

## Opiniones y ensayos

### *Achieving the Millennium Development Goals: issues and options for the Nigeria's tourism industry*

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#### Introduction

Many countries have experienced how tourism and related recreation activities can help to increase and diversify their economic bases, particularly in rural areas (Fawson, Thilmany, and Keith 1998). Several empirical studies have also documented that tourism has direct, indirect and induced impacts on economic development (Slee, Farr, and Snowdon, 1997). In fact, the industry is one of the most crucial tradable sectors in the world. Tourism is an effective weapon which can assist underdeveloped countries to achieve the 2015 anti – poverty MDGs. Globally the tourism industry has created 100, 000 new jobs a year, thus accounting for 11 per cent of global employment (WTO, 2004). Furthermore, tourism is the only service industry where there is a positive balance of trade flows from first world to their world countries. Most African cities where half of young people account for about 50 per cent of the

population could reap enormous rewards from growth of this industry. According to the WTO, 50 per cent of the world's poorest nations rank tourism in their top three income sources, attracting vital foreign exchange.

In 2000, the leaders and heads of state of 189 countries signed the Millennium Declaration, which set a series of targets for global action against poverty by 2015. The Millennium Development Goals (MDGs) are the result of this process. Meeting the MDGs would not completely eliminate economic poverty; but meeting them could make a positive difference to millions of women, men, and children. In the past decade, 59 countries – predominantly in sub - Saharan Africa and the former Soviet Union – have slid further down the poverty ladder, as they contend with HIV/AIDS, conflict, and enormous foreign debts (UNDP 2004).

The paper, therefore attempts to re-examine the crucial role and significance of tourism for Nigeria's development effort,

the problems, and suggestions for possible measures to take to tackle the identified problems, such that tourism can be effectively used to achieve the Millennium Development Goals (MDGs).

### **An Overview of Tourism Industry in Nigeria**

With the demise of military rule in Nigeria, the government is keenly interested in reaping the dividends of democracy by developing its tourism industry. Nigeria is richly endowed with natural, cultural and geographical resources. Nigeria is the most populous African country with a current population of about 130 million people, a land area of 923, 777km, a coastal zone of 830km and an exclusive economic zone of 256, 000km of the Atlantic Ocean. Since Nigeria is relatively blessed with all year round sun, it has a wide variety of natural attractions to capture some of the tourist markets. Thus, the need to embark on an aggressive policy of fostering the development of its tourism industry.

The Federal Ministry of Commerce and Tourism (FMCT) is saddled with the responsibility of policy formulation and monitoring, planning and funding nationally – oriented tourism infrastructure. It also represents the country in international tourism events, and maintains links with the state governments on all tourism-related matters. In addition, the National Council on Commerce and Tourism, comprising the Minister, Commissioners, and representatives of travel agents, hoteliers and catering associations, tour operators and boards of airlines, coordinates the planning and development of tourism in Nigeria. Also, the Nigerian Tourism Development Corporation (NTDC), which was established by Decree No. 81 of 1992, regulates and supervises the registration and grading of tourism enterprises among others.

The State Tourism Boards (STBs) identify, preserve, protect and develop tourism assets and resources within the States, and coordinate the activities of tourism agencies. The local government tourism committees identify potential tourist attractions, serve information centres and preserve and maintain monuments and museums.

Of relevance is the Hospitality and Tourism Establishment Regulation 1997, which provides that the owner of every hospitality and tourism establishment shall from the commencement of operations, apply to the NTDC in the prescribed form for the registration, classification or reclassification of a hospitality or tourism establishment on payment of such fee as may be prescribed by the corporation for time to time. The requirement for registration is therefore a prelude to classification and grading of such establishments which is provided for by regulations No. 10 and 11.

