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The Regional Impact of Tourism Development in the Amhara Region of Ethiopia.

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Abstract

Tourism industry is one of the industries that has global dimension in its operation and delivery, even before globalization concept came to the fore front of academic discourse in the 1990s. Tourism is an international commodity which draws its patronage from the global market. The regional economic impact of Direct Foreign Expenditure (DFE) of tourists at a tourist destination has the potential of generating a quantum of multiplier effect in the regional economy of a country. This paper examined the economic impact of direct foreign expenditure of tourists within Amhara region of Ethiopia, to project the linkages between globalization and regional economic development through tourism.

Keywords

Globalization, Tourism Development, Direct Foreign Expenditure (DFE), Regional Economy

Introduction

The process of globalization between the end of twentieth and the wake of twenty-first centuries has significantly influenced the growth of tourism industry all over the world. Some elements of globalization include internet, computerization, world-wide webs, global cell phones; global cable networks radio and television receivers; satellite and remote sensors among others.

The consequences of globalization have brought about wider publicity of various tourist destinations and sites in different parts of the world. This also led to increase in the number of tourists to many of these destinations and the attendant increase in the direct foreign expenditure in such countries where tourist destinations are located.

Less developed countries of the world particularly in Africa are well positioned to benefit from the opportunities presented by the tourism industry if well developed. The climatic, physical

relief and biodiversity in Africa as well the rich cultural and natural sites provide the enabling environment to tap the economic potential provided by globalization effects on the tourism industry within the global market. Direct foreign expenditure by international tourists constitutes a channel of flow of income from other countries and other regions into the national and regional economy of the destination country within the context of globalization and regional economic development.

The objective of this paper therefore is to examine the economic impact of direct foreign expenditure of tourists within the regional economy

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Study Area

Amhara region is basically a rural region with 89 percent of its population in the rural areas while only 11 percent are urban dwellers. The region is quite homogeneous in terms of culture. The national regional language is Amharic but other major languages in the region include Awi, Oromo and Argoba.

Lake Tana, the source of Blue Nile a major tributary of River Nile which is the longest river in Africa. It lies at an altitude 1830 metres above sea level, with an average temperature in the range of 12- 180 centigrade and rainfall between 400- 2000mm, usually from June to September.

Bahir Dar has a population of 145,982 as at 2002, it is declared a special zone in Amhara region being the regional capital. It is the home of the Gojam tribe of Amhara and has witnessed rapid urbanization and physical expansion in recent time due to rural-urban migration.

Lake Tana, is one of the largest inland water lake in Africa with the total area of 3600 km² , stretching 75 kilometres North and South ,60 kilometres East-West and lying at about 1830 metres above sea level and having 14 metres maximum depth (Amhara, 2005).

