia and elsewhere to fight poverty, as an alternative option to unsustainable practices impacting natural resources, and because they require less investment in facilities and equipment than typical service providers. Although tourism is growing in Ethiopia, visitor flows to specific locations are still low and do not provide enough income and incentives for many communities to engage in consistent provision of tourism services. More destination lodges and increased tourism flows would offer more opportunities for linkages with agriculture, crafts and other sectors; and to provide more opportunities for the development of SMEs and community-based tourism services.

	Commercialisation and operation of tours
Incoming operators have limited skills to proactively reach the markets and work with the travel trade	Most Ethiopian incoming tour operators are not market ready. Many are selling to independent tourists only (word of mouth) or to those already in the country. They need to gain market insights, become aware of the market opportunities in the different European markets, understand the product requirements of each strategic segment, as well as pricing and commissions; and develop capacity to proactively market their services offering the right product to the right customer through the right channel. Missed opportunities to develop business linkages with outbound operators at trade shows because participation is confirmed late, little or no preparatory activities and lack of follow up.
Narrow product range, little diversification and innovation	Tours offered to the market concentrate on the main routes as product offer in other regions is not sufficiently developed. Tours focus on sightseeing with short average stay in each destination. Lack of product development hinders the possibilities to increase length of stay, attract other market segments, and foster repeat visits. Imitation and competition based on prices due to lack of market knowledge and limited capacity to identify opportunities for specialisation or differentiation. Need to acquire skills to diversify products to attract new European and international visitors.
Poor regulation and enforcement for incoming operators and guides does not encourage a competitive sector	The shortcomings in regulation of tour operators, national guides and tourism transport, and the lack of monitoring and proper enforcement has allowed the disorganised growth of service providers. Some of them operate informally and some unethical practices by licensed operators and guides have also been reported. There is no well-established system to register and process complaints and act accordingly. Updated regulations and coordination with regional and municipal authorities are needed to address these issues that have a negative impact on the reputation of the destination. Stronger professional associations would also help to fight unprofessional practices.
Destination marketing	
Official destination promotion focuses on traditional marketing activities and lacks strategic focus	The ETO has the mandate to lead and coordinate the official destination marketing but lacks human and financial resources. Most resources and efforts are dedicated to participation in mainstream trade shows, with little or no preparatory activities or follow up. A small number of incoming operators participates in those events. The private sector is not showcased in publications and online channels. ETO lacks understanding and skills for efficient online marketing, although this function should be mostly outsourced to specialised companies. Institutional marketing activities are not consistent with strategies and plans, budgets and decisions are prepared/taken in the last minute. There is a lack of systematic procedures, databases and IT tools, and professional input (no representatives in markets, little outsourcing to specialised professionals).
Sustainable tourism destinations	
Lack of proper destination planning and visitor management may compromise sustainable development	Insufficient protection of national natural and cultural assets in the public domain that are key production factors in tourism. Poor linkages with incoming operators and the private sector to ensure sustainable practices. Lack of integrated planning and product development strategies for the main tourism destinations. Poor urban planning and building codes in tourist towns that should be aligned with the marketing and product development strategies. Poor basic

and long-term success	infrastructure, waste collection and disposal. Unreliable power and water supply, and erratic telecommunications and Internet. These can have a negative impact on private investments that may lose value if the destination loses its appeal. Some spontaneous and erratic operational visitor management procedures decided locally, without proper understanding of the tourism activity, do not allow for professional, efficient and sustainable tourism management, and to foster positive relationships among locals, incoming operators, and visitors.
Lack of sustainable practices throughout the industry	Some good practices exist but there is no clear understanding and awareness among public and private actors in the tourism value chain of the importance of sustainability in tourism development and operation, and there is no coordinated effort in this sense.
Policymakers and regulators	
Limited understanding of tourism as a development sector	Although tourism has been included in the government's long-term economic development plan, not all public stakeholders and high-level government officers understand the role of tourism as a socioeconomic development lever and as an export sector. Lack of understanding of tourism as a system and how many government organisations have an impact on the value chain. Linkages with other sectors are not well understood and tourism receives less attention and resources than sectors such as agriculture or manufacturing, and it is not taken into consideration in decisions regarding infrastructure or land uses in areas with tourism potential putting long-lasting tourism development at risk.
Weak institutional framework and lack of coordination between various stakeholders	Although the governance framework is in place, most institutions involved are weak due to lack of qualified human resources, and very limited financial resources. MoCT and ETO are key players at federal level that are not in a position to provide the expected leadership needed to foster well planned, competitive, and sustainable tourism development. Structural problems are at the root of the poor performance but, given the fast pace of growth of the private sector, it will be difficult to correct many problems created due to weaknesses in planning, regulation and enforcement. Of particular importance are the regional and municipal governments that are closer to the destinations and the tourism product. Public-private collaboration (Destination Management Organisation) needs to be developed in the regions in the mid-term.
Lack of statistics and information systems to provide guidance for tourism planning and development	Statistics about tourism arrivals are not published and communicated in a timely manner, and lack in-depth analysis. No visitor surveys that provide info about the profile of the demand. Lack of public statistics about tourism companies, in particular investments in accommodation and hotel occupancy. Market research and insights about source markets are not available and are not taken into consideration in decision making (could be from secondary sources). Lack of knowledge management at institutional level hinders progress. Data and reports are not made easily available to public officers, private sector and academics and are often lost due to poor IT infrastructure and lack of procedures in place. The weakness of the statistics system and the lack of IT tools leaves private investors and public organisations without the information needed to make sound decisions.

