

The Effect of Tourism on Current Account Balance in Ethiopia, Kidanemariam Gidey¹

Abstract

Ethiopia is one of the countries that experience a persistent current account deficit, although it has recently realized a steady double-digit economic growth. International tourism can serve as an alternative means to minimize current account deficit through generating foreign currency to the economy. Therefore, this paper investigated the effect of tourism on current account balance in Ethiopia. Besides, causality between tourism and current account balance is tested. Furthermore, this study has tried to identify the main challenges of tourism development sector in Ethiopia. ARDL methods of co-integration and Granger causality test was used to explore the relationship and causality between the variables, respectively. The result from the econometric analysis confirmed that tourism industry positively and significantly affects current account balance, implying it is an alternative means to minimize current account deficit through generating foreign currency to the economy. The pair wise Granger-causality test also confirmed the existence of unidirectional causality that runs from tourism receipt to current account balance. However, the trend analysis and qualitative analysis clearly showed that the tourism sector has been challenged by many factors. Lack of infrastructures development, poor and inadequate tourist facility (quality and adequacy); lack of qualified man power; lack of peace and security; lack of stakeholder's collaboration; inadequate promotional or marketing works and lack of awareness and low participation of the community are among the major challenges mentioned by the respondents. Hence, coordinated and integrated public intervention aimed at further developing tourism sector and curbing the existing bottlenecks in the sector is necessary to fully utilize the constructive role of tourism industry in minimizing the persistent current account deficit in Ethiopia.

Keywords: Tourism, Current account balance, Challenges, ARDL, Ethiopia.

1 (MSc) Ethiopian Civil Service University, Addis Ababa, Ethiopia, Email: kidugidey@gmail.com

JADS Vol 8 No. 2, Dec 2021 Issue; DOI: <https://doi.org/10.56302/jads.v8i2.3257>

Introduction

In the twenty-first century, the tourism sector is considered as the most imperative economic sectors in the world, as it is contributing more to income, employment and export (Hall & Seyfi, 2021 and Hafidh & Rashid, 2021). According to the 2019 World Travel and Tourism Council report it is contributing closely to 10% of the world's gross domestic product (GDP), considering its direct, indirect and induced impacts. It is also an engine of employment creation, generating 319 million jobs, or 10% of the total employment in 2018. One in every ten jobs worldwide is directly or indirectly linked to the tourism sector (World Travel and Tourism Council, 2019). It can also ameliorate the current account balance through generating foreign currency. International tourism is acknowledged as a significant foreign exchange earner contributing to capital goods that can be used in the production process (Matthew et.al, 2021). It is part of the current account balance (Balance

of Payments) under the category's 'travel' and 'passenger transport' (UNWTO, 2015). Spending by international tourists is considered as exports for the destination country and as imports for the country of residence of the visitor. In current account balance, receipts from international tourism are recorded as credit and expenditure on international tourism is recorded as debit under the services balance (Thano, 2015 & UNWTO, 2015).

Developing countries are often characterized by persistent current account deficit (Orhangazi & Yeldan, 2021). Their value of import of goods and services is usually much higher than the value of exports of goods and services. As a result, they face problems in finding the necessary funds to import capital goods and secure services which are necessary for their sustainable

economic development (Thano, 2015). Ethiopia is one of the countries that experience a higher current account deficit despite its recent realization of a steady double-digit economic growth. According to several WDI and NBE annual reports the value of Ethiopia's export was much lower than the value of its imports for the last half century. For instance, the 2019 WDI data showed that, on average, Ethiopia's current account deficit as a percentage of GDP was about 5% for the year 1981-1990. In the next decade (1991-200), it was widened further to 7.6%. Further, the country has experienced a very high current account deficit during the year 2001-2010 with an average value of 18.5%. On average, this figure has slightly improved and reached to 17.8% during the year 2011-2019. Discouraging performance and unpredictability in export earnings, and ever-increasing demand for imports have led to worsening in current account balance of Ethiopia (Tesfalem, 2017).

International tourism is an alternate to minimize current account deficit through generating foreign currency to the economy. "It is a typical source of foreign exchange, which is helpful to import various goods and services that increase the productive capacity of the economy such as capital goods, and to maintaining the balance of payments of a country" (MoCT, 2009). It can improve the current account balance as international tourism denotes consumption of goods and services outside of the origin of the tourists. It directly affects the balance of payments of the host country as it appears on the balance of payments account under the entry of international services (Orhangazi & Yeldan, 2021). As a result, many developing countries including Ethiopia have encouraged and supported the development of tourism industry in order to transform their economies from mainly traditional agricultural economies to industries ones and thus set in motion the process of development (World Travel & Tourism

Council, 2019).

Ethiopia has a lot of tourist attraction areas and mainly almost all types of primary tourist products. It is a home to numerous historical, cultural, religious and natural attractions (Asmare, 2016 and Belete, 2020). Until now, thirteen tourist attraction namely Axum's obelisks, the Rock-Hewn Churches of Lalibela, Gondar's Castles, the Omo lower valley, Awash lower valley, Konso Cultural Landscape, Tia's carved standing Stones, Semien National Park, Harar Jugol wall, *Meskel* festival, *Timket* (Ethiopian Epiphany), *Fichee-Chambalaalla*, and Geda-system are acknowledged by UNESCO as world heritages.

In order to develop tourism industry and to make the sector successfully contribute to the country's current effort of eliminating poverty, Ethiopia has designed different policies and strategies. For instance, during the imperial regime (1930-1974) legal support was provided for the development of tourism by establishing the Ethiopian Tourism Organization (ETO) instituted by Order No. 36 in 1964. This can be considered as a milestone in the effort to develop modern tourism sector as an imperative sector of economic development. After the overthrow of Emperor Haile Sellasie, the military regime also tried to recognize the tourism sector, but much emphasis was given to domestic tourism. During the EPRDF (Since 1991), significant institutional developments have been in place in Ethiopia to develop the country's tourism sector. These policy measures included the establishment of an independent tourism offices in each regional state by Proclamation No. 41/1993, the establishment of the Ministry of Culture and Tourism (MoCT) in 2005, the preparation of the National Tourism Development Policy in 2009, and the establishment of the Tourism Transformation Council (TTC). Possibly, these are an indication of higher

prioritization given by the recent government to the tourism industry. One of the objectives of the recent National Tourism Development Policy is to "build a tourism industry that makes important contributions in earning and conserving foreign exchange, and integrates into the economic growth of the country" (MoCT, 2009 p.11).

