

INTEGRATING MULTI-MODAL TRANSPORT SERVICE PROVISION IN TOURISM CLUSTER DEVELOPMENT IN ADDIS ABABA

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ABSTRACT

Tourism is one of the world's largest contributors to national incomes. It is actually predicted that the industry would be one of the fastest growing sectors in the twenty first century. Annual international tourist population is predicted to grow to about 1.5 billion by 2020 as compared to 70 million in the last four decades. Generally tourism contributes immensely to global economic development. However the industry demands affordable, comfortable and well integrated movement of people. Therefore the role of well planned transport systems cannot be overemphasized. In Ethiopia the remarkable potential for growth in the sector prompted the government to invest in tourism cluster development in major attraction areas, including Addis Ababa. While these efforts are quite noble, the transport system is still not well developed to meet the demands associated with a vibrant tourism industry. The Ethiopian Airlines' enjoys an excellent global reputation, which must be complimented by investment in other modes. This paper analyses the current government policy framework on tourism and the extent to which the transport sector is being integrated. It further evaluates the current challenges being encountered and the existing opportunities that could be utilized for the development of the tourism clusters.

1. INTRODUCTION

Ethiopia is not only the third most populous country in Africa but also one of the poorest countries in the world (Mulugeta et al. 2004). Its GDP per capita in 2000 was projected at approximately US\$118 (IBIS, 2005). The country's level of urbanization is also judged to be one of the lowest in the world, although its rate of urban growth has been remarkably high over the past few years. The Central Statistical Authority (CSA) projected that the country's urban population is growing at an annual rate of about 4.3 percent, although some scholars and experts have come up with different estimates. Overall, the implication is that the country's level of urbanization is less than half that of the rest of the African continent

In 2003 urban areas were contributing 55 percent of GDP in Ethiopia, with about 45 percent coming from the rural sector (MoFED, 2006). The situation in Ethiopian is not comparable to the average situation in Sub-Saharan Africa (85%) and other low-income countries (75%). However, there are significant improvements largely attributable to the development of a balanced urban system that offers opportunities for improving market integration, facilitating exchanges, division of labor, and diversification. This deliberate approach was adopted after the government had realized that cities were better placed for economic and efficient service delivery and acted as potential growth poles as well as focus areas for poverty reduction.

Poverty alleviation in Ethiopia is one critical area. This is against the background that generally Ethiopian urban centers are characterized by poorly developed economic bases, high levels of unemployment and high incidences of chronic poverty particularly among the slum dwellers. Mulugeta et al. (2004) noted that between 70 and 90 percent of the built up areas of the major cities are considered as slums. Unemployment is also estimated to be well above 20 percent while deprivation levels are such that over 40 percent of the population lives below the poverty line.

It is against this background that the Ethiopian government has prioritized poverty alleviation, employment creation and economic growth through the cluster development strategy. Tourism is one sector that has been earmarked for these deliberate efforts. The government has identified a number of attraction centers as well as existing hotels and other sites that could be developed. While such efforts are quite noble, particularly given the country's remarkable potential, it is equally important to recognize the complexities associated with developing a vibrant tourism sector. A well planned and integrated transportation system is a critical prerequisite for such an industry. This paper analyses the current efforts and the extent to which the transport sector is being integrated.

2. CONCEPTUAL FRAMEWORK

The role played by tourism in economic growth and poverty alleviation cannot be overemphasized. It has become a reality that tourism is one of the world's largest contributors to national incomes. The industry has actually been predicted to be one of the fastest growing sectors in the twenty first century with annual international tourist population being estimated to grow by over 2000 percent between the 1960s and the year 2020 (Sorupia, 2005).

While the above is true, the sector demands a lot of investment to make the tourism package complete. Among other things there is a critical need for an affordable, comfortable and well integrated transport system that promotes unhindered mobility and accessibility. Transport and tourism are actually inseparable. The former is a central part of the tourism industry. In fact the growth of the latter has largely been attributed to developments in the transport sector, in addition to transformations in work places and innovative marketing strategies. Sorupia (ibid) acknowledged this fact by noting how the world has been literally shrunk by the advent of the aircraft, ship and motor vehicle. Even what were traditionally considered remote and inaccessible destinations are now hosts to tourists from across the globe.