Lack of resources and skills to enforce regulations and implement existing plans and strategies	Several regulations, strategies and plans for tourism do exist. However, human resources in public organisations lack the technical skills and the experience to implement them. Lack of leadership and poor management skills do not help to get things done. Insufficient coordination, no counterparts appointed in different organisations, no working groups. The poor performance of the public sector leads to disorganised growth, whereas the efforts and investments of many services providers may be negatively affected.
	Coordination and collaboration
Limited collaboration and coordination is a barrier to get things done	Lack of *working groups* in place that ensure systematic communication and collaboration to remove bottlenecks in key aspects of tourism development. Coordination at federal level may be needed in some cases, but collaboration at regional and local level is also important to enforce regulations, foster smart planning and product development, and monitor performance. Coordinating existing resources and funding, instead of working as independent silos, would be an efficient way to close gaps and get more things done. Organisations that are/should be key enablers in the tourism value chain need a more integrated approach to tourism. MoCT, ETO and the Regional Culture and Tourism Bureaus should take the lead and foster involvement of relevant stakeholders and partners. Further involvement of the private sector is needed in all cases.
Weak private sector associations	Hotel owners association in Addis Ababa is strong, but outside Addis there are only incipient hotel associations in some areas. Two tour operator associations, both rather weak. No national federations of hotels or incoming operators. Associations of local guides were formed in many destinations with the aim of creating job opportunities for youth but tend to offer poor services, harass tourists and force incoming operators to pay for services not provided. Stronger associations are important to support private sector development, improved business environment, further collaboration with public sector organisations, and improved visitor experience.
	Financing
No guaranteed funding adapted to tourism SMEs	Many small entrepreneurs and already existing tourism SMEs struggle to get funds to start or improve their business. Lack of understanding of the tourism sector and of the type of investments needed do not help. For example, banks prefer to finance concrete constructions rather than an ecolodge or lighter facilities. Required guarantees are also a barrier.
Need to create funding mechanisms to support tourism development	Allocation from government budget to tourism cannot cover what is needed to achieve impact and bring meaningful transformation. Alternative sources of recurrent funding are needed and the opportunity of introducing a bed levy and creating a Tourism Fund was assessed some time ago but has not been implemented yet. In the meantime, Ethiopia is lagging behind while competition intensifies, and tourism grows in a disorderly fashion. Protected areas and heritage sites need to improve mechanisms to obtain income from the tourism activity that could be reinvested in conservation and visitor management. Concessions and other PPP arrangements are needed to bring necessary funding, marketing and operational skills. Properly set up, these initiatives would also benefit local communities and improve visitor satisfaction.

Element 4. Possible interventions in the Value Chain to increase tourism from EU markets to Ethiopia

11. What CBI can do to support a more competitive and sustainable tourism value chain in Ethiopia

Based on the opportunities and challenges listed in the previous chapter, the key opportunities for the CBI to add value to the tourism value chain in Ethiopia are:

1. **To foster a proactive and more professionalised commercialisation and sales effort by incoming operators, targeting strategic segments of the leisure market and higher-spending tourists in the main European markets**. By taking advantage of the current growth of European visitors in Ethiopia and the positive market outlook, and following the priorities defined by the Marketing and Branding Strategy this should contribute to:
    - more professional incoming operators with improved capacity to approach and develop lasting business relationships with the European travel trade;
    - higher visitor numbers with more diversified travel motivations (segments);
    - better distribution of tourism flows through the year and across Ethiopia (beyond the most popular destinations).
2. **To support existing small tourism service providers to upgrade the quality of their services and management practices.** They are key actors in the tourism value chain who are in contact with visitors and have an impact on the quality of the travel experience as well as the perceived value for money. They all need support to provide services up to international standards. Improved services and management will positively impact tourist satisfaction and business results.
3. **To foster improved conditions to direct investment and tourism flows to less developed regions**. Accommodation of higher standards will make it easier to attract higher-spending tourists and foster increase in exports. Thus, fostering coordination to capture and direct investments where they are needed is expected to contribute to increased capacity to receive tourists, as well as improved distribution of tourism flows, tourism jobs and income throughout the country. The CBI could also contribute to a more competitive and sustainable tourism product by providing very focused support to improve destination/product development in unique areas with high potential for European tourism.
4. **To promote sustainable practices among incoming operators and the tourism industry at large**. This is to respond to the increasing interest in sustainability among European outbound operators and their customers. From the supply side, sustainable practices will allow further growth of tourism safeguarding natural and cultural resources which are key attractions for tourism and national assets. Providing technical assistance to improve visitor management and sustainable tourism operations in key natural and heritage sites will also support sustainable tourism development (including new opportunities for SMEs to provide services).