Though higher institutional priority is given to tourism industry development, still the sector is facing different challenges (MoCT, 2009 and UNWT, 2017). For instance, absence of textual information on tourist destinations; lack of promotion; poor sanitation standards and conditions in smaller hotels and restaurants; chronic begging and 'tourist baiting' on streets and tourist sites; mismanagement and/or neglect of existing tourist destinations and resources; lack of trained manpower in the tourist corridor; lack of physical infrastructure (road, transportation system, network facility, availability of hotel accommodations especially tourist site), lack of strict control and regulation of tourist related infrastructures and services; negligence on important cultural sites and facilities and misperceptions on the images of Ethiopia are among the different constraints of the tourism sector development in Ethiopia (Kidanemariam, 2019; Kidane, 2017; Sintayehu, 2017; Woreta & Meskele, 2018; & Belete, 2020,).

The effect of tourism on current account balance has been theoretically understood; there are also extensive bodies of theoretical literature on the issue. So far, scholars such as Haile & Megerssa (2020), Kidanemariam (2019), and Reda (2021) conducted a research to evaluate the effect of tourism on economic growth. But there does not seem to be any time series analysis done on the effect of tourism on current account balance in Ethiopia. Hence, this study tries to narrow this research gap by primarily examining the effect account deficit through generating foreign currency to the economy of tourism on

current account balance in Ethiopia over the period 1981 to 2019. Besides, this paper identifies the main constraints of the tourism sector development in Ethiopia through qualitative approach (KII).

2. Objective of the study

The general objective of this study is to examine the effect of tourism on current account balance in Ethiopia. Specifically, the study aims at addressing the following objectives.

1. To show the trends of tourism industry (in terms of tourist number and tourism receipt) between the years 1981 to 2019.
2. To evaluate the short run and long-run effect of tourism industry on current account balance.
3. To identify the main constraints of tourism industry in Ethiopia

Literature Review

Theoretical Literature

A large body of literature has been dedicated to the link between tourism sector and current account balance/balance of payment. The tourism-led growth hypothesis (TLGH) argued that international tourism is an engine of economic growth for many countries by generating foreign exchange revenues for government, encouraging investments in infrastructure that ultimately improves the living standard of the citizens of a country (Balaguer & Cantavella-J, 2002; and UNWTO, 2017). It has also been theoretically argued that the tourism sector contributes positively to foreign exchange generation which helps to minimize current account deficit (Matthew et.al, 2021). It is recognized that tourism helps to generate hard currency necessary for bridging or reducing whatever deficit there is in the balance of payments, and thus fosters the development of the national economy (Salah et.al, 1997). It is an alternate means to minimize current account deficit through generating foreign currency to the economy (Thano, 2015). Hall & Seyfi (2021) also

argued that international tourism is an alternative form of export which generates foreign exchange to a given economy.

Empirical Literature

The Effect of Tourism on Current Account Balance

There are several studies available for different countries that examine the relationship between tourism industry and current account deficit. Rubina et.al, (2019) examined the long-run relationships between BOPs deficit and tourism in Pakistan for the period of 1976–2015 using the autoregressive distributed lag (ARDL) model. Their findings proved a relationship between tourism and BOP deficit in the context of Pakistan economy. Another empirical work was conducted in Barbados by Lorde et al. (2013) supported the above finding. They used an inter-temporal budget approach and their result showed that attention on tourism industry has a great impact on the reduction of current account deficit. Bacovic et.al (2020) investigated the short-run and long-run relationship between export of travel services and current account balance equilibrium in twelve in Mediterranean countries by applying a VAR and Panel OLS model. Their result confirmed the strong relevance of export of travel services in achieving current account balance equilibrium.

Çelik, et.al (2013) conducted a research to examine the primary effect of tourism revenues on the balance of payments from 1984 to 2012 in Turkey. Their empirical findings suggest that rise in tourism revenues over has a favorable effect in closing the gap in foreign trade and balance of payments (BOPs). Rafiq et.al (2021) also conducted a research in Pakistan so as to determine the asymmetric impact of tourism on the deficit in BOPs. They applied ARDL model to investigate the asymmetric impact of tourism on BOPs deficit using from 1995 to 2019. Their finding indicated that the existence of

co-integration between tourism and BOPs deficit and a favorable effect of tourism on BOPs.

Challenges of Tourism Sector in Ethiopia

Different researchers showed that Ethiopia's tourism industry development has been constrained by many internal and external factors. For instance, Belete (2020) identified lack of skilled human resources, shortage of tourist facilities, weak marketing and promotion, political uncertainty and conflict as the major factors that adversely affects tourism development in Ethiopia. Another researcher Asmare (2016) also argued that political unrest, outbreak of war, famine, unfavorable economic policies and poor infrastructure development are among the major reasons deterring tourism sector development in Ethiopia. Sintayehu (2016) also confirmed the findings of Belete (2020) and Asmare (2016). The result of his study confirmed that lack of promotion, lack of physical infrastructure (road, transportation system, network facility, availability of hotel accommodations especially around tourist site), wrong images about Ethiopia, shortage of trained man power are the main challenges of Ethiopian tourism industry. Low levels of community participation, lack of good governance, lack of stakeholders collaboration, tourism resources degradation, low/lack incentive to tourism investment, and weak policy implementation are also another that affect the progress of tourism sector in Ethiopia (Meskele, 2018). Further Kidane (2017) conducted a research to identify the socio-economic impacts of tourism. His finding argues that even though the sector has its own contribution, it is subject to many challenges such as poor infrastructure and accommodation, social-related problems such as begging & theft, high entrance fee, poor service provision, lack of awareness and promotional works, lack of coordination between stakeholders, and geographical location are among the

main factors responsible for underdevelopment of the tourism sector.

Materials and Methods

Research Design

To address the objectives of the study, mixed research design approach combining both quantitative and qualitative method is used.

To analyze the effect of tourism industry on current account balance, quantitative research design (explanatory research design) is applied.

In addition, in order to identify the main challenges of tourism industry in Ethiopia, qualitative design is used.

Model Specification

To test whether there is a long run equilibrium relationship between the variables; *bounds test for co-integration* is carried out as proposed by Pesaran et.al (2001).

Where: CAB_t = Current account balance to GDP ratio at time t.

LTOUR_t = Logarithm of tourism receipt as a % of GDP at time t.

LOPN_t = Logarithm of openness (sum of export and import as a % of GDP) at time t.

LAGRI_t = Logarithm of agriculture sector share at time t.

LSERV_t = Logarithm of service sector share at time t.

LRER_t = Logarithm of real effective exchange rate at time t.

LTOT_t = Logarithm of terms of trade at time t.

D₁₉₉₉ = Year dummy for 1999 spike(break)

D₂₀₀₅ = Year dummy for 2005 spike (break)

D₂₀₁₅ = Year dummy for 2015 spike (break)

T = Time trend

μ_t = error term

α₀ = constant term

β₁, β₂, β₃, β₄, β₅, β₆, β₇, β₈, β₉, β₁₀ and β₁₁ are elasticity coefficients.