Transport management forms an integral part of tourism management. This is so in the light of the disbenefits associated with tourism. Iskeep (1987) as quoted by Sorupia (ibid) noted that most tourist attractions are found in ecologically fragile and sensitive environments such as small islands, reefs and desert oases. An influx of tourists, related infrastructure and vehicles may have serious detrimental impacts to these environments. This calls for a comprehensive preservation and management program, of which transport is an integral part. The cluster development approach is a grand program within which such management strategies can be formulated, implemented, monitored and evaluated. In Ethiopia the National Airline enjoys an excellent global reputation, which if complemented by investment in other modes can contribute a lot in the development of the tourism industry.

2.1 Cluster Development Concept

Major success stories have been experienced in cluster-based industrial development both in developed and developing countries (Otsuka: 2007). It is against this backdrop that the role of cluster development in economic growth and poverty alleviation cannot be overemphasized. While clusters are considered a more preferred investment strategy, they also exhibit a number of challenges. A cluster has been defined differently but in related ways by different authors (Ceglie et al.1999; Hansen, 2007; Otsuka, 2007; Porter, 1990; Schmitz: 1992). The most comprehensive of these definitions was given by Hansen (2007). He defined a cluster as *“a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities”*.

Clusters provide a number of growth opportunities, mainly through allowing associated enterprises to overcome transaction costs associated with cheating, fraud, as well as capital, skills, technological and markets constraints (Otsuka: ibid; Hansen, ibid). In that way a cluster minimizes problems of market failure. A particular cluster exerts some level of attraction on suppliers, marketers, distributors, users, financiers and service providers. Clusters permit enterprises to grow and compete among themselves by promoting effective knowledge and technology diffusion and product specialization. This is very critical in leveraging local comparative and competitive advantages as well as fostering production value chains and achieving collective efficiency. They also provide the necessary opportunity for vertical and horizontal linkages among producers, consumers and supportive service providers. Clusters also promote activity linkages which are necessary for stimulating innovation (Zeng, ibid).

Otsuka (2007) pointed out that there are two main types of clusters. The first type is that which is mainly constituted by a large group of micro and small-to-medium scale enterprises. A similar type is one comprising of related enterprises, such as the tourism clusters of Guyana, which encompass eco-resorts, hotels, tour operators, travel agents, transportation businesses, and handicrafts (ECG et al. 2005). The other group, which is the pyramid type comprises of one major assembler, many sub- assemblers and even more sub-sub assemblers. Studies by the World Bank (2006) indicated that clusters develop from different sources. Out of these sources, Zeng (ibid) categorized clusters into two major groups, i.e. those that are a result of spontaneous agglomeration and those that are a result of deliberate government policies and interventions. Generally, cluster development is associated with natural resource endowments which provide the necessary comparative and at times competitive merits e.g. cut flowers cluster in Kenya and fishing cluster of Uganda. They are also associated with proximity to major markets (Otigba computer village of Nigeria, Suame cluster of Ghana and Kamukunji cluster of Kenya), local entrepreneurship tacit knowledge and skills (Nnewi auto parts cluster of Nigeria), as well as market push and limited government intervention (Peerboom et al. 2003; Zeng: ibid).

Despite the above mentioned merits, the associated opportunities do not just sprout automatically. Instead clusters also experience a myriad of challenges. These include problems emanating from the increasingly knowledge-intensive global economy, technological developments, natural resource depletion, infrastructure and service demands and human resources capacities. There are also challenges associated with weak linkages between businesses and knowledge institutions. For instance, the Otigba Information and Technology cluster firms' skills demands were beyond what Nigerian educational and training institutions could produce. Other challenges have to do with weak and inadequate government and institutional support as well as resource depletion and failure to meet international quality standards (Zeng: 2007).

