

# TOURISM AS PANACEA OF NIGERIAN ECONOMIC DIVERSIFICATION

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**Abstract:** Nigeria is facing serious economic predicament, desiring diversification in order to achieve the desired development, especially with the change in government that is posed to fight corruption and bring rancor to common man. As a matter of priority, Nigeria government must encourage the diversification of its economy. It is the only viable way to survive the current global economic uncertainty with the volatility of oil price. Nigerian economy is mono-economy, depending on oil, it is crucial that the government should not believe oil can provide an endless source of revenue. For Nigeria to break loose from the problems inherent in a mono-economy there is need for diversification and tourism is believed to be the fastest growing industries across the world. Thus, this development and indeed the mono-cultural nature of Nigerian economy leave no one in doubt as to the need to develop and sustain our tourism industry. Nigeria is a vast and fascinating country with varying geographical regions and ecological zones. This paper focuses on the possible ways of diversifying the productive base of the Nigerian economy. Using descriptive method of analysis, it is revealed that Nigeria's peculiar circumstances and the successes recorded before the advent of oil, Nigeria will break from the problems inherent in a mono-economy, especially one largely dominated by oil, thus need for diversification.

**Keywords-;** Tourism, Panacea, Nigerian, Economic and Diversification

## Introduction

As a matter of priority, Nigeria government must encourage the diversification of its economy. It is the only viable way to survive the current global economic uncertainty with the volatility of oil price. It is crucial that the government should not believe oil can provide endless source of revenue. Nigerian economy is mono-economy, depending on oil. Good percentage of Nigerians live in abject poverty, unemployment is on the high and productivity is at its lowest level Suberu et al (2015). According to Suberu et al (2015) Nigeria needs to break loose from the problems inherent in a mono-economy, especially one largely dominated by oil, which is subject to depletion, international price shocks and unfavorable quota arrangement, thus the need for diversification. Ajadi (2012) believed today Nigeria is experiencing rapid economic and population growth, which resulted in a series of mixed effects on its economy, social, and natural environment. Despite the numerous efforts engaged in, towards the improvement of the Nigerians living conditions, it is recognized that the country has several pressing issues to resolve, particularly in areas such as income inequality, unemployment, insecurity and crime and other societal challenges, hence Ajadi (2012) opium tourism can play a vital role in the socio-economic development and promotion for Nigeria as one of the fastest growing economy in the world today. As a result, tourism can be employed as a viable tool for achieving optimum

employment generation, steady rural - urban integration, revenue for the government and cultural exchange for internal and external understanding. Suberu et al (2015) noted that for more than a decade now, Nigeria has been enjoying high levels of economic growth, human development, and relative political stability, accordingly as it continues along the path of economic progress, it is imperative that the country finds ways to diversify its economy by boosting non-traditional sectors, expanding its range of products for exports and engaging new economic and trade partners. As a matter of priority, Nigeria government must encourage the diversification of the economy. It is the only viable way to survive the current environment of global economic uncertainty with the volatility of oil price. It is crucial that government do not believe that oil will provides the much needed revenue for development.

### **Nigeria Economic Outlook**

Nigeria is a middle income, mixed economy and emerging market, with expanding financial service, communications technology and entertainment sectors. It is ranked 26<sup>th</sup> in the world in terms of GDP (nominal: 30th in 2013 before rebasing, 40th in 2005, 52nd in 2000), and is the largest economy in Africa (based on rebased figures announced in April 2014). It is also on track to become one of the 20 largest economies in the world by 2020. Its re-emergent, though currently underperforming, manufacturing sector is the third-largest on the continent, and produces a large proportion of goods and services for the West African region. Nigeria recently changed its economic analysis to account for rapidly growing contributors to its GDP, such as telecommunications, banking, and its film industry. As a result of this statistical revision, Nigeria has added 89% to its GDP, making it the largest African economy. (Wikipedia, the free encyclopedia).

Nigeria rebased its GDP from 1990 to 2010, resulting in an 89% increase in the estimated size of the economy. As a result, the country now boasts of having the largest economy in Africa with an estimated nominal GDP of USD 510 billion, surpassing South Africa's USD 352 billion. The exercise also reveals a more diversified economy than previously thought. Nigeria has maintained its impressive growth over the past decade with a record estimated 7.4% growth of real gross domestic product (GDP) in 2013, up from 6.7% in 2012. This growth rate is higher than the West African sub regional level and far higher than the sub-Saharan Africa level (African Economic Outlook (AEO) 2014). The 1970's ushered Nigeria into a new era of prosperity, enjoying a bounteous oil windfall due to the increase in global oil prices precipitated by the Arab-Israeli crisis. The negative effects of this oil windfall were reflected in exchange rate appreciation, import subsidies, and a decline in vital sectors such as Agriculture and manufacturing, the solid mineral sector also suffered as earlier pointed out. However, the profligacy and waste that accompanied Nigeria's elevation to the status of an oil-rich petro state experienced a hitch at the start of the next decade. The 1980's oil glut forced a sharp drop in oil receipts, and consequently economic growth. Confronted with corruption, capital flight and mounting foreign debt, Nigeria, was left with no option but to undergo structural reforms such as

the IMF's Structural Adjustment Programme (SAP) to address the distortions caused by oil dependence.