### **Economic Significance**

Tourism is a non-agricultural, economic sector. Tourism has a substantial role to play in the expanding and diversifying Nigeria's economic base. Among other contributions, the tourism sector has been shown as providing income-earning opportunities for a large number of people. It has been estimated that if developed, tourism will be the biggest employer of labour in Nigeria; generating employment for millions of people. Tourism employment will touch almost every aspect of the Nigerian economy, from the taxi drivers to bank managers (The Guardian Newspaper, 2005). The industry has multiplier impact on such other sectors as transportation, hotels, financial institutions, hospitals, aviation and environment.

Experience on tourism development in the Caribbean to date indicates that growth in tourism services could result in the following sustainability impacts: [1] generally positive impacts of macro-economic indicators (contribution to GDP, export earnings, government tax revenues), and [2] opportunities in employment to develop professional skills. Some of the social costs of tourism promotion include: [1] a high risk of over-reliance on one sector and therefore increasing vulnerability; [2] higher risks of social problems (for instance, AIDS) and not necessarily better working conditions (seasonal jobs) which does not significantly alleviate poverty; [3] risk of worsening environmental damages due to the development of hotel construction and increased tourist arrivals exist but so do opportunities for transfer of environmentally sound practices; and [4] the nature and degree of

these impacts depend on a range of variables; the type of tourism (land-based or cruise tourism, and niche markets), investments (hotels, construction, management, contracts and environmentally sound investments) types of jobs created, tourist behaviour (expenditure activities) and the institutional framework (social programmes, environmental management)

### **Performance and Potentials of Tourism**

Tourism has performed impressively in many developed countries and the newly industrialised Asian nations. One can sum up the performance, role or potential contributions of the tourism sector as follows:

- Tourism provides a major source of employment opportunities for a large majority of people, being labour intensive with higher capacity for employment generation. In Nigeria, it has the potential to absorb a high percentage of teeming millions of people who are not gainfully employed. The majority of those willing to work about (70 – 80 %) because operations in the tourism industry are mainly labour intensive and the industry includes hotels, airlines, travel agency and all tourism related organisations.
- Serving as a valuable training ground for the creation and development of local entrepreneurs and hospitality managers in several areas of economic activity.
- They serve in some ways to aid the process of income redistribution as they impact more positively on the bulk of low-income people.
- Tourism is the most effective means to bring about structural transformation in the rural areas.
- There has been increasing role tourism in FDI flows, making those enterprises to enter the international market. It serves as a veritable avenue for attracting FDI.
- Poverty reduction – have better capacity to reduce poverty, inequality and social vices.
- GDP contribution – the contribution of tourism to the Nigerian economy has relatively been on the increase since independence.
- Entrepreneurial development – provides good preparation ground for the development of indigenous entrepreneurs,

which drive the wealth creation process at all levels.

### **Problems of the Tourism Industry**

The problems of tourism in Nigeria hardly that of dearth of policies or institutions to support them, but more of the effectiveness of such policies and institutions that are today grossly deficient and deplorable. Changing policies of the state are often times detrimental to the growth and survival of the industry. In addition, Nigeria has not been able to attract international tourist to her shores due the industry's inability to have a well-focused promotion and marketing policy that would embrace crucial national and local events. The infrastructural decay has posed formidable obstacle that needs urgent attention by the government. In fact, the industry lacks the enabling environment to attract foreigners for tourism and investments capable of earning the nation a fortune in terms of foreign exchange.

It is important to note that another reason why nature tourism has not boomed considerably in Nigeria is because the country missed the opportunity to develop its wildlife base or ecotourism in the mid – 1960s, while it was still an agrarian nation endowed with abundant natural resources. During the same period, East Africa was developing rapidly as an ecotourism destination, and succeeded in absorbing much of the available market in Africa. Unlike in West Africa, the East African Travel and Tourist Association was created during the colonial era to promote East African attractions. Furthermore, the civil war of 1967 – 70 and the oil boom that occasioned corruption, insecurity, mismanagement, unplanned urbanisation and rural disinvestment for giving the country a bad image and putting off tourist from Nigeria.

