

DIVERSIFYING THE CROSS RIVER STATE ECONOMY THROUGH TOURISM: OPPORTUNITIES AND CHALLENGES

SUNDAY A. EKO, EUGENE O. IFERE AND UBONG UDONWA

ABSTRACT

Since the early 1970s, when revenue from oil became Nigeria's major foreign exchange earner and contributor to gross domestic product (GDP), attention has shifted away from other sectors of the economy, especially agriculture and manufacturing, which were once the mainstay of the economy. As a result, all Nigerian states except Lagos have relegated the issue of internally generated revenue to the background, with the resultant effect being the inability of the states to meet their budgetary demands. However, given the peculiar problems associated with oil—its being subject to depletion, unfavourable quota arrangement, international price shocks and other internal problems, such as the inability to maintain effectively the existing refineries for optimal production, there have been agitations on the need to diversify the Nigerian economy, by moving to other sectors. Using descriptive method of analysis, the study proposes the adoption of tourism as a veritable tool for revenue generation and employment creation in Cross River State. The choice of tourism is predicated on the fact that it holds great potentials for actualising the objective of enhanced internally generated revenue (IGR). To achieve this, there is need to reposition the state tourism sector. Recommendations that would help in repositioning the sector for enhanced performance are given. They include among others, the need to scale up funds voted for tourism, need to synergise with the foremost tourism agencies in the country, coming up with a comprehensive compendium of the various tourism sites and attractions in the state, which should be widely publicised and use of state-of-the-art equipment and facilities at all tourism sites.

KEYWORDS: Cross River State, diversification, tourism, revenue generation, employment generation

1 INTRODUCTION

Virtually every Nigerian state depends on federal government statutory allocation to perform its fiscal responsibilities. The only exception to the foregoing assertion is Lagos state, which has been able to use internally generated revenue (IGR) to run her economy. For instance, while on the average, the ratio of statutory allocation to internally generated revenue for all the states combined including the Federal Capital Territory, Abuja stood at ₦0.23m in 1997, the value for Lagos State stood at ₦18.98m (CBN, 1997 cited in Umoh, 2007). That is, while an average of ₦1m statutory allocation is

equivalent to ₦0.23m internally generated revenue for all the states combined including the FCT, ₦1m statutory allocation is equivalent to ₦18.98m internally generated revenue for Lagos State.

Proceeds from petroleum is the major source of federal government revenue in Nigeria, and petroleum according to Eko, Utting & Onun (2013), is subject to depletion, unfavourable quota arrangement and international price shocks. As asserted by them,

Since the early 1970s however, as oil became a major foreign exchange earner and contributor to GDP, other sectors of the economy especially

Sunday A. Eko, Department of Economics, University of Calabar, Calabar, Nigeria.

Eugene O. Ifere, Department of Economics, University of Calabar, Calabar, Nigeria.

Ubong Udonwa, Department of Economics, University of Uyo, Uyo, Nigeria.

agriculture and manufacturing, have been relegated to the background. The result is that the non-oil sector of the economy has stagnated, while crude revenues have not been managed effectively to stimulate desired growth levels and sustainable economic development.

Because of the problems associated with the petroleum sector in Nigeria as reflected above, and granted that Nigeria depends mainly on revenue from petroleum, extant literature has advocated the need for the various states to venture into other sectors of the economy. Eko, Utting & Onun (2013), mentioned two of such options to include agriculture and tourism. Cross River State has great tourism potentials and has been at the forefront of tourism development in the country, though much still needs to be done in order to better position the sector for enhanced performance.

Despite the budding potential however, there is no known study aimed at projecting the tourism sector as a possible option for diversifying the state economy vis-à-vis using it as a major revenue spinner and employment generator. Granted that tourism holds the key to economic emancipation as witnessed in some other countries, such as the United Arab Emirates (UAE), Kenya, South Africa, Malaysia, etc. and the fact that Cross River State is richly endowed with tourism sites, the authors hope to fill the existing gap by undertaking a study of tourism sector in the state, with a view to coming up with recommendations that would help in repositioning the sector for optimal performance.