Long Run and Short Run Models

Once co-integrating relationship is ascertained, the long run model estimates of the ARDL model are estimated as follows.

$$CAB_t = \beta_0 + \beta_1 \sum_{i=0}^n CAB_{t-i} + \beta_2 \sum_{i=0}^n TOUR_{t-i} + \beta_3 \sum_{i=0}^n OPN_{t-i} + \beta_4 \sum_{i=0}^n AGR_{t-i} + \beta_5 \sum_{i=0}^n SERV_{t-i} + \beta_6 \sum_{i=0}^n REER_{t-i} + \beta_7 \sum_{i=0}^n TOR_{t-i} + \beta_8 D_{1999} + \beta_9 D_{2005} + \beta_{10} D_{2015} + \beta_{11} T + u_t \dots \dots \dots (2)$$

Before the selected model is estimated by ordinary least squares, the orders of the lags in the ARDL model are selected by the Schwarz Bayesian criterion (SBC). From this, a maximum of 2 lag length is selected. Because for annual data, Pesaran and Shin (2001) recommend choosing a maximum of 2 lags.

In the existence of cointegration, short-run elasticities are estimated by constructing an error correction model of the following form:

$$\Delta CAB_t = \alpha_0 + \alpha_1 \sum_{i=0}^n \Delta CAB_{t-i} + \alpha_2 \sum_{i=0}^n \Delta LnTOUR_{t-i} + \alpha_3 \sum_{i=0}^n \Delta LnOPN_{t-i} + \alpha_4 \sum_{i=0}^n \Delta LnAGRI_{t-i} + \alpha_5 \sum_{i=0}^n \Delta LnSERV_{t-i} + \alpha_6 \sum_{i=0}^n \Delta LnREER_{t-i} + \alpha_7 \sum_{i=0}^n \Delta LnTOT_{t-i} + \alpha_8 D_{1999} + \alpha_9 D_{2005} + \alpha_{10} D_{2015} + \alpha_{11} T + \alpha_{12} ECT_{(-1)} + u_t \dots \dots \dots (3)$$

where Δ is the first difference operator and $ECT_{(-1)}$ is the error correction term which measures the speed of adjustment. It measures how quickly the series can come back to its long-run equilibrium. The sign of the coefficient must be negative and significant.

Further, *pairwise Granger causality test* is applied to determine whether there is unidirectional causality or bi-directional causality between tourism and current account balance. To check the causality between the two variables, the following model is specified.

$$\Delta LTOUR_t = \beta_0 + \beta_1 \sum_{i=0}^n \Delta LTOUR_{t-i} + \beta_2 \sum_{i=0}^n \Delta CAB_{t-i} + \beta_3 T + u_t \dots \dots \dots (4)$$

$$\Delta CAB_t = \beta_0 + \beta_1 \sum_{i=0}^n \Delta CAB_{t-i} + \beta_2 \sum_{i=0}^n \Delta LTOUR_{t-i} + \beta_3 T + u_t \dots \dots \dots (5)$$

The null hypothesis (H0) $\beta_1 = \beta_2 = \dots = \beta_n = 0$ and the alternative hypothesis (H1) state that at least one of them is not zero. If the null hypothesis is rejected for equation (4), it can be said that there is a unidirectional causality from LTOUR to CAB. On the other hand, if the null hypothesis is rejected for equation (5) it can be said that there is a unidirectional causality from CAB to LTOUR. If the null hypothesis is rejected for both equations, it can be said that there is bidirectional causality between CAB and LTOUR.

Data Sources and Description of the Variables

To get adequate information for the study, this researcher has used both primary and secondary sources of data. With regard to the secondary data, thirty-nine years annual time series data from 1981-2019 is used from different sources, specifically, obtained from ministry of culture and tourism (MoCT, National bank of Ethiopia (NBE), World Development Indicators (WDI), United Nations Conference on Trade and Development (UNCTAD) and IMF database. Primary data was also collected through in-depth interview (KII) to triangulate and substantiate the quantitative analysis. Twenty key informants were purposively selected based on their unique experience and information that they have. To do so, an interview guide was prepared. The interviewees were selected from Ministry of Culture and Tourism (MoCT) and other stakeholders (Ethiopian Tour Operator Association, Ethiopian Chamber of Commerce, Ethiopian Tourism organization, Ethiopian hotel owner's association, Ethiopian Heritage Conservation Association and Authority for Research and Conservation of Cultural Heritage).

All of the explanatory variables (except dummy variables) are transformed in to logarithm while the dependent variable is as it is. As the values of the dependent variable (current account balance as a percentage of GDP) is negative and cannot be transformed in to natural logarithm. Therefore, the model is specified in level-log form and the interpretation of the coefficients is a little bit different from the usual elasticity interpretation. The descriptions and measurements of the dependent and the explanatory variables that are included in the model are explained in Table-1 as follows:

Table-1: Description of the Variables and Source

Variables	Descriptions	Sources
Current account balance (%GDP)	Current account balance is the sum of net exports of goods, services, net income and net current transfers as a share of gross domestic product	IMF
Tourism receipt (%GDP)	Expenditure of international inbound visitors including their payments to national carriers for international transport as a share of gross domestic product.	MoCT
Trade openness	Trade openness is the sum of exports and imports measured as a share of gross domestic product.	UNCTAD
Share of Agriculture value added	The value added in the agriculture sector, including forestry, hunting and fishing, and cultivation of crops and livestock production, after adding up all outputs and subtracting intermediate inputs as a share of gross domestic product.	WDI
Share of Service sector value added	The value added in wholesale, retail trade, hotels and restaurants, transport, and government, financial, professional, and personal services such as education, health care, and real estate services as a share of gross domestic product.	WDI
Real effective exchange rate	The value of country's currency against a weighted average of several foreign currencies divided by a price deflator.	National bank of Ethiopia (NBE)
Terms of trade	The ratio of a country's export prices to its import prices. It is the ratio between the index of export prices and the index of import prices.	UNCTAD

Method of Data Analysis

The methodology used to examine the effect of tourism sector on current account balance in Ethiopia followed three procedures. First, to ensure that variables are at most I (0) or I(1), I carried out unit root tests using the most commonly used Augmented, Dickey-Fuller (Dickey and Fuller, 1979) unit root test and Phillips-Perron (1988). The next step is to inspect the existence of a long run relationship between tourism receipt (LTOUR), current account balance (CAB) and other control variables using the bounds test. Lastly, the long-run and short run model is derived from the ARDL model through a simple linear combination, which integrates both short-run adjustments with long-run information. As compared to other multivariate cointegration techniques, the ARDL approach is more appropriate given its considerable advantages (Pesaran et al., 2001)). For instance, it is mostly well applicable for small sample size. It overcomes the problems of bias and inefficiency caused by the use of relatively small sample set. It is also applicable irrespective of whether the underlying regressors are purely I (0), purely I (1) or fractionally integrated. In addition, the model uses a sufficient number of lags to capture the data-generating process to the specific modeling framework. Further, endogeneity and serial correlation problems

are corrected through appropriate lag selection (Umoh and Effiong, 2013).