With the return to democratic rule in 1999, a series of macroeconomic and fiscal reforms have been undertaken, most of them having economic diversification as a core element. It was also able to secure a debt buy back deal from the Paris club in 2006 which reduced the external debt even though her current domestic debt of circa \$34 billion is a threshold that is perturbing (Olumide et al 2013.)

### **A Review of Potentials of Tourism Development**

Tourism has been playing a vital role in the socio-economic development and promotion for Nigeria, as one of the fastest growing economy in the world today. As a result, tourism is being employed as a viable tool for achieving optimum employment generation, steady rural - urban integration and revenue for the government not to forget cultural exchange for internal and external understanding. Nigeria is not alone in its effort to diversify the mono-cultural economy status as a nation; the country is heavily dependent on petroleum export and to some extent agriculture to generate foreign exchange earnings. But because of the exhaustible nature of petroleum oil and the uncertainty in agriculture resulting from the unpredictable climate condition and fluctuation in the international market of these commodities among other challenges, tourism therefore remains the only sustainable and viable source of investments and foreign exchange earners for the country.

According to Ajadi 2012 the country has great geographical and climate diversity, from the Atlantic Ocean in the south through the Middle Belt region to the far North. Within a few hours, one can travel from the Sahel to Sudan savannah to snowing mountains in the North - East and Jos Plateau as well as luxuriant forests in Calabar, Tinapa Resorts and Obudu Ranch to areas of exclusive cultivation in warm waters of the coast. A wide selection of natural scenic attractions and cultural resources exists in all parts of the country. In fact, due to Nigeria geographical location and situation, the country has good potentials in ecotourism and marine tourism in attractive shores. Tourism could be one of the main sources of development in Nigeria and can be utilize for this purpose. Utilization of tourism potentials in Nigeria have been related to the policies and vision of the successive governments since independence in 1960.

The successive Nigeria governments have seen the potentials of travel and tourism as a viable tool to achieving the MDGs and vision 20: 2020. Nigeria with a population of about 140 million people (NPC, 2007) made up of about 350 ethnic groups, a vast land of about 1 million sq km, a beautiful coastland of about 835km, a rich diversity of cultural and ecological resources with these potentials, Nigeria appears destined to be a major destination in Africa. Africa was after East Asia and the Pacific, the part of the world in which tourism made the most progress in the last two decades (Les Editions, 2001). Nigeria is still not on the list of the major destinations in Africa which include South Africa, Tunisia, Egypt and Morocco. Presently, the growth rate of

4% is recorded per annum, which implied that the tourist sector is a promising one. As a result, successive Nigerian government has seen the needs, taken the leads to diversify her mono-cultural economy and has therefore, taken some policy measures to promote travel and tourism, thereby making Nigeria as the ultimate tourism destination in Africa by making the nation an attractive tourist destination that is sustainable, Ajadi (2012).

It is widely accepted that tourism development for a destination is largely dependent upon tourism resources, both cultural and ecological, that the destination posses in terms of their quality and quantity. Similarly, promotion, marketability and provision of tourism infrastructure are essentials for any meaningful tourism development. Today, Nigeria is experiencing rapid economic and population growth, which has resulted in a series of mixed effects on its economy, social, and natural environment. Despite the numerous efforts engaged in, towards the improvement of the Nigerians living conditions, it is recognized that the country has several pressing issues to resolve, particularly in areas such as income inequality, unemployment, insecurity and crime and other societal challenges.

### **Tourism Destinations in Nigeria**

Tourism has been growing since the 70's and 80's but at this time Nigeria's hopes, dreams and thought were not matured enough to pursue that sector of the economy until the 90's. By this time factors or potentials which are prerequisite for tourism development were very much there, and are still there and will most probably be there for a long time to come, for instance, the Gurara Water Falls, Ikogosi and Wikki warm springs, Mambilla Plateau, Riyom rock formation, Idanre Hills, Zuma Rock, Olumo Rock, Ikom Water Falls, etc. - Ikeja water parks, Snake Island, Ibadan Amusement Centre, Abuja parks and Amusement, Lagos bar beach, Obudu Cattle Ranch, Nicon and Sheraton Hotels, Zaranda Hotels. Etc. Yankari, New Bussa and Bauchi Game Reserves. Plateau Gardens and Monuments, Kano and Ibadan zoo's, Cross river boat and fishing regatta, Argungu fishing festival etc. - Atilogu Dancers, kuntigi and kalangu local guitarists, Yam festival, Gale and GboyaNupeTraditon, Eyo masquerades, Ekwechi Festival in Ebira Bronze Statutes from Benin, local fan and hat from North, local cloth dyers from Kano and Oyo etc. - Dambe and Langa Traditional games from North, many traditional and religious festivals across the North etc. - Varieties of Seminars, conferences, meetings and Workshops in hotspot tourist locations across Nigeria.