In spite of the awareness of immense socio-economic benefits from ecotourism, it is unfortunate that the industry is still assigned low priority in federal and state fiscal policies' planning and co-ordination. This has led to the deterioration of many protected areas, particularly forest reserves, national parks, game reserves and sanctuaries.

However, the main issue of concern is why past attempts and strategies to assist

tourism development have not yielded much, while in many developing countries, especially in Asia, their economies have been considerably improved through the fostering of their tourism industries. Some problematic issues of great interest include: (1) the need to know more about the extent and peculiar nature of the problems of tourism within the Nigerian socio-economic environment; and (2) which policies and strategies could prove effective in tackling the multifaceted problems that have continued to vitiate various policies targeted at fostering tourism.

### Typical Problems of the Tourism Industry in Generating Finance

The main problems that have been hampering the financing and development of firms in the Nigerian hospitality industry include:

- Problem of obtaining finances at right time and on satisfactory terms.
- Difficulty of demonstrating chances of success due mainly to hotel difficulty in preparing bankable feasibility reports, et cetera.
- Risks of default in the context of the highly unconducive operating environment.
- Lack of adequate required collateral security often demanded by banks for loan.
- Information gap – how and where to obtain funds?
- Low entrepreneurial skills – poor management expertise.
- Inadequate and poor infrastructures – hotel owners have to make huge invest-

ments in the provision of such infrastructure as electricity.

- Multiplicity of policies / regulatory measures.
- Poor implementation of policies, particularly government policies that may be either inadequate or inappropriate.
- Deficiency in policy implementation.

The other problems of financing confronting hotels are analysed in table 1.

From the table 1, the inability to provide collateral securities demanded by bank is the most serious problem facing tourist services providers in obtaining bank loans. This problem accounts for 31 per cent of all the problems facing these hotels. In order of seriousness, discriminatory lending attitude of banks is 24 per cent, cumbersome loan granting process of the hotels loan scheme is 19 per cent, and the stringent conditions and high cost of raising funds through stock exchange is 17 per cent.

### Limitations of the MDGs

The MDGs emerged from the UN system as an attempt to develop concrete, measurable commitments that would advance the agendas of the UN conferences of the 1990s and the Millennium Declaration. The goal was to provide real momentum for accountability, including follow-through by the North on the Monterrey Consensus. There is merit in focusing on a few concrete goals and mobilising energy to achieve them after decades of setbacks. Yet there are also serious limitations.

Problems	No of Firms	Percentage
Inability to provide collateral securities	73	30.41
Discriminating lending attitude of commercial banks	57	23.75
Cumbersome loan granting process of the small-scale industries loan scheme	46	19.17
Short –term nature of commercial bank loans	24	10.00
The stringent conditions and high cost of raising funds through the stock exchange.	40	16.67
Total	240	100

Table 1. Financial Problems Facing Hotels in Nigeria. Source: From a survey undertaken by the author.

Among many critiques about the MDGs are the following:

- The MDGs drastically limit the scope of their attention, and set a minimalist agenda.
- They are a technocratic effort to solve systemic political issues, which have to do with global distribution of power and wealth between and within nations.
- In their initial formulation, they have omitted too much of the Beijing and Cairo agendas (as well as the outcomes of other key UN conferences); and they restrict their focus on gender equality, including it as one of the eight Goals. For example, they include Goals related to HIV, maternal health, and gender equality, but have left out the overall Cairo goal of universal access to sexual and reproductive health care for all by 2015.
- They seek to eradicate poverty with a top – down approach that virtually excludes poor people, particularly women, from decision making.
- They assume that growth, via macroeconomic policies that conform to the Washington Consensus, is the means to eradicate poverty; even when per capita income fell in 54 countries in the 1990s during the years of this same economic reform.
- The MDGs focus on implementation in the global South, without mechanisms of accountability being set up to grow the actions of nations of the North. For the peoples in the South, this is particularly important in relation to Goal 8 on ‘global partnership’, which calls on the North to increase aid, support debt reduction, and open markets in the North to Southern goods. For peoples in the North, this is problematic because it apparently absolves their governments of responsibility to address issues of poverty, gender equality, and environmental sustainability within their own borders (commitments that they made in the 1990s)