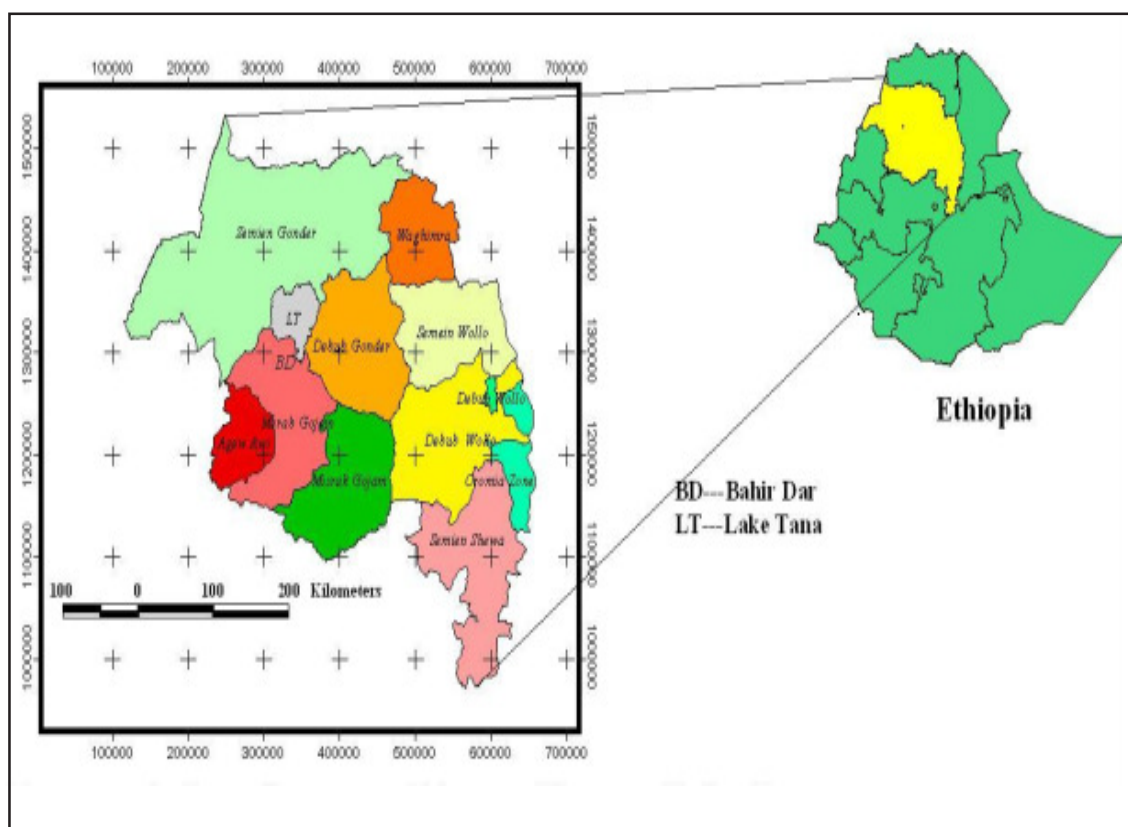


Figure 1 Amhara Region in Ethiopia showing Bashir Dar

Globalization, Tourism and Economic Development: A Review.

Globalization is the process of acceleration and intensification of economic, political, social and cultural relations across international boundaries. It implies the interaction and integration between the people, companies and governments of different nations. This process has effects on human well being (including health and personal safety), the environment, culture and economic development and prosperity of societies across the World. Agents of globalization are culture, information flow, capital and people. It aims to remove barriers that hinder development and free flow of people, capital, information, goods and services thereby making the whole world a single market. The free flow of information engendered by the new technology has significantly contributed to the development of tourism industry, in terms of wider publicity for tourists destinations and sites coupled with improved transportation network. This has led to increased patronage of such destinations across the World.

Tourism is defined as leisure industry; “which operates within capabilities for regeneration and future productivity of natural resources; recognizes the contribution of people and communities, costumes and lifestyles to the tourism experience; accept that these people must have equitable share in the economic benefits of tourism and guided by the wishes of the local people and communities in the host area” (WTTO and IHRA, 1999). Tourism environment therefore comprises of physical and human components. The physical component includes- landscape scenery, weather and climate, water and natural biodiversity of plants and animals; while the human component encompasses history, culture and tradition of the people, all these provide challenges and adventures for people.

Tourism has become an appealing sustainable economic development strategy for the Less Developed Countries in dire need of alternative source of foreign exchange earnings. Next to oil, tourism is the net foreign exchange earner at the international level. It is the highest employer of labour in the tertiary sector of the World economy and the second largest after agriculture. Tourism potential impact on the economy cut across several sectors to include- transportation, manufacturing, food processing and packaging, construction, trade and commerce and other ancillary services. It is an international commodity,

thus it has a global market from where it draws its patronage and there is no age barrier for its customers.

United Nations Environmental Programme (UNEP, 2000) identified a number of benefits of tourism. Some of which include the following:

Generation of foreign exchange and income for government and individuals, Generation of direct and indirect employment opportunities with greater multiplier effects, Encouragement of peoples participation at all levels, Engendering the development of public infrastructures (transport, electricity, water and health).

Tourism contributes significantly to environmental protection, the conservation and restoration of biological diversity (plants and animals) and sustainable use of natural resources.

It has the potential to increase public appreciation of the environment and to spread awareness of environmental problems when it brings people into closer contact with nature. This confrontation may heighten awareness of the value of nature and lead to environmentally conscious behaviour and activities to preserve the fragile environment.