In general terms, to differentiate the project and achieve higher impact, the following approach is recommended:

- Focus on a few activities with more in-depth work leading to some practical impact. Given the size of Ethiopia a narrow focus is also advisable for activities requiring field work.
- Design project activities (at least some of them) in a way that they can add value to the tourism value chain beyond the project scope.
- Focus on existing tourism service providers, mainly accommodations and food and beverage services (restaurants and cafes) that are the main suppliers of the incoming operators. Most projects pay little attention to supporting small entrepreneurs who are already in business in the buffer zones of protected areas and in service hubs along the tourism routes. Developing a system to train and coach them would be an excellent complement to the job done by CBI with the incoming operators. Those SMEs generate many jobs and it is advisable to work at company level, as it will allow reaching the management as well as the staff that need skills training (food preparation and service).
- Regarding institutional development, involve relevant federal and regional public organisations that support and enable the tourism value chain in the different project activities, with a focus on fostering collaboration and achieving practical progress rather than providing typical training in a classroom setting.
- Foster synergies among project activities.

The specific activities that could be financed by a CBI project are listed and explained in the tables below.

1. **To foster a proactive and more professionalised commercialisation and sales effort by incoming tour operators targeting strategic segments and higher-spending tourists in the main European source markets.**			
WHAT	**HOW**	**WHY**	**EXPECTED RESULTS**
Foster export readiness among incoming operators	**Provide training to incoming operators** to improve their capacity to develop and market the type of travel 'experiences' that European customers expect and are ready to pay for. Improve their knowledge and understanding of European markets including, among others: differences by geographic markets, market segments, buyers' profiles and habits, product requirements, commercial channels, pricing, communication and product presentation; how to prepare and follow up attendance to trade shows; how to approach, negotiate and establish lasting relationships with travel trade partners in Europe; online marketing. Combine group training in collaboration with the professional associations (broader impact), with more specific coaching provided to selected incoming operators (give priority to specialised operators or those with potential to develop new markets)	By packaging and selling to the international market – directly or through commercial channels – incoming operators are the key actors in the export activity, selling many services provided by a variety of SMEs countrywide. Improving their skills and performance will lead to an increase of European visitors. A better understanding of market opportunities and trends will improve market/product match and a create a more efficient sales effort. Building capacity will not only help to seize the opportunity in the EU markets, as it will also contribute to address the challenge of a lack of skills and professionalism.	Incoming operators in a better position to convey trust and establish business relationships with European tour operators and customers. More proactive and effective sales effort. Reduced competition on price, higher value-added products. More EU operators offer a more diverse range of tours and activities in Ethiopia for travellers to choose from. Stronger and more competitive incoming operation businesses in Ethiopia with improved growth perspectives. These will contribute to higher number of European visitors with more diversified travel motivations and higher expenditure per visitor/day.
Promote B2B networking between incoming operators and outbound operators in the European markets	Support effective **participation by selected incoming tour operators in specialised trade shows** in Europe. Assist in **designing a travel trade event in Addis aimed at promoting B2B contacts** between outbound European operators, incoming operators and service providers (i.e. lodges). Create event concept and brand (i.e. The Travel Merkato or Destination Ethiopia). Combine B2B with fam trips. Airlines, hotels and incoming operators should contribute with in-kind services and logistics. (*) Provide technical assistance for the **implementation of the first edition of the B2B event**. Monitor results and make suggestions for improvement in future editions.	Exposure to specialised tradeshows abroad will contribute to a better understanding of the benefits of targeted promotion and specialisation. A well-conceived B2B event in Ethiopia will help reach and capture the interest of operators from different European markets in a single event. Higher contribution from private sector is expected than in trade shows abroad. A larger number of Ethiopian tourism professionals will have the opportunity to establish links with the markets without the limitations of travel (time, foreign currency and visas).	More European operators get to know what Ethiopia has to offer, **including options during the rainy season,** and have opportunities to experience the product first hand. New agreements between incoming operators and outbound operators. More outbound operators offering tours to Ethiopia in the European markets with more diversified tours on offer. **The tourism industry will have a model to be replicated** as the B2B event can be the basis for a recurrent event that could evolve to include new target markets, focus on specific segments, etc.