To determine whether there is uni-directional causality or bi-directional causality between tourism industry (TOUR) and current account balance (CAB), pairwise Granger causality test is applied. After estimating the long run and short run models, normality test, serial correlation test, heteroscedasticity test and Ramsey Reset test of model specification test is undertaken to check the robustness of the model. In order to estimate the models and to perform the pre-estimation and post estimation diagnostic tests, Eviews-10 statistical package is used. Finally, the qualitative data obtained from interview was transcribed & the transcribed data is analyzed manually using thematic content analysis.

Result and Discussion

Descriptive Analysis

Trends in Total Number of International Tourists Arrived and Revenue Generated in Ethiopia

The trend of total number and growth of international tourists arrived in Ethiopia from 1981-2019 is shown in Fig-4.1, panel A and panel B. On the other hands, the value of international tourism receipt (in USD) is presented in Fig-4.2. The data used to produce the graphs was obtained from MoCT tourism statistical data.

Based on Fig-4.1 panel A, in 1981 the total number of international tourists arrived in Ethiopia was about 45963. In the next three years it has continuously increase and reached to 64240 in 1983. Similarly, the total tourism receipt has increased from 6.23 million USD in 1980 to 8.25 million USD in 1983, as depicted in Fig. 2. However, the smooth flow of tourist arrivals and the revenue generated from international tourism in Ethiopia appears to have significantly declined between 1984 -1986. This was mainly attributed to the outbreak of

famine during 1984-1986 and political turmoil during the military regime. In the next 4 years, the flow of international tourists and revenue generated has slightly increased to 79346 and 25.26 million USD respectively. Despite the frequent outbreak of civil war and conflict, the military era was still relevant in the development of tourism in Ethiopia, though it was in its early stages (Amare, 2016).

In 1991, the military regime was replaced by the Ethiopian People's Revolutionary Democratic Front (EPRDF). During this year the tourism receipt was declined to 18.8 million USD, though the number of tourists was slightly increased to 81581. This clearly shows that the transition period was not a suitable time for the progress of the tourism sector (Amare, 2016). During the transition period, the destruction of parks built by the Derg regime as a reflection of community antagonism to the old regime was seen. The community who settled around parks cleared forests and parks, converting them to agricultural land and settlements" (Amare, 2016). This may decrease the average length of days that tourists stay in the tourist cites which decrease the revenue generated from international tourists. In the next 6 years, international tourism continued to recover. During this period, the flow of international tourists increased by nearly two-fold, from 83213 in 1992 to 138856 in 1997. Similarly, the revenue generated from this sector has increased by more than two-fold, from 20.6 million USD in 1987 to 43 million USD in 1997. This recovery could be due to the new economic policy measures taken by the transitional government immediately following the transition period. In 1992, a new economic policy under Proclamation No. 15/1992 was declared. This free market economic reform encouraged the establishment of private banks and insurance companies, the building of new hotels, and the establishment of tour operators, and travel agencies. Then tourist

accommodations became the central point of commerce, business, and administration in the country (Ayalew, 2009; & Amare, 2016, Kidane, 2017).

During 1998 & 1999, the Ethiopia's tourism industry was challenged again by the Ethio-Eritrean border conflict. As reported in the Fig-4.1 Panel A and B, the number of tourists who visited Ethiopia showed a decline for years 1998 & 1999. During this period, the number of international tourist arrivals sharply dropped from 138856 in 1997 to 115,000 in 1999. The revenue was also declined from 43 million USD in 1997 to 33.6 million USD in 1999 (Fig 1).

After the Ethio-Eritrean war, the Ethiopia tourism industry started to recover & expand for the next 18 years. During this period, the government of Ethiopia gained different support from international organizations such as the World Bank and IMF, which offered the government an opportunity to strengthen its efforts to develop the socioeconomic sector (Amare, 2016). This laid the foundation for the postwar extraordinary expansion of tourist travel and revenue generation. During 1999-2017 period, the number of tourist arrivals in Ethiopia has also increased by more than six-fold, from 135,954 in 2000 to 933344 in 2017. The revenue generated from the sector has also shown a remarkable rise (except in 2008) from 73.8 million USD to 4.5 billion USD. But this remarkable performance could not sustain in the next two years. The number of international tourists and receipt has again declined to 884354 and 3.3 billion USD in 2019, respectively. This is due to the post reform political violence and conflict which restricted the free movement of tourist and damaged different infrastructures and social overheads such as lodges, hotels and other facilities.

From the above trend analysis, it can be concluded that political instability (during the military regime, Ethio-Eritrean war and

the current post reform political violence & conflict) detrimentally affected tourism sector development as it deteriorates the confidence of tourists, potential investors and social overheads and infrastructures.

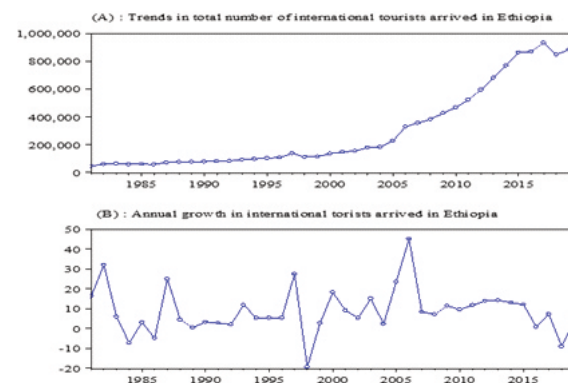


Figure 1 Total number and growth of international tourists arrived in Ethiopia (1981-2019)
Source: MoCT tourism statistical bulletin

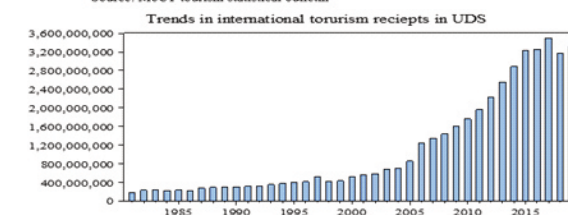


Figure 2 Trends in International Tourism Receipts in USD (1981-2019)
Source: Own computation based on MoCT updated parameter.