Tourism is a “propulsive industry” as opined by the proponents of “Growth pole theory”- which is characterized by a large size, a high innovative ability and relatively rapid growth. Tourism is capable of transmitting growth and change. It attracts forces needed to sustain further growth and change with large matrix of multiplier effects (Ajala, 2007).

In the context of economic development paradigm, tourism has the potential of attracting direct foreign expenditure and investment capable of generating both “spread/trickledown” and “backwash/ polarization” effect (Myrdal, 1975; Hirschman, 1958) within and beyond the region where it is developed.

A direct economic impact of tourism industry is the multiplier effect of the direct foreign expenditure of tourists at various tourists destination. These include expenditure on accommodation, feeding, transportation, and Souvenirs. The expenditure on all these will generate the multiplier effect to stimulate the regional economic growth as spread mechanism. As income are generated through tourists expenditure, subsequent increase in income within the region will eventually bring about regional economic growth and development within its zone of influence (see Abiodun, 1982; Ajala and Olajuyin, 1996; Ajala, 1997). It is within this context

that this article examined the economic impact of direct foreign expenditure of tourists within the regional economy of Amhara Region, which is a major tourist's destination in Ethiopia.

Methodology

Data were collected from both primary and secondary sources. The secondary data were sourced from the published and unpublished records of Bureau of Culture and Tourism in Amhara Region, Ethiopia.

Primary data were collected by the use of structured questionnaire administered to tourists. The tourists are purposively selected; these are tourists that lodged in the identified standard hotels in Bahir Dar, the regional capital of Amhara region. The survey was conducted between October-November 2007. On the whole 177 tourists were interviewed on such variables that relate to their socio-demographic profile and expenditure patterns. The data generated was analyzed using simple descriptive statistical methods.

Results and Discussion

This section discusses the results of the analysis of the socio-demographic variables of the tourists and as well their expenditure pattern. The selected variables for discussion are pertinent to the understanding of the impact of Direct Foreign Expenditure (DFE) of tourists in the regional economy.

Tourist in the context of this article is a person who travels to any tourist destination, a non-permanent resident of the tourist destination, who depends on tourism facilities such as hotel accommodation, restaurants, local transportation etc.; for the period of stay in such destination. The expenditure made on such trip constitutes Direct Foreign Expenditure (DFE) to the region of destination irrespective of their Nationality.

Pattern of Tourist Flow

Tourist flow into Amhara region of Ethiopia is categorised into two: Domestic and International. Domestic tourists constituted Ethiopian nationals who travel to the region from other parts of the country, while International tourists are non-Ethiopian nationals from different parts of the World.

Table 1 and 2 showed the record of both domestic and international tourists flow for 2004 and 2005. There are four major tourists destinations in Amhara region, these are Lalibela, Bahir Dar,

Gondar and Debarq with various tourists attraction sites. The tables revealed that domestic tourists for the period were higher than International tourists. For instance, domestic tourists which were 116,213 in 2005 are more than double that of International tourists which was 45,428 in the same period. One important revelation from tables 1 and 2 is that there is no estimated revenue for domestic tourists. In Ethiopia, there is a policy of deliberate exemption of domestic tourists from payment of entrance fee at various tourists' sites. This policy is a motivating factor encouraging domestic tourists in the country.

The Bureau of Tourism in Amhara Region of Ethiopia identified a number of hotels and restaurants which accommodate international tourists at various destinations through which they got the record for the estimated revenue.

The estimated revenue from the record constituted Direct Foreign Expenditures being injected into the regional economy by the international tourists. In 2005 alone, 42,174,169 Ethiopian Birr equivalent of \$4,686,018 US Dollars was injected into the regional economy. This amount has potential multiplier effects cutting across several sectors of the regional economy.

The result of the 177 respondents revealed the pattern of tourists flow into Bahir Dar, a major tourist's destination in Amhara region of Ethiopia. As revealed in Table 3, 38% of the tourists were from Europe, which includes people from such countries as United Kingdom, Germany, France, Jamaica, Netherlands, Norway, Portugal, Spain, New Zealand and Holland. Other tourists were 12% American, 5% Australian, 3% Indian and 1% Chinese. Tourists from other African Countries accounted for 4.5%, while 35% of the tourists are from other parts of Ethiopia.