WHAT	HOW	WHY	EXPECTED RESULTS
Strengthen the incoming operators associations	**Technical assistance:** provide benchmarks, prepare/update strategic plans, update requirements for membership, improved services to members, identification of income sources, branding and communication including online channels. Foster collaboration among the two existing associations.	Stronger associations will be in a better position to foster professionalism, attract new members and improve their position as private sector counterparts of MoCT and other public sector organisations.	More proactive associations offer improved added value to their members, attract more members and have a positive influence on the development of competitive and sustainable tourism.

(*) **B2B event**. Many leading tourism destinations organise large events conceived to facilitate business contacts between local tourism suppliers and buyers from the markets. Kenya and Mexico are two examples of quite large events:

Magical Kenya Travel Expo
http://mkte.co.ke

Tianguis Turístico, México (Tourism Marketplace, *Tianguis* means market in one of the indigenous languages)
http://tianguisturisticomexico.com.mx/en/el-evento/acerca-del-tt-2018

Considering the limitations of the current tourism supply, Ethiopia should start with a smaller event, a sort of large workshop with pre-set B2B meetings combined with presentations (destinations and products) and fam trips. This is the way how the other events started. The CBI will help provide technical expertise to:

- come up with a well-conceived event with clear objectives and targets;
- careful selection of the outbound operators to be invited;
- define and provide support with the logistics required;
- work on a model for funding the event with private sector partners.

2. To support improved quality of services offered and management practices of existing small tourism businesses			
WHAT	**HOW**	**WHY**	**EXPECTED RESULTS**
Improve quality and competitiveness of existing tourism service providers	**PROVIDE TRAINING AND COACHING TO SMALL TOURISM SERVICE PROVIDERS** to improve the quality of services and their management skills. Target accommodation, restaurants and food service/cafes. Come up with a good concept for a sustainable training system with a wider/deeper reach than traditional short courses targeting service staff: — Develop the concept and the process to roll out training in the medium and long term. — Develop **training materials.** — **Train trainers from ALL regions in Ethiopia** (trainers from TVET centres and other tourism professionals). — Provide pilot training in a focused area. A good option could be **Arba Minch, a service hub in the South** that has a diversity of accommodations and restaurants and has received less support than other areas. The partner to roll out this training system could be CTTI, the national reference centre for TVET in tourism that has links with TVET centres in the regions. A good benchmark for this type of training is the MODERNIZA program developed in Mexico to improve the competitiveness of tourism SMEs in small historic towns and rural areas, away from the main coastal tourism destinations. (See Annex)	Tourism service providers are SMEs already in business, their service needs improvement and there is little or no support available to help them. Given the huge need to upgrade the quality of services and improve professional skills across Ethiopia, **the added value of the CBI project could be multiplied by designing training and coaching in a way that could be replicated in the future with local resources**, and by designing a sustainable mechanism to efficiently extend the training to the different regions. Train the trainer courses and the development of practical training materials would be key to facilitate a cascade effect. Owners/managers need support to understand international leisure travellers and improve managerial skills (quality service, safety and hygiene, training staff, costing, pricing and marketing, maintenance of facilities, etc.). Staff needs to acquire basic service skills.	System in place conceived to multiply training activities without CBI support. Training materials developed. Trainers all over Ethiopia 'certified' to implement training. Once the training is completed: — Staff has improved skills to provide good service to tourists. — Management practices have improved with a positive impact on HRD, service quality, sales and business results. Managers more aware of the standards needed to serve international tourists and increase income, to be taken into consideration in new investments.