Econometric Analysis Stationarity Test

The integrating properties of the variables (stationarity of the series) included in the model was tested in terms of *Augmented Dickey-Fuller* (ADF) and *Phillips-Perron* (PP) approach. Trend and intercepts were included in the tests. The test results of ADF and PP unit root test presented in Table 2 clearly shows that most of the variables such as ratio of tourism receipt to GDP (LTOUR), trade openness (LOPEN), share of agriculture value added (LAGRI), share of service sector value added (LSERV), terms of trade (LTOT) and real effective exchange rate (LREER) are not stationary at level. However, the first differences of these series were stationary at level at 1% level of significance, implying that they were integrated of degree one I (1). On the other hands, current account balance (CAB) is stationary at level at 5% level of significance.

Table 2: Unit Root Analysis

Variables	ADF Unit Root Test			PP Unit Root Test		
	T-	Prob.Values	Decision	T-	Prob.Values	Decision
CAB	-	0.0303	Stationary	-	0.0303	Stationary
LTOUR	-	0.9606	Non-	-	0.9721	Non-
LOPN	-	0.7174	Non-	-	0.7804	Non-
LAGRI	-	0.0011	Stationary	-	0.4448	Non-
LSERV	-	0.2842	Non-	-	0.2639	Non-
LTOT	-	0.2431	Non-	-	0.2266	Non-
LREER	-	0.8002	Non-	-	0.8002	Non-
ΔCAB	-	0.0001	Stationary	-	0.0000	Stationary
ΔLTOUR	-	0.0023	Stationary	-	0.0008	Stationary
ΔLOPN	-	0.0000	Stationary	-	0.0000	Stationary
ΔLAGRI	-	0.0061	Stationary	-	0.0012	Stationary
ΔLSERV	-	0.0004	Stationary	-	0.0000	Stationary
ΔLTOT	-	0.0001	Stationary	-	0.0000	Stationary
ΔLREER	-	0.0001	Stationary	-	0.0000	Stationary

Source: Author computation, 2019
Note: Significance at 1% and 5% is shown by *and **respectively.

That means the integrating order of the variables was a mixture of I (1) and I (0). This underpins the tenability of ARDL bounds tests approach as the order of integration is mixed and none of the variables were found to be I (2) or above.

ARDL Bounds Tests for Cointegration

Once the stationarity of the variables is checked, the bounds test of cointegration is conducted to examine the long-run relationship among the variables in the model.

Since the observations are annual, we choose 2 as the maximum order of lags in the ARDL and conduct the bound test. Table 3 depicts the calculated F-statistics and critical values for bound test. As reported in the table the calculated F-statistic (6.385252) is greater than the upper bound critical value of 4.9 provided by Pesaran et al. (2001) at the 1% level of significance. Consequently, the null hypothesis of no long-run relationship exists is rejected, implying there is a strong evidence for the existence of cointegration or a long-run relationship among current account balance (CAD), LTOUR, and the other control variable included in the model. The existence of this cointegrating equation implies that the variables have tendencies to move together and maintain a long run equilibrium relationship.

Table 3: ARDL Bounds Test

Sample (adjusted): 1983-2019		
Included observations: 37		
Null Hypothesis: No long-run relationship exists		
Test Statistic	Value	k
F-statistic	6.385252	6
Critical Value Bounds		
Significance	I0 Bound	I1 Bound
10%	2.53	3.59
5%	2.87	4
2.5%	3.19	4.38
1%	3.6	4.9

The Long Run and Short Run Effect of Tourism on Current Account Balance

Having confirmed the existence of a long-run relationship between current account balance (CAB), tourism receipt (LTOUR) and other control variables in the model, the long-run and short run equations are estimated. Table-4 presents the long-run estimates of the model. The result depicts that the coefficients of all of the explanatory variables included in the model (except LTOT and LREER) are statistically significant. Tourism receipt to GDP ratio (LTOUR), share of agriculture value added (LAGRI), share of service sector value added (LSERV) positively and significantly affects current account balance (LCAB) at 5%, 1% and 5% respectively while trade openness (LOPN) and the year dummy variables (D_{1999} , D_{2005} and D_{2015}) negatively affects current account balance. As the model is specified as level-log form, the interpretation of the coefficients is a little bit different from the usual elasticity interpretation. The coefficient of my variable of interest, tourism receipt (LTOUR), is about 6.74, suggesting that as the ratio of tourism receipt to GDP ratio increases by one percent, current account balance will increase by about 0.0674 percent per year. This result is consistent with the argument of tourism-led growth hypothesis (TLGH) which argued that international tourism minimizes current account deficit by generation foreign exchange revenues. This finding is also similar with the findings of such as Rubina et.al (2019), Bacovic et.al (2020), Lorde et al. (2013), and Rafiq et.al

(2021) who argues that tourism is an alternate means to minimize current account deficit through generating foreign currency to the economy.

Table 4: Long Run Coefficients

Selected Model: ARDL (1, 0, 0, 2, 0, 0, 0)				
Dependent Variable: CAB				
Variable	Coefficient	Std.	t-	Prob.
LTOUR	6.740294	3.086321	2.183925	0.0394
LOPN	-6.813142	1.718724	-	0.0006
LAGRI	21.054683	5.300510	3.972199	0.0006
LSERV	12.584950	5.933512	2.120995	0.0449
LTOT	-3.485848	3.867341	-	0.3767
LREER	-3.899363	2.665119	-	0.1570
D1999	-5.230978	0.816578	-	0.0000
D2005	-5.604776	1.333651	-	0.0003
D2015	-9.050314	1.426382	-	0.0000
C	-	44.38038	-	0.0126
T	0.048149	0.091448	0.526522	0.6036

Source: Author computation, 2019

Once the long-run coefficients of the model are estimated, the short-run ECT model is estimated. The estimated error Correction model which helps to formulate the dynamic of the system is presented in Table-5. The result obviously shows that the ECT coefficient is correctly signed (negative as expected). The ECT coefficient is also highly significant as evident by its probability which is even less than 1% conventional level for significance. Such highly significant Error correction term is another proof for the existence of a stable long run relationship among the variables (Banerjee, et al., 2003). The coefficient of the error correction coefficient is about -0.73988 implying that about 73.4% of the disequilibrium could be corrected in each one year. In other words, approximately 73.4 percent of the disequilibrium from the previous year's shock converges back to the long-run equilibrium in the current year. Similar to the long run effect, the short run estimates presented in Table-5 reveal that tourism sector has a positive and significant effect on the current account balance in the short run. That means tourism sector is an alternate to minimize current account deficit through generating foreign currency to the Ethiopian economy both in the short run and in the long run.