The purposes of tourists' visit to Bahir Dar also revealed that 61% of the respondents come purposely for tourism, 20% for training/ workshop programme, while the remaining 19% come for other reasons which include project inspection, meetings and conferences (see Table 3). Despite the variations in the purpose of visitation to the tourists' destinations, 96% of the respondents indicated they visited at least one tourist site during their period of stay in Bahir Dar (Table 3). Among the places visited are Lake Tana water front, Orthodox churches and Monasteries on Lake Tana Islands, Tsi-Abbay waterfall and the source of Blue Nile.

Socio-Demographic Profile of the Tourists

The socio-demographic profiles of the respondents revealed the background information of the tourists upon which the economic impact of their direct foreign expenditure at the destination can be assessed. Their age, gender, marital status, education and employment situation are factors that drive the expenditure pattern of the tourists. These influence their preference for hotel accommodation, restaurant patronage and the type of souvenir purchased.

Table 4 showed some of the socio-demographic variables of the tourists used for the study. The table revealed that 61% of the respondents were male and 39 % female; their age groups were between 18 and 60 years, 68% of the tourists were between 21 and 40 years age, 15% in the 41-50 years age group, and another 14% were above 50 years. Those below 20 years age group constitute 3% of the tourists. This confirms the assertion that there is no age barrier for participation in tourism; however age has a strong influence on the choice of activities at tourist's destination.

The table also showed that 45% were singles, 46% married, 4.5% widowed or widower, and 4% either divorced or separated. The education status revealed that 32% were second degree holders, 25% first degree, about 23% with diploma, 12% PhD holders and 8% with either grade 12 or Secondary School Certificate. The employment status also showed that about 37% of the tourists were working for international organizations, 33% self employed, 25% civil servants and 4% were students.

Tourists Expenditure Pattern

The tourists expenditure patterns on various tourists' services enjoyed during their stay in Bahir Dar are shown in Table 5. A major determinant of total expenditure of any tourist is the number of days spent in a tourist's destination. Table 5 showed the pattern of periods of stay of the tourists: about 61% of the tourists spent between 2-4 days in Bahir Dar, 12% spent 5-6 days, 13% spent more than 1 week particularly those that come for project inspections and workshops. Only 6% of the tourists spent just a day in Bahir Dar.

Table 5 also revealed the patterns of financial responsibility for the trip. Of the 177 tourists, 57% pay for their own trip while 43% were sponsored by either their employer or organizers. Table 5 also revealed the pattern of

expenditure as it relates to hotel accommodation, feeding, entrance fee at tourist's sites and amount spent on souvenirs. The expenditure made on all these and other things such as local transportation within the tourists' destination, the inter-city travels particularly from the national capital (Addis Ababa) to various cities in the country constitutes the Direct Foreign Expenditure (DFE) within the regional economy.

An analysis of the total expenditure of the 177 tourists used for this study revealed that for their stay in Bahir Dar within the study period, an estimated amount of 238,250 Ethiopian Birr which is equivalent of \$ 26,472 US Dollars were spent (see Table 5). This constitutes the DFE in the regional economy with direct effect in hotel businesses, restaurants, souvenirs transportation and income to regional government through entrance fee at tourist's sites and taxes paid by hotels. It also has indirect multiplier effect in other sectors such as commerce and agriculture that supplies materials to hotels, restaurants and ancillary services to tourists.

Conclusion

This study has examined the regional economic impact of tourism development in Amhara region of Ethiopia. The example from Bahir Dar, Ethiopia indicated that tourism development is a strategy to attract Direct Foreign Expenditure in to the developing countries and it has the potential to stimulate regional economy and generate multiplier effects of high magnitude. For instance, the expenditure made by the tourists' flow through the regional economy even to the rural farmers supplying agricultural products to the markets where hotels get there supplies. Thus, a well developed tourism industry, has the potential to generate quantum of capital to propel regional economy.