3. To foster improved conditions to direct investment and tourism flows to lesser developed regions			
WHAT	**HOW**	**WHY**	**EXPECTED RESULTS**
Foster collaboration to capture investment in accommodation for leisure tourists	Set up a **WORKING GROUP AIMED AT IMPROVING THE CAPACITY TO ATTRACT AND CAPTURE INVESTMENT** in tourism accommodation targeting the leisure market. Key stakeholders that should be involved are: EIC, ETO, EWCA, Regional Culture and Tourism Bureaus Support has to be practical and go beyond the analysis of problems and the identification of what needs to be done, pushing to achieve some progress in the implementation of actions needed. Information could be made available to embassies of EU member states in Ethiopia that provide information to investors in their countries about investment opportunities.	More accommodation of international standards is needed in order to attract more leisure visitors from Europe and other markets, extend the average length of stay, and increase expenditure. The EIC has already identified some less developed areas where additional investment incentives are offered. However, opportunities are lost when potential investors approach the EIC, the ETO or the regional governments and no proper mechanism is in place to assist them and channel investments towards priority areas and specific types of projects. Higher accommodation capacity will improve the business opportunities for incoming operators, as well as other local businesses and communities serving tourists in the destination areas.	Improved information available to potential investors through official websites and written documents. Portfolio of projects (location, land available, type of project, special incentives). Procedure in place and definition of responsibilities to assist potential investors and to proactively search for investors. Create awareness about other investment opportunities that would contribute to diversification and innovation of the tourism product. Higher success rate in converting potential investors in actual projects.
Foster competitive and sustainable product development in selected areas	Support product diversification and/or improved tourism operations in key destinations of interest to European markets, with high potential for new products or at risk. **It is suggested to focus on Danakil/Afar: ORGANISING A WORKING GROUP AIMED AT SUPPORTING MORE COMPETITIVE AND SUSTAINABLE TOURISM DEVELOPMENT IN THE AREA.** Involve relevant regional and local stakeholders and incoming operators.	Afar region has iconic natural landscapes and geological features that are world-class tourism attractions. Tourism flows are small but increasing and the peace with Eritrea is expected to remove safety concerns in this area near the border, attracting more visitors. Spontaneous and erratic procedures and charges imposed by a few local leaders hamper the performance of the incoming operators and negatively impact the customer experience. This region has been left out of the tourism development activities and training, and the lack of knowledge and understanding of the tourism activity limits the options for locals to benefit from tourism while the environmental impact is already significant.	Clear procedures for tourism operation defined and adopted, including sustainable practices. Opportunities for local people to benefit from tourism identified and organised. Improved coordination mechanisms with incoming operators in place. Quality of service improved (within the limits of available facilities), improved experience for all (visitors, incoming operators, tourism service suppliers and local communities). Opportunities for investment in accommodation of international standards identified and communicated. Plan in place to protect the area as unique landscape.

4. To promote sustainable practices among incoming operators and the tourism industry at large			
WHAT	**HOW**	**WHY**	**EXPECTED RESULTS**
Improve awareness of the importance of sustainable tourism development and introduce Travelife certification	**ORGANISE AWARENESS CAMPAIGNS AND WORKSHOPS** targeting various stakeholders. Showcase existing good examples in Ethiopia and internationally. Collaborate with the Tourism Media Forum established by MoCT (media professionals covering tourism). **INTRODUCE TRAVELIFE CERTIFICATION FOR INCOMING OPERATORS** and foster adoption of sustainable practices.	To respond to the increasing interest in sustainability by European outbound operators and their customers. Sustainable practices will allow further growth of tourism safeguarding natural and cultural resources which are key attractions for tourism and national assets. Adoption of sustainable practices by incoming operators will have a cascade effect on other tourism service providers.	Improved understanding of certification schemes and assessment of opportunities for their introduction in Ethiopia. Incoming operators certified by Travelife Operators engaged in certification process. More sustainable operations improve the travel experience of most European tourists, and have a positive impact on the destination image.
Improve visitors management and sustainable tourism operations in natural and heritage sites	**SET UP A WORKING GROUP TO SUPPORT EWCA TO ESTABLISH GUIDELINES FOR TOURISM OPERATIONS IN PROTECTED AREAS** (with ETO, incoming operators' associations, NGOs and donors working on conservation projects). **SET UP A WORKING GROUP TO IMPROVE VISITOR MANAGEMENT IN UNESCO AND HERITAGE SITES, INCLUDING IDENTIFICATION OF OPPORTUNITIES TO CREATE ECONOMIC ACTIVITY IN AND AROUND THE SITES.** Provide benchmarks and guidelines and foster coordination, options for sustainable financing (concessions, sponsorships, etc), identify options for sustainable practices in heritage sites. Selected officers from regional governments, MoCT and ETO should also attend.	Current operation of tourism in protected areas needs to be improved in coordination with incoming operators. Most heritage sites are managed by regional governments, without coordination. The sites lack facilities for visitors and people in charge lack understanding and skills to generate income and jobs within the sites and around them.	Incoming operators adopt sustainable practices in protected areas. Sustainable practices in protected areas contribute to improved relationships among local communities, tour operators, guides and visitors. EWCA is in better position to enforce sustainable tourism in protected areas. Improved awareness at ARCCH and Regional Tourism and Culture Bureaus of how to improve visitor management and how to generate income from heritage sites.

WHICH AREAS COULD CBI FOCUS ON?