2 Conceptual Issues

2.1 Concept of diversification

Diversification implies "movement into new fields and stimulation and expansion of existing traditional products" (Iniodu, 1995). Diversification does not discourage specialisation, but requires that resources be channelled into the best alternative uses (Ayeni, 1987; Iniodu, 1995). In macroeconomic planning, diversification promotes growth and development through the mobilisation of savings from surplus sectors for use in the development of deficit sectors of the economy.

Options for diversifying an economy abound, such as agriculture, entertainment, financial services, industrialisation, information

and communication technology, tourism, etc. However, there is need to exercise caution in adopting a particular option or combination of options, since due to structural differences, a model that fits a particular economy perfectly well may prove irrelevant in another. Given the current poor revenue base of Cross River State and the need to immediately diversify her economy by venturing into other sectors; this study proposes mainstreaming the state tourism sector, with the aim of using it as an income spinner and employment generator. The choice of tourism is informed by the huge potentials that it holds for diversifying the state economy.

2.2 Concept of tourism

Hunziker & Krapft (1994) define tourism as "the sum of the phenomena and relationships arising from the travel and stay of non-residents, insofar as they do not lead to permanent residence and are not connected with any earning activity." Similarly, the World Tourism Organisation (2010) defines tourists as "people who travel to and stay in places outside their usual environment for more than twenty-four hours and not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited."

Various forms of tourism have been identified (Adigun & Awe, 2009), but for more clarity, the various types are further classified into two sub-types depending on either 'purpose' or 'location'/and 'nationality' of those engaging in it (Eko, Utting & Onun, 2013). Types of tourism under classification based on purpose include pilgrimage, pro-poor, eco, educational, and niche. In 1994, the United Nations in its "Recommendations on Tourism Statistics," classified tourism into three forms, namely: *domestic tourism*, involving residents of the given country travelling only within the country. *Inbound tourism*, which involves non-residents of the given country travelling only within the country and *outbound tourism*, involving residents travelling to another country.

3 Literature Review

The history of tourism as contained in Adigun and Awe (2009) dates back to the beginning of civilisation. During that time, wealthy people travelled great distances to great buildings or other works of art, to learn new languages, to experience new cultures, and to taste new cuisines. Chief among these travellers

were the Romans, who are said to have travelled to a particular resort called 'Baiae' in Rome. Tourism has gained prominence in recent times, with 17 countries of the world today, using it as their major source of income. As reported by the World Tourism Organisation (WTO, 2010), there were over 922 million international tourist arrivals in 2010, with a growth rate of 1.9% compared to 2009. The report also presented the following ten countries as the most visited from 2006 to 2010 by the number of international travellers: France (312.2m), Spain (226.1m), United States (219.8m), China (208.5m), Italy (170.7m), United Kingdom (119.7m), Germany (97.1m), Turkey (91.6m), Mexico (86.9m), and Malaysia (84.2m). Tourism accounts for one-third of world service trade and employs one in ten workers worldwide (i.e. 10.7%) of global labour force (WTTC, 2002).

African countries are yet to explore their tourism potentials. In spite of the various tourism sites available in Africa, many African countries have not been able to develop such sites to meet international standards that would lure tourists into such countries. However, a few have been able to position themselves on the world tourism map, by developing their natural and man-made attractions and have begun to enjoy benefits accruable from tourism such as foreign exchange, employment, etc. Some of these countries include Kenya, South Africa, the Gambia, the Republic of Senegal, Egypt, Republic of Tunisia, Central African Republic and Morocco. For instance, in Kenya, earnings from tourism accounts for the second largest source of foreign exchange revenue, with the number of tourists in 2010 alone being as high as about 1,095,945 persons and about Kshs73.68 billion as revenue. Tourism is equally the second largest foreign exchange earner for Gambia, the smallest country in West Africa (in terms of size). By 1988/1989, about 112,389 tourists visited Gambia; the country employed the services of about 7,000 people and generated about D70.9 million. A survey by WTTC (2010) revealed that the amount is likely to jump to \$172.4 million in 2018.

