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RESEARCH ARTICLE

BOOSTING NIGERIA'S SERVICES TRADE: UNLOCKING THE TOURISM POTENTIAL OF LAGOS - CALABAR COASTAL HIGHWAY

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Abstract

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As the global economy transitioned from agrarian to industrial, and to a services-based economy, the contribution of services to GDP has increased. This has not been evenly distributed across economies asthe rate of services contribution to GDP varies for developed economies, emerging economies, and low-income countries. Nigeria continues tostruggleto diversify its economy away from over dependency on oil - which has increasingly brought about attendant macroeconomic volatility, based on fluctuations of global oil prices – and faces the urgent need to find alternative sources of revenue. Services, particularly tourism, can make a significant contribution to boost Nigeria's overall trade,generate foreign exchange,boost employment,halt the dwindlingf oreign reserves,and enhance GDP growth.However,significant investm entsare required in infrastructure development to unlock the growth potential of tourism.A significant public sector infrastructure investmen t, the Lagos-Calabar Coastal Highway, presents an opportunity to stimulate private sector investments in the tourism sector,taking advantage of the 750 kilometers stretch of pristine, white sandy beaches.Financing the development of the tourism infrastructurerequire ments along this coastline would necessitate not only substantial financial commitment, but also innovative thinking in structuring financing packages. The article argues that the sui generis legal framework for such financing in Nigeria is inadequate and would require supplementation from both domestic and foreign investments, which may pose its own set of challenges. The article posits, through the theoretical framework of the dependency theory of tourism, contrasted by the globalization theory of tourism, that the potential benefits outweigh the risks.

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Introduction:-

The Nigerian economy has been dependent on oil export for much of government revenue. This dependence on a monoculture economy poses a threat to the long-term economic future of the country, as the world moves away from

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fossil fuels to more sustainable environmentally friendly alternatives. The dependence on a monoculture economy has given rise to economic volatility, as the instability in global oil prices is transferred to the domestic economy, which has become overly dependent on oil for a substantial part of foreign exchange. Beside oil exports, and a handful of commodities, Nigeria has failed to create a viable export industry, given the perennial constraints crippling the potential of the agricultural and industrial sectors.Geographically diverse, blessed with rain forests, vast plains and savannah land, Niger River, Benue River, swamps, rainforests, and mountains. Multi-cultural, diverse cuisine, a rich cultural heritage and history, many sites of historical and cultural significance, beaches, waterfalls, national parks - all attributes of Nigeria. The attractiveness of Nollywood, reputed to be one of the largest film industries in the world by volume, and Afrobeats, are understated magnets in attracting tourism to the country. These characteristics should make Nigeria anattraction for tourists, seeking to explore its abundant cultural heritage, and natural appeals.

While services trade contributes a large portion to the GDP of Nigeria, its share of GDP, at about 58%, is only marginally above the level of low-income countries, at 52%. Theservices share of 58% ofGDPis below the levels of emerging economies, anddeveloped economies at 70% and 80%, respectively. The potential of the tourism sector in Nigeria has yet to be fully exploited, despite thesignificant contribution to GDP of many services sectors, including financial services, communication, and tourism. Doubtless, tourism can be a vehicle for development and a catalyst for economic growth, given that it is a critical service sector that impactsseveral sectors such as finance,construction, agriculture and transportation, thereby generating a multiplier effect that boostsemployment creation.[1]As an inclusive economic activity, it has a low entry level and embracesdiverse segments of the population, particularly Micro Small and Medium Enterprises (MSMEs), women, and low-skilled workers.

In 2023, the direct contribution of travel and tourism to Nigeria's GDP was about N2.3 trillion,representing 1.7% of total GDP. The sector's contribution rises to around N7.5 trillion or 5.1% of GDP when supply chain effects and investments are considered.[2]The contribution of the sector to total employment was 2.4 million jobs, representing 3.6% of aggregate employment in Nigeria. Relative to other sectors like oil and gas, agriculture, telecommunication and other services – contributing, 7-10%, 25%, and 50%, respectively – the contribution of tourism is low. The low baseline of the contribution of tourism to GDPindicates that there is asubstantialopportunity for tourism to not only increase GDP but also improve Nigeria's balance of payments.[3]