Clusters are therefore living systems, whose growth and development is a product of dynamic and organic processes, characterized by continuous learning and self-making (Hansen: 2007). They must therefore, be able to upgrade the diversity and sophistication of their businesses, if their growth is to be sustainable. This can be accomplished through building up of the necessary supply-production-distribution value chains. Knowledge and technology development should also be acquired, disseminated and supported by human resource capacity building as well as cooperation and coordination. For human resource and technology development, cluster firms should operate *hand- in- glove* with the country's education and training institutions (Zeng, 2007).

3. STUDY METHODOLOGY

Data and information for the study was collected through the critical assessment and analysis of recent consultant reports and other secondary sources. Discussions were also conducted with officials from the Federal government ministries, particularly from the Ministry of Finance and Economic Development. This was done in order to validate some grey areas which could not be effectively filled through the evaluation of secondary materials.

4. FINDINGS

4.1 Government Policy on Tourism

The government of Ethiopia acknowledges that tourism is one of the country's underexploited niche markets. This is however against the backdrop that the sector contributes significantly (more than 2 percent) to the country's Gross Domestic Product (GDP). As a result the sector has been considered a priority in the government's development agenda. The long term vision of the government is to make Ethiopia one of Africa's top ten international tourist destinations by 2020. Emphasis is placed on mitigating the impacts and maximizing the socio-economic benefits associated with tourism on poverty alleviation. The main objectives include among others, to foster economic development and improve the international image and position of the country, including its cultural and environmental standing (MoFED: 2006).

The government plans to promote measures that boost tourist arrivals and spending. There are a number of opportunities offered by Ethiopia, which if effectively exploited can make these plans a reality. These are found across all major tourism segments (local and international tourist vacations, business/ conference tourism, and non-resident Ethiopian tourists). The government also plans to create a Tourism Beneficial Industrial Structure (TBIS), focused around a liberalized supply-side framework and strong inter-linkage with the local economy. This is aimed at curbing foreign currency leakages and promoting broad-based participation, through the involvement of women, rural communities and marginalized groups (MoFED: 2006).

Ethiopia has a predominantly inward looking economic development approach. This is found across all sectors. For instance there are no international banks, and the government is the main provider of infrastructure and services. This approach also affected the tourism sector policy framework. The government categorized tourism into local and international segments. The local segment comprise of Ethiopian nationals (locally resident and diasporans) and institutions. The international segment comprises of people and institutions with no Ethiopian origin. The local segment hence includes vacation tourists, business and conference and Ethiopian diasporans visiting friends and relatives. This segment provides the majority of the

country's tourists. International tourist arrivals are currently relatively limited (MoFED: *ibid*). The modal split of these segments is such that the three locally focused segments account for over 70 percent of tourist arrivals, while international tourists account for less than 30 percent. This is summarized in Figure 1 below.

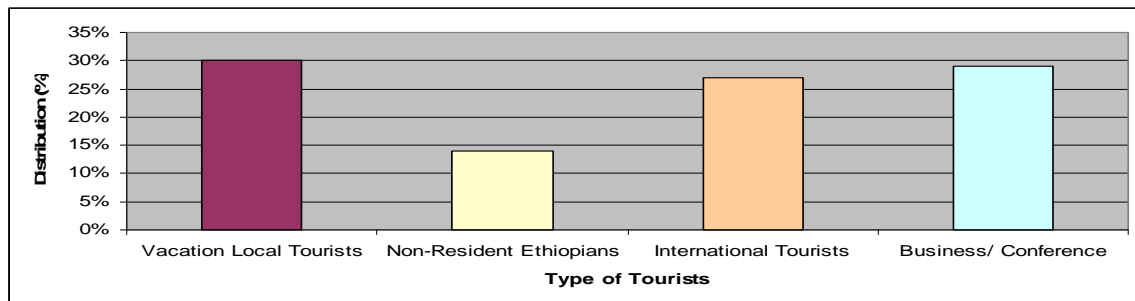


Figure 1 Modal Split of Tourist Segment in Ethiopia (Source: MoFED, 2006)

The above skewed distribution is mainly due to a number of factors. These include a negative international image (drought, famine and wars), limited number and capacity of tourist facilities (hotels and transport), perceived high cost of destination facilities (high air fares, car hire costs, and entrance fees). There are hence deliberate efforts to improve the country's international image. In terms of tourism management, currently there are a number of hotels that have been ear-marked for upgrading, while sites have also been set aside for construction of new ones. Similar efforts are being made in improving tour operations, access to attractions and other supplementary activities (MoFED: *ibid*).