Only very targeted activities are recommended, but they should be examples to introduce change in the approach to tourism development in Ethiopia.

a. *Pilot area for training small tourism service providers: Arba Minch in the South*

As mentioned in chapter 8 , the town of Arba Minch is a service hub in the Southern Route and the Nechsar National Park is nearby. The area has received less attention from tourism development projects than other destinations in the North and, as it has a critical mass of tourism businesses, it could be a good place to test and fine-tune the training system as part of the CBI project.

b. *To foster improved conditions to direct visitor flows to lesser developed regions: focus on the Danakil/Erta Ale (Afar Region)*

The Danakil/Afar was mentioned by most incoming operators contacted during the field trip as an area with great potential but in urgent need of more organised and sustainable tourism activity. The ETO is currently working there to improve some basic tourism facilities but **a more integrated approach is needed to ensure competitive and sustainable tourism development in the short, medium and long term**.

Tourism operations are currently organised based on the views of a few local leaders who have no training, exposure or proper understanding of tourism activity, but who get personal benefit by imposing on incoming operators and visitors what can only be considered as 'bad practices'. This fact may result in reluctance to change the current *modus operandi*. However, **if no action is taken before the number of visitors increases, the potential of this unique resource will be seriously compromised, and there is a need to introduce more dignified and meaningful ways for the local communities to benefit from tourism combined with conservation measures and sustainable practices that ensure the protection of the iconic natural resources** (Dalloll geothermal field, Erta Ale volcano, salt flat, Lake Afdera).

The CBI would add value by creating awareness of the potential of the Danakil/Afar as a great adventure destination among the regional government of the Afar region and local community leaders, providing examples of what it takes to make it happen, and offering technical assistance to come up with improved procedures to handle tourism flows in the short term with a triple objective:

- improving opportunities for local people to benefit from tourism (where, how and for what, charge operators and tourists as well as opportunities to offer new services);
- reducing the current negative environmental impacts;
- improving the travel experience for tourists (safer, less hassle, cleaner environment, better services).

These will, in turn, help to attract more visitors, offering more jobs and income opportunities for locals.

The national associations of tour operators should be involved, as well as the operators based in Mekele, as they are the ones that take tourists to Danakil. Mekele is the capital of Tigray, a different region from Afar, but it is an important gateway for travel to Danakil for those traveling by air as the city has an airport and a variety of accommodations. For that reason, Mekele should be considered in any plan to develop tourism in Danakil and key stakeholders there should be involved (i.e. Tigray Regional Culture and Tourism Bureau).

OPPORTUNITIES FOR COLLABORATION

a. *With PUM (Netherlands Senior Experts)*

PUM could make an important contribution to the shortage of trained professionals for the hospitality industry in Ethiopia by:

- **Providing train the trainer courses to the faculty of the Catering and Tourism Training Institute (CTTI)** based in Addis Ababa. It is a centre under the Ministry of Culture and Tourism. Through the CTTI, extend the training to trainers working in training centres in the main tourism destinations across Ethiopia. To this end, PUM should sign a MoU allowing for continued support that could also include advice to improve the organisation and management of the centre.
- **Signing agreements with hotel associations in the regions to provide group training**. PUM already has a successful long-term cooperation agreement with the Hotel Owners Association in Addis Ababa where they provide regular group training in different areas of hotel management and operation combined with visits to hotel facilities. The model could be extended through agreements with hotel associations in the regions, **giving priority to places with high potential for European leisure tourism**. Special attention should be given to training owners/managers of small accommodations as well as middle managers that can have a multiplier effect by providing on-the-job training and coaching to their respective teams.
- **Coaching individual hotels targeting the leisure market in priority areas**. Some basic criteria should be prepared, and eligible hotels would be invited to apply for support. This type of assistance usually takes two weeks and the hotel provides accommodations and meals. Considering that some hotels are small, it would be useful to find ways to provide personalised assistance to more than one company in the same trip (i.e. by shortening the time dedicated to each of them or concentrating on specific management or operational areas. In that case the method to fund the expenses of the trainer should be adapted).
- **In addition, PUM could provide ad-hoc support for tourism destinations** (i.e. urban planning).

https://www.pum.nl

b. *With Technical and Vocational Training Center at Nicolas Robinson School (Mekele)*

This educational centre that has recently started offering TVET courses for hospitality professions has received support from PUM and could be a partner to roll out the training system for small service providers in the North.

http://www.rainbows4children.org/index.php/what-we-do/nicolas-youth-adult-learning-centre/

c. *With GIZ, NABU and the Frankfurt Zoological Society (German Cooperation)*

These organisations have worked in Ethiopia for some time and are involved in the protection and improved management of natural resources. They could collaborate on the organisation of awareness campaigns regarding sustainability and could be involved in the definition and implementation of guidelines for tourism activities in protected areas. They could bring technical expertise and maybe collaboration opportunities with the activities in their work plans, but in principle, they will not contribute funds. Collaboration terms should be defined in Memorandums of Understanding.