Like some other countries, Nigeria has made tremendous effort towards tourism development. As contained in the official website of the Nigerian Tourism Development

Corporation (NTDC), states that are at the forefront of tourism development include Cross River, Lagos, Bauchi, Plateau, Ogun and the Federal Capital Territory (Abuja).

3.2 Efforts towards tourism development in Cross River State

The drive towards a robust tourism industry in Cross River state derives from the country's National Policy on Tourism, which came into force in 1991. Encapsulated in the policy is the desire to make Nigeria a preferred tourism destination in Africa (FRN, 1991). On a narrower basis, the policy aims at generating income, foreign exchange, creating employment for teaming unemployed youths, overall development (especially of the rural areas), uniting the country and above all educating the people. The hallmark of tourism development in Cross River State is the establishment of the Cross River State Tourism Bureau and the State Carnival Commission.

Effort by Cross River State towards tourism development became intensified in the wake of Donald Duke's administration in 1999, when the tourism sector was identified as one of the flagships for the socio-economic development of the state. That administration was able to identify tourism as holding great potentials for driving other sectors of the state economy. Accordingly, since its inception, the sector began to receive unprecedented investments. Some of the achievements of Duke's administration include among others, the following:

- i upgrading to international standards, the Obudu Ranch in Obudu L. G. A.;
- ii upgrading to international standard the Marina Resort in Calabar;
- iii installation of a cable car at Obudu Ranch Resort;
- iv construction of the Bebi Airstrip in Obanliku L. G. A.;
- v construction of the Tinapa Business/Holiday Resort in Calabar;
- vi bringing on board the popular Calabar Christmas Carnival;
- vii establishment of the Cross River State Tourism Bureau; and
- viii establishment of the carnival commission.

3.3 Major tourism sites in Cross River State

Tourism sites abound in Cross River State. Outlined below are some of them.

Table 1: Major tourism sites in Cross River State

S/ N	Tourism Attraction	Location	Brief Description
1	Afi Mountain Nature Reserve	Obudu LGA	One of the last remaining reserves and tropical rain forests in West Africa; houses Africa's longest canopy walkway.
2	Agbokim Waterfalls	Etung LGA	Seven-stream waterfalls with scenic splendour
3	Amazing Grace Marina (at Freedom Bay)	Calabar	A modern marina development complete with first class world entertainment and leisure facilities including a boat cruise, gift shops, hotel, amphitheatre, boardwalk, museum, cinema and cruise boats.
4	Cable Car	Obudu Ranch Resort, Obanliku LGA	Longest cable car in the world, point to point
5	Cross River National Park	Made up of two sectors situated in Akampka and Boki LGAs	Home to diverse collection of flora and fauna, several of them very rare and endangered
6	Drill Rehabilitation and Breeding Centre	Boki LGA	The flagship for wildlife rehabilitation in the region
7	Kwa Rapids	Akampka LGA	A water rapid popular for picnics; provided background for 2002 Miss World Swim suit shots
8	Mary Slessor's Residence	Okoyong in Odukpani LGA	Two-storey pre-fabricated building constructed about 1887 (home of the female legend renowned for stoppage of killing of twins in Africa)
9	Monoliths	Ikom LGA	Some of these carved stones may date back to about 200 AD. Students of history and arts will find these a veritable goldmine
10	Obudu Ranch Resort	Obanliku LGA	Nestling at the top of the mountain, the Obudu Mountain Resort is situated on a plateau at 1576 metres above sea level. The temperate climate offers a total contrast and welcome respite from Africa's tropical heat. Idyllic tranquillity, beautiful scenery and breath-taking views make it ideal for the lone adventurer, families on reunion, young couple or holiday group and for conferences. Recently the Obudu international mountain race has attracted athletes from all over the world to the resort on yearly basis
11	Old Residency Museum	Calabar	Houses artefacts and monuments; many of which are associated with the slave trade
12	Refome Lake	Ebom, in Abi LGA	The largest fresh water lake in Southern Nigeria; central to a fishing festival which takes place between March and May every year
13	Some five-star Hotels	Calabar (and other places)	The Transcorp hotel, the Mirage hotel, Channel view hotel, Monty Suite, Axari hotel, Mega Hilton, Protea hotel (at the Ranch), Amber hotel (at the Tinapa), among several others
14	The Canopy Walkways	Obudu, in Obudu LGA	The second and longest canopy walkway in Africa; trees can be viewed from a height of 385 meters