In order to address the above challenges, the government has proposed a “step-change” in the Plan for Accelerated and Sustained Development to End Poverty (PASDEP) program. This is based on the government's commitment to provide the necessary support for the growth and development of the sector. Major steps are currently being taken to integrate tourism in other related sector policies such as education, trade, infrastructure and regional development. The government also plans to open up the sector for active participation by partners from the public, private, local and international spheres, whose efforts will be coordinated by the National Tourism Council (NTC). Focus is also being placed on eliminating unnecessary supply-side barriers and bottlenecks in hotel, transport and tour operator services, as well as improving on overall destination management to curb degradation and enhance tourist experience.

4.2 Transport and Travel Characteristics in Addis Ababa

Developments in the transport sector in Ethiopia are guided by three major objectives. Firstly, there is the need to provide enhanced access, mobility and affordable urban transport. This was outlined after a number of challenges were identified in the transport sector. These include the increasing pressure on public transport from tail-spinning demand, inappropriate location of mass transit terminals, inefficient traffic management practices and generally unaffordable public transport. The second objective focuses on the promotion of mass transit systems through the development and improvement of the road network on the major East-West and North-South axis. The third objective focuses on reserving space for the development of modern mass transit lines and terminals. This is so, against the background of inadequate road space in Addis Ababa (CES, 2005).

Household travel demand modal split revealed an interesting modal split. Walking is the dominant mode, accounting for about 60% of the modal share, followed by public transport modes (buses and taxis). Use of other non-motorized modes (NMTs) is very limited. This could be attributed to the nature of roads in Ethiopian cities, which were largely designed for vehicular transport (CES, 2005). Nyarirangwe (2007) also attributed this pattern to high public transport affordability indices, which are common among the low to medium income groups in Addis Ababa. Average car ownership levels are also very low. The per capita household travel demand modal split is summarized in Figure 2 below.

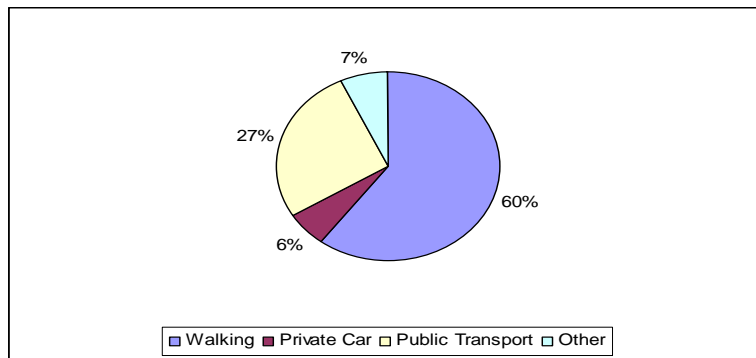


Figure 2 Per Capita Household Travel Demand Modal Split in Addis Ababa (CES, 005)

4.3 Trip purpose

The main trip purposes include work-related journeys, those for business as well as leisure and social purposes. The modal split for these trips is such that work-related journeys constitute the highest share (55 percent), followed by business trips (31 percent), social and leisure-related travel (9.5 percent) and lastly other trips (4.5 percent) (CES, 2005). This is shown in Figure 3 below.