Table 5: Error Correction Representation

Selected Model: ARDL (1, 0, 0, 2, 0, 0, 0)				
Dependent Variable: D(CAB)				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(LTOUR)	4.987017	2.351809	2.120502	0.0450
D(LOPN)	-5.040916	1.158854	-4.349914	0.0002
D(LAGRI)	3.280941	3.116927	1.052621	0.3034
D(LAGRI (-1))	19.546590	5.320001	3.674170	0.0013
D(LSERV)	9.311369	4.448191	2.093294	0.0475
D(LTOT)	-2.579114	2.713523	-0.950467	0.3518
D(LREER)	2.885066	1.929247	1.495436	0.1484
D1999	-3.870303	0.724674	-5.340751	0.0000
D2005	-4.146869	0.936674	-4.427230	0.0002
D2015	-6.696158	0.819922	-8.166825	0.0000
T	0.035625	0.066006	0.539718	0.5946
ECT (-1)	-0.739881	0.103833	-7.125690	0.0000

ECT (-1) = CAB + 6.7403*LTOUR - 6.8131*LOPN + 21.0547*LAGRI + 12.5849*LSERV - 3.4858*LTOT + 3.8994*LREER - 5.2310*D1999 - 5.6048*D2005 - 9.0503*D2015 - 120.0448 + 0.0481*T

Source: Author computation, 2019

Pairwise Granger Causality Results

In order to identify the direction of causality between current account balance and international tourism receipt in Ethiopia, pairwise Granger-causality test was conducted. The test result confirmed that causality runs from tourism receipt to current account balance. At a lag length of one and two there is a uni-directional Granger causal relationship from tourism receipt to current account balance.

Table 6: Pairwise Granger Causality Tests

Sample: 1981-2019			
Lags: 1			
Null Hypothesis:	Observation	F-Statistic	Prob.
LTOUR does not Granger Cause CAB	38	2.95742	0.0439
CAB does not Granger Cause LTOUR		0.34137	0.5628
Lags: 2			
Null Hypothesis:	Observation	F-Statistic	Prob.
LTOUR does not Granger Cause CAB	37	4.07720	0.0265
CAB does not Granger Cause LTOUR		1.74610	0.1907

Source: Author computation, 2019

Diagnostic Tests

To check the robustness of the estimated model, different diagnostic tests are conducted. These tests include Lagrange multiplier test of residual serial correlation; Ramsey's RESET test; Jarque-Bera Normality test, Breusch-Pagan heteroscedasticity test and CUSUM and CUSUM stability tests. The test results are reported in Annex Table-A, Table-B and Annex Figure-A. All of these tests indicate that the disturbance terms are normally distributed, serially uncorrelated with homoscedasticity of residuals thus

confirming the models have correct functional forms. Besides, the CUSUM and CUSUM of Squares plot confirmed that the parameters of the models are relatively stable over time.

Challenges of Tourism Sector Development in Ethiopia

Ethiopia is a home to numerous historical, cultural, religious and natural attraction (Asmare, 2016 and Belete,2020). The man made and natural attractions make the country one of the top tourist destinations in the world. But, despite its tourism potential, Ethiopia is receiving less number international tourists and foreign revenue from the sector. In this research, a key informant's interview was conducted so as to identify the main constraints of tourism sector development in Ethiopia. Accordingly, the result obtained from the qualitative analysis (interview analysis), revealed that there are many factors that challenge the sector. These challenges can be categorized into seven major factors, namely, underdeveloped infrastructure, poor or inadequate tourist facilities, lack of skilled manpower, political instability, lack of coordination between stakeholders, lack of promotional works, and lack of awareness and low community participation. The detail description of each challenges mentioned by the respondents is given below.

Underdeveloped Infrastructure: Tourism industry by its nature requires adequate, reliable, and quality infrastructure such as electric power, communication service, water supply, accessible road, and sanitation around the hotels and tourist sites. In this regard, the interviewee from MoCT and ETOA said that lack of infrastructure is the main constraint that hinder the development of tourism sector in Ethiopia. According to them, those tourist attraction areas which are far from urban areas are not easily accessible to tourists due to lack of road transport or due to uncomfortable road infrastructures. These

sites are also subject to unavailable or limited electric power, communication service, water supply, and sanitation facilities. The international tourism competitiveness index also confirms this fact. According to the travel and tourism competitiveness index (TTCI), Ethiopia's tourism sector performance is much lower than many East African countries such as Mauritius, Seychelles, Kenya, Tanzania, Rwanda, and Uganda in 2019. It lags behind Eastern Africa's average on the majority of the 14 TTCI pillars, especially due to an underdeveloped overall T&T infrastructure (128th out of 140 countries) which comprises Tourist Service Infrastructure index (138th out of 140 countries), Ground and Port Infrastructure index (116th out of 140 countries) and Air Transport Infrastructure (98th out of 140 countries).

Inadequate and/or Poor Tourist Facilities:

The result obtained from the interviews, the quality and quantity of service provided to tourists in hotels, restaurants, in recreational centers and other activities is poor. The services are not in a standard that meets the demand of the tourists. There are hygiene and sanitation problems almost in all service providing centers. The hospitality is not good in some sites which frustrate the tourists. According to the respondents from ETOA and Ethiopian hotel owner's association, the quality and quantity of the services become worse when we go to zones and woredas. These problems have a great influence on the tourism development in Ethiopia.

Lack of Qualified Manpower: Availability of qualified human power that is capable of exploiting the potential benefits of the tourism sector is very important for all tourism destination countries (OECD,2020). However, in developing countries like Ethiopia, availability of qualified human power is a very great challenge, particularly in those countries experiencing the most rapid tourism growth. In tourism sector, the

predominance of small-scale tourism service providers presents particular challenges. According to the respondents from tourism expansion directorate, Ethiopia's tourism sector has been also facing a severe shortage of trained manpower, which may hinder the development of the industry. In Ethiopia, most of the people engaged in the tourism sector do not have extensive knowledge and experience which helps to extensively exploit the benefits from the sector. Even some times, leaders and experts who are not directly related to the sectors are assigned to culture and tourism ministers, bureaus and offices by the government. This is usually done as a demotion or penalty, when they fail to fulfill their responsibility in the other sectors. In addition, the tourists who come to Ethiopia are from different countries of the world with diversified language and culture. But there is lack of diversified tourist guiders with different international language skills who could provide quality tour operation services and confidently explain the different tourism resources in the country. The 2019 World Economic Forum T&T index verified that there is low level of qualified human resource and underdeveloped labor market that could support tourism sector development. According to the report, Ethiopia has scored a low score of Human Resources and Labor Market index (128th out of 140 countries).