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Table 1- Domestic Tourist Flow 2004-2005

Locations	Number of Tourists	
	2004	2005
Lalibela	71,361	65,124
Bahir Dar	14,743	34,140
Gondar	32,516	16,442
Debark*	424	507
Total	119,044	116,213

Source- Bureau of Culture and Tourism Record 2007

*Simen National Park

Table 2-International Tourist Flow and Estimated Revenue 2004-2005

Locations	Number of Tourists		Estimated Revenue (Birr)	
	2004	2005	2004	2005
Lalibela	18,320	18,170	17,880,320	19,550,920
Bahir Dar	9,243	12,969	9,700,167	10,317,729
Gondar	12,289	8,777	9,764,531	9,218,083
Debark*	4,650	5,512	2,840,714	3,087,437
Total	44,502	45,428	40,185,732 (\$4,465,081)	42,174,169 (\$4,686,018)

\$1 US Dollar =9 Ethiopian Birr (Official rate as at October 2007)

Source- Bureau of Culture and Tourism Record 2007

*Simen National Park

Table 3 Nationality and Purpose of Visit of Tourists

Demographic Variables	Frequency	Percentage
Nationality		
American	22	12.43
European	68	35.02
Australian	9	5.09
Indian	6	3.39
Chinese	2	1.13
Other African	8	4.52
Ethiopian	62	35.02
Total	177	100
Purpose of Visit		
conference	4	2.3
Meetings	13	7.3
Project Inspection	17	9.6
Workshop	13	7.3
Training	22	12.4
Tourism	108	61
Total	177	100
Visit to Tourist Sites		
Yes	170	96
No	7	4
Total	177	100

Source: Author's Fieldwork, 2007

Table 4 Demographic Profile of the Tourists

Demographic Variables	Frequency	Percentage
Sex		
Male	108	61
Female	69	39
Total	177	100
Age		
<20yrs	6	3.4
21-30 yrs	62	35
31-40yrs	58	32.8
41-50 yrs	27	15.3
>50 yrs	24	13.6
Total	177	100
Marital Status		
Single	80	45.2
Married	82	46.3
Widowed/Widower	8	4.5
Divorced	3	1.7
Separated	4	2.3
Total	177	100
Educational Status		
Grade 12/School Certificate	14	7.9
Diploma	40	22.6
1st degree	44	24.9
2nd degree	57	32.2
Ph.D	22	12.4
Total	177	100
Employment		
Self Employed	59	33.3
Civil Service	45	25.4
International Organization	66	37.3
Student	7	4
Total	177	100

Source: Author's Fieldwork, 2007

Table 5 Tourists Activities and Expenditure Pattern

Variable	Frequency	Percentage
Total Number of Days Spent		
1 day	11	6.2
2 days	46	26
3 days	40	22.6
4 days	21	11.9
5 days	14	7.9
6 days	7	4
1 week	15	8.4
More than 1 week	23	13
Total	177	100
Who is Responsible		
my employer/organization	47	26.6
organizer/ sponsor	29	16.4
myself	101	57
Total	177	100
Price of room per night		
10-50 birr	23	13
51-100 birr	40	22.6
101-150 birr	50	28.2
151- 200 birr	26	14.7
>200 birr	38	21.5
Total	177	100
Average price per plate of food		
10- 50 birr	154	87
51-100 birr	22	12.4
101-150 birr	1	0.6
Total	177	100
Expenditure on souvenir in Birr		
None	42	23.7
10-250 birr	92	52
251-500 birr	30	16.9
501-750 birr	5	2.8
751-1000 birr	5	2.8
1001- 2000 birr	3	1.7
Total	177	100
Entrance fee at Tourist Sites		
None	39	22
10-50 birr	102	57.6
51-100 birr	30	16.9
101-150 birr	1	0.6
151-200 birr	5	2.8
Total	177	100
Total expenditure in Bahir Dar		
Average per person (Birr)	Frequency	Group Total Expenditure (Birr)
375	11	4,125
625	40	25,000
875	51	44,625
1,500	48	72,000
2,500	13	32,500
4,000	10	40,000
5,000	4	20,000
Total	177	238,250 (\$26,472)

\$1 US Dollar =9 Ethiopian Birr (Official rate as at October 2007)

Source: Author's Fieldwork, 2007