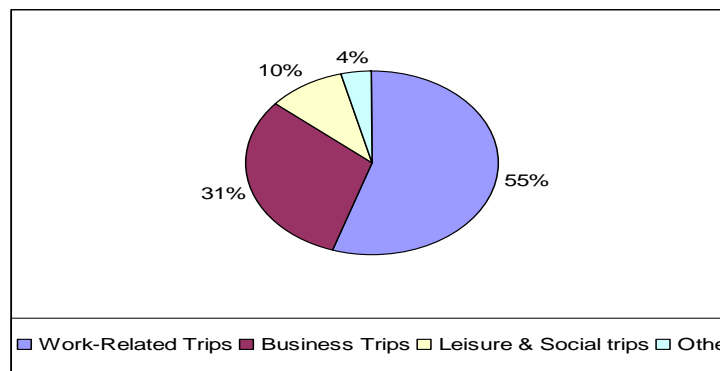


Figure 3 Distribution of Trip Purposes in Addis Ababa (Source: CES, 2005)

The pattern of trip purpose is very important in terms of tourism. It shows that the majority of locals do not place a lot of priority on leisure-related travel. This can also be a reflection of the level of development of the transport system to adequately cater for leisure-related travel.

4.4 Household Income Distribution

The income distribution also says a lot on the capacity of the local population to afford expenditure on leisure. The income distribution pattern is shown in Figure 4 below.

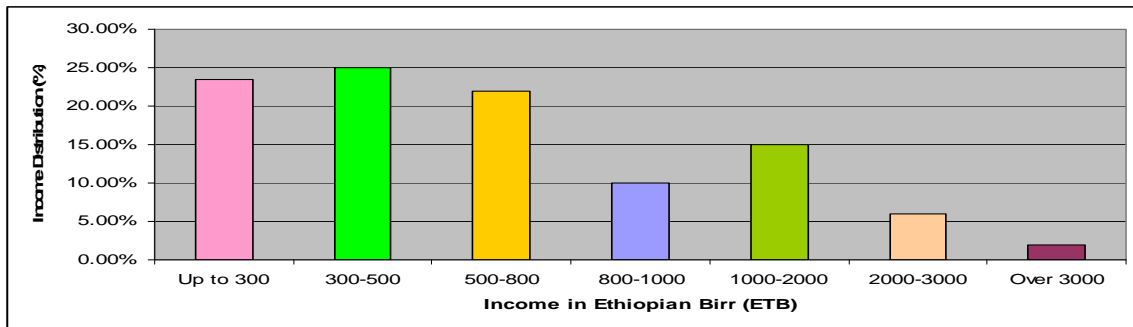


Figure 4 Income Distribution in Addis Ababa (Source: CES, 2005)

The majority of the people in Addis Ababa (about 70.4 percent) earn less than 100 ETB monthly (equivalent to less than 800 rands) (GTZ: 2006). Nyarirangwe (2007) noted that average affordability index (AI) for the low income groups is as high as 35%. This also influences household travel decisions and modal choices. The average household stated preference for acceptable public transport fare levels is as shown in Figure 5, below.

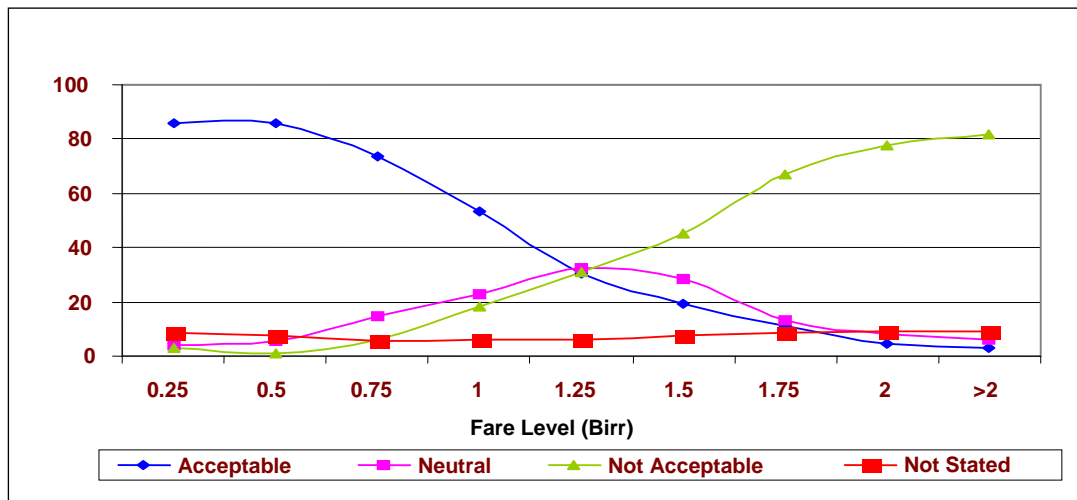


Figure 5 Stated Preference and Acceptable Fare Levels in Addis Ababa (CES, 2005)