Lack of Peace and Security: Tourism is possible in areas where peace is present as tourists are generally very concerned about their security and safety (Litvin, 1998 and Baker, 2012). Political instability and conflict lead tourists either not to go at all or choose for places where there is peace (Baker, 2012 and Yenesew, 2017). Many tourist destinations, especially in the developing countries like Ethiopia, are facing fluctuations in tourist arrivals, due to unsafe political conditions (Shin, 2005). In this research, an interview was conducted to investigate the main challenges of tourism

sector in Ethiopia. The respondent from MoCT and chambers of commerce said that the Ethiopian tourism industry has also been highly affected by the absence of peace and security since the last three years. According to the respondents, the recent political instability has restricted the free movement of tourist and damaged different infrastructures and social overheads such as lodges, hotels and other facilities. One of the respondents from MoCT said that "Let alone significant conflict and violence, one bullet fire is enough to spoil the tourism and travel industry". Literary to say tourism demand is highly elastic (sensitive) to peace and security problems. The respondents from ETOA claimed that, recently, lack of peace and security is becoming the main challenge of tourism sector in Ethiopia. As a result of the conflict and violence, the number of tourist arrivals and revenue has been declined over the last three years. Besides, a lot of people engaged has been temporarily unemployed due to business collapse in the sector.

Lack of Coordination. Tourism is not at all a task to be left to a single organization. There are many actors and stakeholders in the sector which undertake inter-related activity that requires coordination and integration. It encompasses a wide range of stakeholders such as governmental, religious organizations, private sectors, civil societies and local communities, etc. The information obtained from the KII respondents (MoCT, ETOA, chamber of commerce) said that there is lack of cooperation and mutual support within and between tourism stockholders, they do not work together. Responsible stakeholders' failure to work in collaborative manner is among the key challenges for tourism sector development. Apart from acting separately, most actors such as hotels, tour operators, regional culture & tourism bureaus, *woreda* culture & tourism offices are not working in collaboration and in an integrated manner.

Most of the time the mandate is only left to the culture and tourist bureaus or offices.

Lack of Promotional Works: Among the several factors influencing tourism sector development in the host countries is tourism marketing(promotion) activity by tourism operators and concerned government organizations (Dwyer & Forsyth,1992). In this research, most of the respondents from different sectors (especially interviewee from chambers of commerce and MoCT) shared that lack of promoting tourism sites is one of the major factors adversely affecting the tourism prospects of Ethiopia. They said that most of the country's tourism resources are less known internationally, even by the domestic residents. Concerned bodies such as diplomats, ETO and ETOA are not promoting the tourism sites of the country extensively. Though there is an attempt to promote the tourism resources, it is not in a manner that neutralizes the bad image of the country. In addition, most of the tourism marketing activities focus on few sites (Aksum obelisks, Lalibela hewn churches, Gondar's Castles, etc.) that are already known by international communities, though there are many hidden tourist attraction areas.

Lack of Awareness and Low Community Participation: According to Saarinen (2010) and Cardenas et al. (2015), local communities' awareness and knowledge about tourism development in their areas is one of the factors that affect the sector. Tourism awareness and perceptions are very important as it can increase the participation of the communities in tourism. It can also change the community's perceptions about tourism (Lekaota, 2017). Not only the awareness but also active participation of the community is crucial for the tourism sector sustainable development.

Most of the KII respondents described that lack of awareness of the community is also adversely affecting the tourism sector

development in Ethiopia. They said that there is a substantial misunderstanding at almost all levels of the society with regard to tourism sector. The misunderstanding includes hindering the free movement of tourists through begging; overcharging tourism services and unable to protect tourism resources. Usually, there are many beggars along the major roads and tourist sites. This bad habit may not only affect the development of tourism industry, but it may also damage the image and dignity of the country. On top of this, the communities have limited awareness about the tourist attraction resources and low commitment to protect the resources. For instance, the natural tourist attraction resources such as national parks are being adversely affected due to irrational human activity (deforestation, illegal settlement, and hunting) which is reducing the potential for ecotourism. This is mainly attributed by lack of awareness of the surrounding communities.

Conclusions and Policy Implications

The main purpose of this study was to examine the contribution of the tourism sector in minimizing current account deficit in Ethiopia. Besides, this study has also tried to identify the main challenges of tourism development sector in Ethiopia. ARDL methods of cointegration and Granger causality test was used to explore the relationship between tourism sector and current account balance and causality between the variables, respectively. The result from the econometric analysis confirmed that tourism industry positively and significantly affects current account balance and there is a bidirectional causality that runs from tourism to current account balance at both lag one and lag two. This result is consistent with the argument of tourism-led growth hypothesis (TLGH) which argued that international tourism

minimizes current account deficit by generating foreign exchange revenues. Consequently, we can conclude that tourism is an alternate means to minimize current account deficit through generating foreign currency to the economy.

Despite its contribution, the sector is being constrained by many bottlenecks. For instance, the trend analysis clearly showed that political instability (during the military regime, Ethio-Eritrean war and the current post reform political violence & conflict) has detrimentally affected tourism sector development as it deteriorates the confidence of tourists, potential investors and social overheads and infrastructures. This fact is also confirmed by the qualitative analysis. Further the qualitative analysis (from KII) showed that the Ethiopian tourism sector has been challenged by many other factors. Lack of infrastructures development; poor and inadequate tourist facility (quality and adequacy); lack of qualified man power; lack of peace and security; lack of stakeholder's collaboration; inadequate promotional or marketing works and lack of awareness of the community are among the challenges mentioned by the respondents.

Therefore, coordinated and integrated public intervention aimed at further developing tourism sector is necessary to fully utilize the constructive role of tourism industry in minimizing the persistent current account deficit in Ethiopia. First, concerned public bodies should give priority to the development of different hard and soft infrastructures such as, roads, air ports, electricity, telecom, payment system (like ATM, e-commerce) and other infrastructures around tourist attraction areas. To the infrastructure related bottlenecks, it is crucial for tourism strategies to be integrated with existing infrastructure plans and to design a cooperative arrangement with the private sector, including public-private partnerships (PPPs). Second, the government should

create conducive environment to tourism sector by providing incentives to private investment in the sector such as hotels, lodges and others. Especially, in regions and remote areas there is a need to facilitate the expansion of the private sector. This intervention will help to deliver adequate and quality tourism products at the destination areas. Third, government should ensure peace and security in the country to build the confidence of tourists and potential investors. Fourth, policy makers have to design a mechanism that fills the qualified human resource gap. The government is still directly involved in the provision of tourism training. But these state-owned training institutions cannot close the tourism work force demand and supply gap due to their poor & limited capacity. In this regard, creating public-private partnerships and encouraging private sector investments in the areas of tourism human resource training is important to effectively solve the problem.

Fifth, sufficient resource should be allocated for tourism marketing and promotion as well as qualified human resource development. Currently, globalization and technology has created a new approach of marketing. So instead of relying on the conventional marketing strategies, concerned bodies should strengthen the social media and e-marketing as an alternative means of promoting Ethiopian tourism sites. Sixth, policy makers should create awareness about the benefit of the tourism industry to local communities, especially to those who reside close to the attraction areas. Besides, local communities should directly participate in decision making pertaining tourism in their respective localities. Further communities should benefit from tourism in the form of job opportunities or other indirect means.