			above the valleys
15	The Cercopan	Calabar	Conservative, educative and research Centre
16	The 'Leboku' New Yam Festival	Ugep, Yakurr LGA (with variants in all LGAs of Cross River State)	Biggest 'New Yam' Festival in Africa and a major event in the Nigerian Cultural Calendar; Leboku combines culture, beauty, splendour, talent and a fusion with agriculture
17	The prestigious annual Calabar Christmas Carnival	Calabar	The biggest street party in Africa, boasts of over four million participants every year
18	Tinapa Business/Holiday Resort	Calabar	Africa's Premier Business Resort, replete with cinemas, a five-star hotel, shopping malls, banks, conference centres, etc.

Source: Adapted from Mofinews, May-June (2005)

3.4 Opportunities and Challenges

Cross River State is blessed with myriad of tourism potentials as shown on table 1 and many

opportunities are derivable therefrom. This section sheds light on tourism opportunities in the state and challenges thereof.

Table 2: Selected macroeconomic indicators in Cross River State

INDICATOR		2009	2010	2011	2012
% of Agricultural expenditure to total Budget size	1.7	1.6	2.1	2.4	2.6
Total no of tourists into the state	1,070,000	1,229,000	1,400,000	1,500,000	1,550,000
Total no of persons employed in the tourism industry	3,585	3,157	3,900	4,000	4,050
% contribution of tourism to Gross State Product (GSP)	Na	10	30	35	40
% of tourism expenditure to total budget size	1.4	1.1	1.1	1.1	1.1
% of education expenditure to total budget size	14.4	Na	12.0	11.0	10.0
% of works and transport expenditure to total budget size	32.6	52.6	21.9	20.0	20.0
% of health expenditure to total budget size	8.1	5.0	5.0	4.5	3.5

Source: CRS Economic Performance Review, 2012

Note: Na = Not available, GSP = Gross State Product

Some macroeconomic indicators that would aid us in exploring some of the opportunities and challenges of tourism development in the state are presented in Table 2. In line with the national policy on tourism, opportunities available in the tourism sector include but not limited to the following:

employment generation, income generation, infrastructural development, especially in local areas, improved social and cultural ties and a reduction in dependence.

The table reveals that a total number of 1,070,000 tourists entered the state in 2008. The number of tourists continued to soar, with the

figures for 2009, 2010, 2011 and 2012 being 1,229,000; 1,400,000; 1,500,000 and 1,550,000, respectively. This influx implies increased business opportunities and higher profit margins especially for those in the hospitality industry as tourists are known to engage in high patronage. In 2009 alone, attendees direct spending during the Christmas carnival/Calabar festival amounted to N22,853,300 while the estimated number of visitors stood at 613,800 (CRS, 2012).

Employment generation is another benefit derivable from tourism. Row 5 of table 2 gives the number of people employed in the industry between 2008 and 2012. The value for 2008 stood at 3,585 persons and reduced to 3,157 in 2009 before increasing to 3,900 in 2010. The figure stood at 4,000 and 4,050 for 2011 and 2012 respectively. The drop in the 2009 value may not be unconnected with the revenue shortfall brought about because of the oil wells effect. In line with economic theory, employment raises income for people, reduces dependence on those working and increases investment. Increased investment is predicated on the fact that part of earned income could be invested. This in turn results in increased revenue for government.