Other factors influencing household travel patterns include the integration of the transport system. Nyarirangwe (2007) pointed out that the multi-nucleated morphology of Addis Ababa increases the number of interchanges involved in trips which transverses across more than one nucleus. In the absence of seasoned tickets, this has a net effect of increasing the aggregate financial and generalized costs of the trip. This problem is critical in terms of planning for tourist movements, since emphasis must be placed on minimizing transportation cost.

4.5 Multi-Modal Transport Integration in Tourism Cluster Development

The solution to above explained challenges lies in integration of the transport system both within one and among different mode(s). Integration within one mode allows passengers to reduce the number of interchanges by increasing route lengths. Multi-modal integration would also benefit passengers through reducing inconveniences associated with moving between terminals before reaching their final destinations. Unfortunately, in Ethiopia, deliberate priority is placed on neither of the two forms of integration in the government's tourism development plans.

The government placed major focus on developing attractions, constructing and improving hotels and improving the policy and institutional environment. The transport sector has not been given much emphasis save for improving contact between local and foreign tour operators. The potential of the transport sector in Ethiopia has not been adequately tapped. For instance the Ethiopian Airlines enjoys excellent international reputation, which has seen it receiving performance awards. This opportunity has not been exploited as the back bone of a grand tourism-based transport development strategy (MoWUD, 2006).

Currently, while the Bole International Airport is linked to a taxi rank and parking facilities, these infrastructure are not well integrated. There are no easily accessible information facilities which could help travelers to easily move from the plane to the hotel or tourist attraction. Outside the plane the tourist is at the mercy of taxi crew, or has to suffer the brunt of interchanging modes, experiencing communication problems and paying an aggregate high fare per given trip. Apart from traditional tour facilities, which are also limited, there is the need to have a well planned public transport system that permits easy access to hotels, shopping facilities and tourist attractions. A well planned, affordable and integrated transport system would allow tourists to experience the rich cultural diversity of Ethiopia. The government should consider introducing bus rapid transit (BRT) systems, linking the airport to key points and attraction centres. This can be introduced concurrently with seasoned tickets to minimize costs associated with any unavoidable interchanges.

Ethiopian Railways is almost non-existent as far as urban passenger transport is concerned. Worldwide, rail transport is always one of the most efficient and affordable modes. The current situation is one in which the Addis Ababa-Djibouti railway line is not utilized for urban commuting, despite the fact that the main terminal in Addis Ababa is well linked to road transport. Since the majority of tourists come from resident locals, whose average monthly incomes and affordability levels are generally low, integrating rail transport would go a very long way in improving leisure-based travel demand. NMTs, serve for walking, are not widely used in Addis Ababa, although they are very common in smaller towns like Debre Zeit, Nazaret, etc. As the government implements the tourism cluster development strategy, there is the need for a change in strategy to move from the current neglect of NMTs. There is need for incorporation of NMTs in the design and implementation of transport infrastructure in the tourism clusters.

5. CONCLUSION

The role played by tourism in the economic growth and development of a country cannot be overemphasized. In Ethiopia, tourism consists of three segments, which are all focused more on Ethiopian tourists as well as local and international organizations conducting businesses and conferences in country. International tourism is currently relatively limited. Although the tourism sector has not been fully exploited, it contributes more than 2 percent of the country's Gross Domestic Product (GDP). As a result the sector has been given priority through the government's cluster development initiative. Inadequate attention has been paid to the integration of transport in the tourism cluster development efforts. Most effort is focused on development of attractions and hotel facilities. This is so despite the great potential that lies in Ethiopian cities. For instance, the fantastic international reputation enjoyed by the Ethiopian Airlines has not been fully exploited through integration with other modes. This creates a vacuum between the airport and the key attractions and hotel facilities. There is need to also incorporate NMTs in the transport system so as to address the travel needs of low income local tourists.

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