https://www.giz.de/en/worldwide/336.html

https://en.nabu.de/projects/ethiopia/index.html
https://fzs.org/en/projects/bale-mountains-conservation/

d. *With the African Wildlife Foundation (AWF)*

AWF provided financing for the Bale Mountains Lodge and it is also working to improve the management of the Simien Mountain National Park. Among other activities in the Simien, they have produced a plan for tourism development in the park. As it is suggested for the German cooperation, they could collaborate on the organisation of awareness campaigns regarding sustainability and could be involved in the definition and implementation of guidelines for tourism activities in protected areas (each organisation works in a different areas).

https://www.awf.org/landscape/bale-mountains

MAIN RISKS FOR A CBI PROJECT FOCUSING ON THIS VALUE CHAIN

Given that the current government is not elected, elections to the federal parliament are expected to take place in 2019. They may probably entail changes of ministers and top-level officers in the government, including the Minister of Culture and Tourism, State Minister of Tourism and probably the CEO of the ETO.

In that scenario, it is unlikely that a CBI project supported by the private sector will not get support from the new high-level officers. However, some delays may be expected. In order to mitigate this risk, the implementation calendar should take into consideration key dates, and a presentation of the project to the new officers should take place soon after they take office. Additionally, private sector associations should send formal letters to the new high-level officers making clear that they support the project.

Another risk is the slow decision-making process within public organisations in Ethiopia and the lack of implementation capacity. Considering that the project will require hiring specialists and consultants with clear terms of reference, public institutions may need to be pushed to get things done timely as per work plans. On the other hand, some activities will require partnerships and collaborations with private sector players that are expected to be more active and committed than public sector organisations. For example, giving priority to implement training activities targeting the private sector would make it possible to achieve progress while the new government is in place.

ANNEXES

Annex 1: Stakeholders contacted during the field trip

FEDERAL GOVERNMENT ORGANISATIONS

Ministry of Tourism and Culture (MoCT)
State Minister of Tourism
Advisor to the Minister
Advisor to the Minister
Service Providers Licensing and Standardization Director

Ethiopian Tourism Organisation – Under MoCT
https://www.ethiopia.travel Official Tourism portal
Deputy CEO
Director Tourism Marketing
Director Product Development
Senior marketing tourism officer

Agency for the research and conservation of cultural heritage (ARCCH) – Under MoCT
Director Immovable Heritage Development Directorate (responsible for UNESCO sites)
Exhibition Display Officer (National Museum)

Ethiopian Wildlife Authority (EWCA) – Under MoCT
Directorate in charge of non-consumptive activities in protected areas (deal with tourism) / EMEPA Project

Catering and Tourism Training Institute (CTTI) – Under MoCT
General Director

Ethiopian Investment Commission (EIC)
Investment Promotion Director

Ethiopian Holidays
Department of Ethiopian Airlines selling travel packages to their destinations operated by incoming operators.
Team Leader Holiday Product Distribution
Team Leader Holiday Product Development

PRIVATE SECTOR ASSOCIATIONS – TOURISM SERVICE PROVIDERS

Ethiopian Tour Operators Association (ETOA)
About 200 members, the most established operators
http://ethiopiantourassociation.com
They organised a meeting with participants:

Managing Director/ Grand Holidays Ethiopia Tours (beneficiary of past CBI project)
Member of the Board

General Manager Source Awash Tour and Travel
Member of the Board

General Manager/ 13 suns Tours
Member of the Board

General Manager of ETOA

Society of Tour Operators in Addis Ababa (STOA)
33 members. In spite of the name, they operate countrywide.
http://www.stoa-ethiopia.org

Managing Director of Pleasure Ethiopia Tours and Travel
President of STOA
Organised a meeting attended by 11 members of the association:
Timeless Ethiopia, Aramu Tours, Isabella Tours Operation, Coffee Tours Ethiopia, Nightjar Tours, Faranji Tour Operation, Senait Ethiopia Tours, Daniel and Frey Tours, Direct Link Ethiopia Tour and Travel, Zersi Ethiopia Tour and Travel, Source Ethiopia Tours.

Addis Ababa Hotel Owners Association
President

Association of Hotel Professionals
Former member of the Board
(General Manager Inter-Continental Hotel Addis), recently appointed President

DONOR FUNDED PROJECTS/NGOs

Promoting Heritage for Ethiopia's Development (PROHEDEV) – EU-financed project
Team Leader technical assistance

NABU (German NGO)
Country Director Ethiopia

GIZ
Deputy Program Manager Biodiversity and Forestry Programme (BFP)
Team leader

PRIVATE SECTOR

TESFA Tours
Founder

JACARANDA TOURS
Manager
Vice President ETOA

Ethiopian Quadrants
General Manager

Ethio Cycling Adventures
Manager

Travel Ethiopia (Incoming operator)
Manager
Former President Ecotourism Association. This association is not currently operational.