### Conclusions and Recommendations

The role of tourism cannot be overemphasised in Nigeria’s efforts at equitable and sustainable development, alleviating poverty and achieving the MDGs. Thus, there is a dire need to design a tourism

strategy, which would foster the development, all tourism – related activities. In addition, tourism is of significant importance in terms of economic policy objectives. Over the years, tourism industry has played crucial role in the development of export capacity, investment opportunities, and creative production activities in the face of depressed economic outlook.

Although, successive governments in Nigeria have attempted to foster the development of tourism activities, most efforts have been piecemeal and half-hearted in nature, which have made such measures largely ineffective, mainly because of their poor designs and poor implementation. In order to enable the tourism industry to contribute maximally to the Nigerian economy, such policies and programmes must be designed to emphasise its importance in terms of wealth creation, individual initiative, self – gainful occupation, conducive operating environment, and dynamic competitiveness. The three tiers of government, especially at the local level must simplify operational rules and regulations bearing on various hotels.

Synergies and high linkages must be promoted. In addition, it is necessary to channel more real resources to those hotels that are capable of penetrating and elevating the fragmented production units.

### Recommendations for Using Tourism to Improve the MDGs in Nigeria.

In view of the foregoing, the following recommendations are considered very vital for harnessing the potentials of tourism in Nigeria, and which should thus make it realistically feasible to use tourism to achieve the MDGs. Such countries as Singapore, Malaysia, Brazil, Mexico and Korea have attained this feat.

It is necessary to hold governments to account through national and international monitoring of progress on tourism development programmes. This includes innovations in measuring and monitoring which focuses on improving national statistics, creating alternative indicators and indices, and producing supporting stud-

ies. Every state of the federation must identify indicators and devise strategies that accord with the resources and capabilities at its disposal. It is unfortunate to note that there is really no serious commitment to collected tourism data, because there is little agreement on the importance of the industry.

Another strategy is to link work on MDGs to work on tourism development. The most effective work on tourism development takes place when there is adequate understanding of how policy frameworks are influenced by global trends and agreements. These are the bases for the construction of proposals for policy alternatives, which would lead, to the achievement of goals such as poverty eradication, advances in education, improved health, and environmental protection – the MDGs

Government should establish relevant, well adapted and appropriately structured institutions and organisations to provide support for the tourism industry operators in such aspects as: procurement, supply and distribution of materials; supply of local and/or imported machines for use on concessional terms; training in several technical grades; and creation of favourable market conditions.

Next, is the suggestion to set up some relevant institutions and organisations to foster the development of tourism. Those to be set up can include institute for tourism studies; centre for responsible tourism, ecotourism studies and research programme; institute for hotel and hospitality studies; et cetera. Related to this is the development of the capacity building programmes that meet the needs of tourists and provide equitable distribution of revenues through participatory and democratic processes that engages people at all levels particularly urban and rural youth who are the future of Africa.

Tourism should feature in Nigeria's NEEDS that aims to combat poverty and encourage development in Nigeria. In other words, there is the need to link the NEEDS with the MDGs. This implies that, in order to benefit from the high – profile attention received by the MDGs as the new consensus framework for development discourse and assistance, all

those committed to the fostering of tourism development need to develop strategies for monitoring and measuring progress towards the achievement of the NEEDS objectives, and building this into work on the MDGs.

Security is a vital components that gives the tourism industry the desired cover especially when considering the life of tourists. Security of tourist destination is the most critical responsibility of any nation that opens its borders to foreign tourists. However, this suggests that the security force, that is the Nigerian Police Force, has a crucial role to play in promoting tourism by getting rid of violent crimes and armed robbery.