Annual contributions of the sector to the state gross state product (GSP) in percentage from 2009 to 2012 stood at 10; 30; 35 and 40 respectively. Other contributions of the sector to the state economy are in the areas of infrastructural development, especially in rural areas, where most of the tourism sites are located, and exchange of social and cultural ideas between host communities and those visiting such sites. A typical example is during the 2012 Calabar Carnival/Christmas Festival where some international attendees from Brasil, the Caribbean, etc. came with their own bands hence giving that year's carnival a special touch. In spite of the above highlighted opportunities however, the sector is faced with several challenges.

3.5 Factors militating against large-scale tourism development in Cross River State

Several factors (challenges) are responsible for poor performance of the tourism industry in Cross River State. Some of the factors include the following:

- i Problem of funding: Establishment of facilities and infrastructure such as roads, hospitals, hotels, potable water, electricity, airports, etc., in and around tourism sites have been inadequate in Nigeria and the state in particular owing to very meagre resources often voted for tourism development. This is reflected in table 2, where government expenditure is skewed towards other sectors of the economy such as health, education, etc. at the expense of the tourism sector. While agriculture, education, works and transport and health sectors share of GSP in 2012 stood at 2.6, 10.0, 20.0 and 3.5% respectively, the tourism sector received a paltry 1.1%. Added to this, is the inadequate private sponsorship for tourism events (CRS, 2010). These have a negative impact on the overall development of tourism in the state.
- ii Poor publicity: Inadequacy of efficient publicity to keep both national and international tourists abreast of existing tourist destinations, keep prospective tourists away. For instance, a survey carried out by the Cross River State Tourism Bureau in 2009 reveals that 32% of tourists got information about tourist destinations in the state through television as against 44% who got such information through word of mouth. This means that not much has been done in the area of publicity.
- iii Tourism can bring about increased competition for limited resources such as water and land, resulting in land degradation, loss of wildlife habitats and deterioration of scenery.
- iv Many jobs in the tourism industry are poorly remunerated. This is a peculiar problem in Cross River State, where tourism experts move to other areas in pursuit of greener pasture, and where the local workforce lacks the skills to fill available positions.
- v Fear by tourists (especially foreign tourists) of infection by some tropical diseases e.g. malaria and sleeping sickness, also militates against tourism development in the state.
- vi Poor Participation by non-residents: Attendees and participants at the state tourism programmes were largely residents, their family members and friends while the number of non-resident vacation tourists is very low. In 2010, 85% of visitors were Nigerians while 15% were foreigners (CRS, 2010).

4.1 CONCLUSION

Consequent upon the discovery of oil in large quantities in Nigeria, other sectors of the Nigerian economy, particularly agriculture and manufacturing, which were hitherto the major contributors to GDP and employment generation, have been relegated to the background and attention shifted to the oil sector. However, the petroleum sector is replete with problems such as unfavourable quota arrangement, international price shocks, and internal problems such as the inability to effectively maintain the existing refineries for optimal output. Above all, oil is subject to depletion. The resultant effect of this is that, exception of Lagos State; the various Nigerian States have not been able to meet up with their fiscal responsibilities as allocation from statutory sources (federal allocation), have proven inadequate over the years. The case of revenue shortfall is even more pathetic in Cross River State, given the recent oil wells issue.

Because of the foregoing, there have been agitations on the need for Nigeria and indeed the various states to diversify their economies by venturing into other sectors with a view to enhancing internally generated revenue, employment generation, etc. Aware that tourism holds great potential for achieving the above gains in the state—as could be seen in the various tourism sites dotted across the state, the Cross River State government has made tremendous effort towards repositioning the sector for enhanced performance. However, tourism indicators explored showed that several factors such as poor funding, inadequate publicity, increased competition for existing infrastructure and facilities, poor remuneration of tourism workers, poor participation by non-residents among others, militate against the sector, thereby reducing the successes recorded so far.