The African Union's Agenda 2063 and the United Nations Sustainable Development Goals (SDG) 2030 acknowledge the pivotal role tourism can play in driving economic growth and sustainable development, with the focus on socio-economic transformation, and ending poverty through the implementation of economic growth strategies. The global tourism industry accounts for 313 million jobs, representing 10% of total global employment, and contributes 10.4% to the global GDP.[4] As an export product, tourism generates substantial foreign earnings for destinations. Africa has seen a significant growth in tourism receipts from USD22.3 billion in 2005 to USD 36.5 billion in 2017, indicating the major contribution thattourism can make to GDP. [5]

Owing to the contribution of tourism to economic growth, it is regarded as a development tool, as confirmed by the UNWTO Manila Declaration on World Tourism. The Declaration affirms the potentials for tourism to contribute to a new economic order to help to eliminate the widening gap between developed and developing countries.[6] Tourism affects economic development through three main pathways, namely direct effects (relates to wages and benefits of the workers and entrepreneurs directly involved in the sector), indirect effect (entailing the value chain impact) and dynamic effects.

For Nigeria to derive the extrapolated benefits from tourism, it requires significant investment in tourism infrastructure as a condition precedent to attracting high numbers of visitors that will translate into meaningful contribution to the attainment of economic growth and sustainable development. The ability of a tourism destination

[1] R Deswell, How Effective Management makes the Difference, Oxford, and Butterworth-Heinemann, (1997).
[2] World Travel and Tourism Council (WTTC)
[3] S. J Page and J Connel, Tourism: A Modern Synthesis (2nd Edition, London: Thompson Learning, 2006).
[4]See United Nations Economic Commission for AfricaSustainableTourismInvestmentFinancing in EasternAfrica (citing WTTC, 2018.)
[5]See United Nations Economic Commission for AfricaSustainableTourismInvestmentFinancing in EasternAfrica (Citing UNWTO, 2018, at pp 2).
[6]SeeManilaDeclaration on World Tourism, (Manila Philippines:1980)

to attract investment is directly correlated to its level of development. This much was evident in the total investments that Africa was able to attract in 2017 in travel and tourism, which was just USD 28 billion out of total investment of USD 882 billion.

The top tourist destinations in Africa in 2023 were Egypt, 14.9 million visitors, Morocco, 14.9 million visitors, Tanzania, South Africa, and Tunisia. Visitors were drawn to the rich culture, history, religious sites, man-made and natural attractions, historic sites, local cuisines, beautiful beaches, restaurants, wildlife, city life, and nature. According to the Travel and Tourism Development Index 2024 report, South Africa, Mauritius, and Ghana werethe highest-ranking countries in Africa in terms of factors enabling sustainable growth in the Travel and Tourism sector.[7] The improvement in the T and T sector has boosted job creation and economic development in Sub-Sahara Africa.

In interrogating the issues arising from this paper, section II of the paper commences with an analytical assessment of the services sector in Nigeria, and thecontributions that tourism can make to the development and contribution of the overall services to the GDP, with a brief reflection on the opportunities and challenges in the sector. It postulates, based on the theoretical framework of the developmental theory of tourism, that tourism possesses a transformational capability, notwithstanding the possibilities for it to create dependencies and exploitation by major tourism operators.The section considers the ambitious policy and legal framework underpinning the aspirations of Nigeria to develop the tourism sector, but notes the debilitating effect for the sector of the numerous challenges posing significant obstacles to the realization of the sector's potentials.

This is followed in section III by an analysis of the tremendous opportunities for the development of the tourism sector by the ongoing construction of the Lagos-Calabar Coastal Highway.This section examines the contributions that tourism can make to the Nigerian GDP by leveraging the opportunities inherent in the ongoing development of a significant infrastructure, the Lagos-Calabar Coastal Highway. A cautionary note is made emphasizing how addressing challenges in value chain can maximize the benefits of tourism, alleviate poverty and stimulate economic growth. Itconsiders the opportunities for Nigeria to create jobs, generate foreign exchange by developing the tourism value chain, and the need for the value chain actors to address impediments along the value chain to be able to fully benefit from tourism development.