### **Benefits of Tourism to National Economy**

The potentials or opportunities of tourism in Nigeria's socio-economic life are clearly indentified. First and foremost, the economic impact of tourism is the income and wealth it will creates for the people and the nation. This is further heightened by the concept of Tourism income multiplier (TIM) meaning that a demand by a tourist in an area implies spending some money with the people in those areas who in turn spend in other places, this continues on and on. Again, it is gratifying to note that the percentage of jobs that depends directly or indirectly on

tourism demands average at 5 to 7%. These employments are found in tourism sites, hotels, airlines, travel agencies and other associated products to tourism. In fact, the growth of tourism would not have been possible without a vibrant labor. Also, another economic impact of tourism is that it stimulates local industries and crafts in addition to increasing foreign exchange earning to provide the investment necessary to finance economic growth, while rectifying our balance of payment deficit. Figures have shown the increasing number of international tourist arrivals and receipts thereby ensuring that balance of payment always balance.

Economic impact of tourism could be in terms of investment and development. That is, once the business of tourism is booming in an area then investors are poised to invest while the area develops rapidly e.g. industries, infrastructures (road, water, etc.) Tourism can stimulate local industries such as craftwork, local textiles and fashion designs etc. On the other hand, social impact in terms of public awareness and information flow will equally create social awareness and the need to warmly received visitors. Another social impact is that tourism visits enable one to meet people from different backgrounds, thereby creating understanding, peaceful co-existence, exchange of ideas, pleasantries and promote unity. Social impact of tourism could be in form of cultural revival or reawakening, promoting natural arts and crafts, health therapy, etc. Another social impact of tourism is creating a good relationship between man and his natural environment, conservation and protection. More so, social impact could create positive international image, cultural exchange and enrichment.

### **Problem and prospects of Tourism in Nigeria**

Despite the potentials and opportunities available for tourism development in Nigeria, it is still bogged with the following problems:

- ❖ The major problem facing the tourism industry is the lack of political will on the part of the government which gives rise to the numerous problems facing the industry.
- ❖ The urgent need for the review of national policy on tourism so as to make it more encompassing, through broad based proper planning and dynamism, by giving tourism its rightful place in the constitution, offering tourism courses in tertiary institutions and standardization of hotels.
- ❖ Another problem of tourism is that of funding. It is not advisable and not the case in places where tourism has developed to have too much government involvement but rather government provide the guidelines then allow the private sectors and financial institutions to take up the development of tourism industry. In fact, tourism is a product of sectoral cooperation and governmental backing.
- ❖ Infrastructures development is a very big problem in Nigeria. A situation where roads are in bad shape, inadequate and in some cases absence of portable water, erratic power supply, poor communication networks and other aspects of social amenities required to support tourism are not in existence will not augur well for tourism industry.

- ❖ Political instability, conflicts, insecurity and poor attitudinal changes among Nigerians will tend to scare away genuine tourists.
- ❖ Finally, major problems include; ineffectiveness of the tourism organization structure in the country, from the presidential council, through the ministerial council, the NTDC Board, state tourism Board and the Local Government tourism committee. Most tourist organizations in the country lacked qualified professionals in the management of tourist sites, destinations and the vast resources. There is evidence of poor funding of the tourism sector, inadequate operational capacity, poor infrastructural development and inability to compete with other well developed tourist nations in Africa such as South Africa, Egypt, and Kenya among others Emerging economies in the world.

Nevertheless, the catalogue of problems plaguing the prospects of this viable industry cannot be overemphasized due to the following reasons. Nigeria has all the potentials of tourist attractions from rocks and falls cut through wildlife parks and gardens down to hotels and conference centers. Though we have observed tourism policy have problems, but the launching of the first tourism policy is an indication of government intention to that sector, coupled with the so many awareness and campaigns to instill discipline and respect by Nigerians towards visitors

### **Conclusion and Recommendation**

Nigerian government took a bold step with the effort to diversify the economy. Of course, many challenges arise when pursuing a diversification strategy. It is often necessary to make significant investments in human resources and infrastructure to support economic sectors and activities. These are long-term endeavors that need government commitment and political will, not to mention major capital investments. Moreover, in pursuing new sectors, products and partners, Nigerian governments must be careful not to neglect their traditional economic bases. In fact, there are many benefits that could arise from more diversified economies. And, these include less exposure to external shocks, an increase in trade, higher productivity of capital and labor, and better national regional economic integration. These benefits, in addition to effective public management, can effectively help reduce poverty and promote human and social development. Tourism is one of the key sectors that provide unrivalled opportunities for Nigeria's accelerated growth. It shares linkage with virtually all the sectors of the economy with proven multiplier effect on the economy. It remains Nigeria's surest most strategic and competitive way to secure her rapid industrialization and future. It creates employment more than any other sector of the economy, earns foreign exchange. It is the basis of the Nigeria economy, and even the source of the much celebrated oil (science of oil formation).

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