Red Jackal Tour Operator
General Manager (beneficiary of past CBI project)

Zeigst Lodge (small hotel in Addis Ababa)
Owner/manager

Aladdin Restaurant (Addis) and Eco-Omo Lodge (Arba Minch)
Owner/manager

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http://www.kafa-biosphere.com

— Conservation and sustainable use of the last wild coffee forests in Ethiopia
https://en.nabu.de/projects/ethiopia/kafa/biodiversity/17155.html

Annex 3. The opportunity to get inspiration from Mexico to upgrade tourism SMEs

The programme MODERNIZA in México: an innovative approach to upgrading tourism SMEs and an excellent benchmark for Ethiopia

Both Mexico and Ethiopia are federal countries with a diversity of ethnic groups and languages and Ethiopia can certainly benefit from the experience of Mexico – the number-one tourism destination in Latin America and one of the leading destinations worldwide – in the development of human resources and micro, small and medium enterprises (MSMEs) in tourism.

One of the reasons why tourism is a strong contributor to economic development is the opportunity it opens up for many small service companies. On the other hand, the predominance of MSMEs is a limitation for competitiveness and profitability, as most businesses often start without any formal training. For these reasons, most governments support the development of MSMEs in tourism destinations through different instruments (training, business development service, access to finance, etc.).

The programme MODERNIZA[72] in Mexico (a name derived from the verb 'modernizar' for upgrading) is a proven example of how to improve the capacity and performance of tourism MSMEs. It could be considered as a hybrid between training and technical assistance and was designed by SECTUR, the State Secretariat of Tourism (federal), to obtain better results than traditional short-term training. The programme is being implemented in other countries in Central America as part of cooperation agreements.

- MODERNIZA was specially designed to upgrade small and micro enterprises in a developing economy where there was a big gap between the big hotel groups and tourism companies operating in the main coastal destination and those located in historic towns and rural areas.
- One key objective is to generate tangible results in the performance of the company in the short term. To do so, one element of MODERNIZA is to provide tourism MSMEs with the tools to improve business performance and financial results, increase customer satisfaction and enhance employee performance. The focus is on improving business competitiveness to provide quality tourism services and encourage a culture of continuous improvement based on modern leadership and management approaches.
- MODERNIZA helps MSMEs to incorporate effective tools and modern management practices in their day-to-day business operations. Thus, it focuses on owners/managers and through them reaches the whole staff. This approach was developed to overcome the problems encountered with training programmes that were mainly focused on service personnel without fostering change in management practices.
- The programme combines short in-classroom training sessions with personalised advice provided at the company premises.
- The whole programme follows a standard methodology and timeline allowing for standardised implementation across the country.
- The personalised advice is extremely useful for small companies that often encounter barriers to applying abstract concepts to their daily operations. The visits of the advisor allow for open discussion of the problems and lead to very specific recommendations to improve performance in the short term.
- Training and advice are provided by certified professionals: private consultants, experienced tourism professionals and public officers who attend a specially designed train-the-trainers course.

[72] http://www.sectur.gob.mx/es/sectur/sect_Programa_Moderniza

- The training provided by MODERNIZA is made available at a reasonable cost (the public sector subsidises part of it), allowing small companies to have access to technical assistance.
- SECTUR, in coordination with the Secretariats of Tourism of the Mexican States and certified consultants, promotes the programme and organises the groups of companies that will participate in MODERNIZA. For logistical reasons, a minimum number of participants is required in a given geographic area.
- Companies that complete the programme are awarded an emblem with the Modernisation Quality Programme 'Distintivo M', to be displayed at their respective premises. The M emblem endorses the use of best practice and also gets media coverage.

MODERNIZA was included as a best practice in the OCDE publication 'Quality Jobs for Tourism' (2015)

The report highlights the results achieved by MODERNIZA. A study measuring the impact of the programme showed that after training, MSMEs recorded a 42% increase in customer satisfaction, 32% increase in productivity and 25% increase in sales. Of the MSMEs certified, 64% were micro- and 29% small enterprises; while 44% were restaurants, 26% hotels and 11% travel agencies. In 2012 the Mexican State Secretariat of Tourism, through the Fund for Tourism Research, Development and Tech Innovation, conducted a study on human capital focused on competence-based qualifications of workers in the tourism industry. It showed that MODERNIZA has also proven to be successful in helping young graduates from tourism studies to actually reach the expected competencies required by the industry.