With respect to the chronic issue of tourism financing strategy and the lethargy of our banks in utilising the funds being accumulated idly for their use, government should formulate the financial policies that would encourage banks as well as insurance companies to form venture capital companies to participate in projects requiring high risk capital. Furthermore, in order to meet the needs for all relevant parties involved or keenly interested in the equity investment fund scheme (that is, Tourism Equity Investment Scheme [TEIS] ) to fulfill some identified responsibilities, there is the urgent need to facilitate the formation of the recommended existence of partnership and strategic alliances groups as it is obtainable and effective in some Asian countries. The group will consists of:

- Financing and funding parties (for example, Central Bank of Nigeria (CBN), banks, Bankers' Committee, Independent Founders).
- Industrial and Enterprises Parties – (for example, Tourism promoters and large enterprises as mentors).
- Organs to foster enabling environment and formation or working of partnership groups (for example, government, CBN).

Banks should not only offer loans to tourism operators, they should assist them with the syndication of loans as well as with technical advisory services. In some countries like Germany, commercial banks could assist tourism operators to prepare feasibility report as a way of en-

couraging efficient project formulation and implementation.

Government should urgently tackle the problem of infrastructure development and maintenance. These include electricity, water and efficient transportation system, which has considerably positive impact on tourism operations. Also, the Nigerian Investment Promotion Commission (NIPC) must therefore step up the tempo in beckoning investors to develop infrastructure for tourism.

The need exists for the government to provide some appropriate incentives in order to encourage private institutions to provide loans and equity finance on suitable terms for tourism investors, by compensating such corporate bodies through generous tax rebates, and other incentives.

Private Sector Participation (PSP) is the engine house of the tourism industry. Private sector should be able to organise an annual tourism fair, so that the world will better know about Nigeria, since the government cannot handle it effectively. In fact, the prospects of PSP in ecotourism is very bright but this may be of no effect unless social infrastructures such as the uninterrupted supply of electricity, supply of pipe borne water, and good network of roads are provided by the government.

In the long term, the NTDC Decree No. 81 of 1992 is in dire need of re-enactment or support and most of its provisions on tourism development measures, compliance and offences are scanty and vague. What is required, in the alternative, may be the promulgation of a comprehensive hotel and tourism establishments act after wide consultations with stakeholders, which will contain detailed provisions on registration and licences, collection, payment of hotel taxes and penalties in default of payment of taxes, offences and penalties, suspension or cancellation of licenses, proof of offences and appeals.

The government should furnish the tourism industry operators – hoteliers,

travel agents, tour operators and car hire services - with adequate information regarding the possibility of obtaining assistance from all the possible sources, including finance, markets for their products, services, et cetera. The Nigerian Tourism Development Corporation (NTDC) must not relent in its efforts to create awareness for what tourism is and the benefits that flow from it. The investors (both local and foreign) in Nigeria's tourism industry should be enlightened to know that the tourism sector enjoys preferred sector status which translates to tax holidays, longer years of moratorium, import duty exemption on tourism related equipment and other incentives. Furthermore, the investors should be informed that state governments issue certificates of occupancy to land for tourism development purposes and some have specific areas as tourism development zones.

Promoting and marketing tourism should be the operative concept of a travel trade fair. This will serve the travel and tourism market in Nigerian and other West African countries.

Finally, since tourism is an industry where knowledge and experience are shared, stakeholders and nations in the process of harmonisation like the ECOWAS members should collaborate in tourism research, planning, development, and marketing between nations so as to foster regional peace and harmony. This regional collaboration in the area of transportation, information technology, marketing, visas, and standards of living should be emphasised. It is important that tourism should be compatible with sustainable regional development and consider issues that involve the information society. An example is the concluded Conference on Community – based Tourism and Poverty Reduction in West Africa 29 September, 1<sup>st</sup> October, 2005. Furthermore, Nigeria should exploit the full opportunities afforded by its being a member of ECOWAS to promote its tour-

ism destinations as a regional package since tourism is no longer operated on country – by – country basis, but rather on regional platform.

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