Seventh, while trying to minimize the main bottle necks at grass root level, an integrated approach between the tourism sector stakeholders should be designed and implemented. As the challenges of tourism

sector are diverse, the elimination of tourism sector challenges requires active collaboration of all stakeholders. Therefore, multi-stakeholders' framework is recommended for successful tourism sector development.

Acknowledgments

I would like to thank the Ethiopian Civil Service University for providing me financial support for this research through Staff Development Research Grant.

References

- Asmare, B. A. (2016). Pitfalls of tourism development in Ethiopia: the case of Bahir Dar City and its surroundings. *Korean Social Science Journal*, 43(1), 15-28.
- Ayalew, S. (2009). Historical Development of Travel and Tourism in Ethiopia. *Addis Ababa, Ethiopia*.
- Bacovic, M., Jacimovic, D., & Cerovic Smolovic, J. (2020). Impact of export of travel services on current account balance and growth in Mediterranean countries. *Prague Economic Papers*, 29(6), 710-728.
- Belete, J. (2020). Challenges and Prospects of Ethiopian Tourism Industry. *Global Journal of Management and Business Research*.
- Cárdenas, D. A., Byrd, E. T., & Duffy, L. N. (2015). An exploratory study of community awareness of impacts and agreement to sustainable tourism development principles. *Tourism and Hospitality Research*, 15(4), 254-266.
- Çelik, A. K., Özcan, S., Topcuoğlu, A., & Yildirim, K. E. (2013). Effects of the tourism industry on the balance of payments deficit. *Anatolia*, 24(1), 86-90.
- Cihangir, M., Erkan, B., & Harbalioglu, M. (2014). The Effect on Current Account of Net Tourism Revenues in Turkey. *European Scientific Journal*, 10(13).
- Dickey, D.A. and W.A. Fuller (1979). "Distribution of the Estimators for Autoregressive Time Series with a Unit Root," *Journal of the*

American Statistical Association, 74, 427-431.

- Dwyer, L., & Forsyth, P. (1992). The case for tourism promotion: An economic analysis. *The Tourist Review*.
- Engle, R. F., & Granger, C. W. (1987). Co-integration and error correction: representation, estimation, and testing. *Econometrica: journal of the Econometric Society*, 251-276.
- Hafidh, H. A., & Rashid, Z. A. (2021). The Impact of Tourism Development on Economic Development: The Case of Zanzibar.
- Haile, M. A., & Megerssa, G. D. (2020). Testing the Stability of Tourism-Led Growth Hypothesis for Ethiopia. *UTMS Journal of Economics*, 11(2).
- Hall, C. M., & Seyfi, S. (2021). Tourism and sanctions. In *Research Handbook on Economic Sanctions*. Edward Elgar Publishing.
- Kidane, G. G., & Berhe, M. H. (2017). Socio-economic impacts of tourism in Axum town, Tigray Regional State, Ethiopia. *Journal of Tourism and Hospitality Management*, 5(1), 1-24.
- Kidanemariam, T. (2019). Ethiopia: opportunities and challenges of tourism development in the Addis Ababa-upper Rift Valley corridor. *Journal of Tourism and Hospitality*, 4(4).
- Lekaota, L. (2017). Awareness and education about sustainable tourism in Katse and Mohale tourism development areas in Lesotho. *African Journal of Hospitality, Tourism and Leisure*, 6(1), 1-12.
- Litvin, S. W. (1998). Tourism: The world's peace industry?. *Journal of Travel Research*, 37(1), 63-66.
- Lorde, T., Lowe, S., Francis, B. (2013), Do tourism receipts contribute to the sustainability of current account deficits: A case of Barbados? *International Journal of Tourism Research*, 15(6), 620-624.
- Matthew, O. A., Ede, C., Osabohien, R., Ejemeyovwi, J., Ayanda, T., & Okunbor, J. (2021). Interaction effect of tourism and foreign exchange earnings on economic

- growth in Nigeria. *Global Business Review*, 22(1), 7-22.
- Marques, J., & Santos, N. (2017). Business tourism development: A Portuguese perspective. *Cuadernos de Turismo*, 423-437.
- Orhangazi, Ö., & Yeldan, A. E. (2021). The Re-making of the Turkish crisis. *Development and Change*, 52(3), 460-503.
- Pesaran, H., Shin, Y., & Smith, R. (2001). Bounds testing approaches to the analysis of level relationships. *Journal of Applied Econometrics*, 16(3), 1924-1996.
- Phillips, P.C.B. and P. Perron (1988). "Testing for a Unit Root in Time Series Regression," *Biometrika*, 75, 335-346.
- Rafiq, A., Aamir, A. M., & Nadeem, M. (2021). Asymmetric impact of tourism on the balance of payments in Pakistan: evidence from non-linear ARDL. *Journal of Economic and Administrative Sciences*.
- Reda, W. A. (2021). Tourism and Economic Growth in Ethiopia and Kenya-A Comparative Analysis. *International Journal of Public Administration and Management Research*, 7(2), 50-67.
- Rubina Rasheed, Muhammad Saeed Meo, Rehmat Ullah Awan & Farhan Ahmed (2019) The impact of tourism on deficit in balance of payments of Pakistan: an application of bounds testing approach to cointegration, *Asia Pacific Journal of Tourism Research*, 24:4, 325-332.
- Salah Wahab and John J. Pigram (1997). *Tourism, Development and Growth: The Challenge Of Sustainability*, London and New York.
- Santana-Gallego, M., Ledesma-Rodríguez, F., & Pérez-Rodríguez, J. V. (2011). Tourism and trade in OECD countries. A dynamic heterogeneous panel data analysis. *Empirical Economics*, 41(2), 533.
- Saarinen, J. (2010). Local tourism awareness: community views in Katutura and King Nehale conservancy, Namibia. *Development Southern Africa*, 27(5), 713-724.
- Shin, Y. S. (2005). Safety, security and peace tourism: The case of the DMZ area. *Asia Pacific Journal of Tourism Research*, 10(4), 411-426.
- Sinclair and Stabler (2002). *The Economics of Tourism*. Routledge, London.
- Sintayehu, T. (2017). Challenges and Prospectus of Ethiopian Tourism Industry. *Global Journal of Management and Business Research*.
- Tesfalem (2017). Determinants of Current Account Balance in Ethiopia: An Autoregressive Distributed Lag Approach.
- Thano, R. (2015). The impact of tourism on the balance of payments. *American Journal of Economics, Finance and Management*, 1(5), 529-536.
- UNWTO, W. (2017). UNWTO tourism highlights 2015 edition. *Madrid*.
- Woreta, S. L., & Meskele, A. T. (2018). Challenges of Tourism Destination Development in the Amhara National Regional State, Ethiopia.