For tourism to be adopted as tool for effectively diversifying the Cross River State economy, the problems militating against its smooth operation have to be addressed first. Thus, drawing from the implications of this study, the following recommendations are put forth for policy.

- i. Funds voted for tourism should be scaled up. Such upscale of funds would help in bringing about more research into new tourism activities, with a view to incorporating the outcome of such researches into existing activities, with a view to expanding existing tourism activities in the state. More so, it would aid in enhancing the remuneration of personnel working in the tourism industry. This would engender better service delivery within the sector and would go a long way in curbing the human capital flight inherent in the industry.
- ii. Steps should be taken by the foremost tourism agency in the state, the Cross River State Tourism Bureau in conjunction with other state agencies involved in tourism development, to come up with a comprehensive compendium of the various tourism sites and attractions available in the state, and such sites should be given wide publicity both domestically and internationally, using the internet, various Nigerian embassies and high commissions, as well as other means of information dissemination.
- iii. Infrastructural facilities such as hotels, roads, etc. and equipment around tourism sites and their appendages should be vigorously updated and packaged to meet international standards. Such infrastructure and facilities should be increased to check the problem of increasing competition for them, which is often brought about by influx of tourists.
- iv. Personnel involved in the business of tourism (especially tourism experts) should be well remunerated in order to reposition them for better services in the industry.
- v. Vigorous research into contemporary tourism attractions should be carried out and subsequently incorporated into existing ones, to avoid saturation.
- vi. Government and other stakeholders should carry out periodic aerial spraying of tourism sites and their environs to help attenuate the problem of tropical diseases such as malaria, etc.
- vii. Need to synergise with other tourism agencies both nationally and internationally such as the World Tourism Organisation (WTO), Nigerian Tourism Development Corporation (NTDC), the Federal Ministry of Culture and Tourism,

and the National Council of Tourism and Culture, etc.

REFERENCES

- Adigun, I and Awe, M. A., 2009. The History of Erin Ijesa and Olumirin Waterfalls (2nd Ed), Ilesa: Simlag Excel Prints, p. 9
- Ayeni, B., 1987. Resource Localisation, Exchange Relations and Diversification of the Nigerian Space Economy, in: Diversification: Strategy for Nigeria's Economy, Nigerian Economic Society and Heinemann Educational Books (Nigeria), Ibadan, 12-137.
- CBN., 1997. Annual Report and Statement of Accounts. CBN
- Cross River State., 2010. Economic Performance Review. Vol. 3, CRS
- Cross River State., 2012. Economic Performance Review. Vol. 4, CRS
- Eko, S. A., Utting, C. A and Onun, E. U., 2013. Beyond oil: Dual-imperatives for diversifying the Nigerian economy. Journal of Management and Strategy, 4, (3): 2013.
- FRN., 1991. National Policy on Tourism, FRN
- Hunziker, C and Krapft, B., 1994. Tourism and National Development, retrieved from <http://en.wikipedia.org/wiki/Tourism>
- Iniodu, P. U., 1995. Diversifying Nigeria's Non-Export Base for Sustainable Development, External Trade and Economic Development in Nigeria, selected paper for the 1995 Annual Conference of the Nigerian Economic Society, pp. 277-285
- Mofinews., 2005. Cross River State: Building today for tomorrow, Bi-monthly journal of the Ministry of Finance, Vol. 4, No. 5, May-June
- National Bureau of Statistics., 2011. Annual Abstract of statistics. NBS
- World Tourism Organisation., 2010. Recommendations on Tourism Statistics, retrieved from <http://info.newkerala.com/top-travel-destinations-of-world/main-types-of-tourism.htm>
- World Travel and Tourism Council., 2002. The Impact of the Travel and Tourism Industry on Jobs and the Economy, WTTC
- World Travel and Tourism Council., 2010. The Authority on World travel and Tourism, retrieved from http://wttc.org/site_media/uploads/travel_tourism2010.pdf WTTC