The important issue of financing receives ample consideration in section IV, where the peculiarities of the development of tourism projects, often involving long gestation periods, and suitable financing options, is analyzed. Given that the central thesis is anchored on leveraging tourism for economic development, the section also considers the tourism actions that receive financing and the impact on development. It examines multiple financing options, and the need to devise an option that is suitable for tourism development, taking account of the need for flexibility given the unique circumstances of the sector. In particular, it notes the inadequacy of traditional bank loans, and calls for targeted government interventions, at the national and subnational levels, to provide not only fiscal and other incentives to foster tourism development, but also direct financial support to expedite development along the corridor.

Services Sector In Nigeria: The Untapped Tourism Landscape:-

In developed and emerging markets around the world, the contribution of agriculture and even manufacturing to GDP is declining, as the post-industrial economic advancement has elevated services above agriculture and manufacturing. Economic growth is being propelledprincipally by the services sector, contributing up to 80% to GDP in developed economies such as the US, EU and Japan, and up to 50-60% in emerging economies such as India and Brazil. Its contribution in Low-Income Countries is about 30-50% given the dominance of agriculture and industry in economic activities. According to the World Trade Organisation, in value added terms, services account for 50% of global trade.[8]Services are dominated by, inter-alia, professional, financial, distribution, transport, and construction and tourism services.

According to the National Bureau of Statistics(NBS), between 2021 and 2023, the contribution of services to GDP in Nigeria has witnessed a consistent decline from 54.3% in 2021, to 53.6% in 2022, down to 52.7% in 2023.[9]In

[7] World Economic Forum, "Travel and TourismDevelopment Index Report" (2024), pp.42

[8]Martin Roy and Pierre Sauve "Trade in Services for development: Fosteringsustainablegrowth and economic diversification" (World Trade Organisation and World Bank) pp.11.

[9]National Bureau of Statistics, Q4 2023 Report.

comparison, agriculture contributed 23.5% to GDP, while industry contributed 23.7% of GDP. The vital services sectors are Information and Communication, Distribution, Finance, Real Estate, Transport and Logistics, Entertainment and media.

Nigeria's services exports in 2023 were valued at USD 4.86 billion, while services imports were USD18.82 billion, leaving a services trade deficit of USD13.29 billion. The disaggregated data shows that the following services were exported transportation (USD1.97), personal travel (USD1.45 billion), financial services (USD685 million), government services (USD 463 million), and computer and information services (USD212 million). Tourism can contribute to economic growth, expand foreign exchange earnings, enhance GDP, and create jobs through numerous tourism activities.

Tourism is so central that growth in the sector can catalyse attendant progress in other service sectors such as business and professional, financial, transportation, and construction services. Nigeria's endowments in natural and cultural resources position it as a potential tourist destination. Attracting all-year round tourism should not pose considerable challenges, with its ecological and cultural diversity, as well as pleasant weather. The climate is varied, with tropical monsoon climate in the south, tropical savannah climate in the central regions, and sahelian hot and semi-arid climate in the north.

Morocco As A Case Study:-

Morocco with a population of 37.5 million, boasts a GDP of USD 144 billion, FDI inflow of USD 60 billion between 2007 – 2023[10], foreign tourists arrival of 14.5 million in 2023. It has an ease of doing business ranking of 53, and ranks 74 out of 141 on the global competitiveness index rank. Between 2015 and 2024, Greenfield investment in tourism in Morocco amounted to USD2.6 billion. It attracted an average of USD 3.5 annually from all sectors over the last five years. As a testament of its governance, economic reforms, legal and regulatory framework, business opportunities, in 2023 the Kearney Foreign Direct Investment Confidence Index in 2023 ranked Morocco as the second most attractive African country for investors.[11] Morocco's investments in transportation infrastructure such as 2,100km of railroads, 1,800km of highways, 19 international airports, 43 ports, and 1 high speed train have positioned it strategically to boost it tourism sector. This is complemented by tourism infrastructure of 289,000 beds.

The largest contribution to Morocco's GDP is attributable to services trade, with the tourism sector beinga key economic driver, contributing 7.3% to GDP by 2023.[12] The sector has witnessed a 35% increase in arrivals since 2019, and generated USD10.5 billion in tourism revenue. It is expected that Morocco will continue this growth trajectory, attributable to the country's stable political climate and strategic economic policies. [13]

Tourism is central to Morocco's economy, and a pivotal vehicle for GDP growth, employment and foreign exchange earnings. Tourism generated over $8 billion foreign earnings in 2022, adding a direct contribution of 7.1% to GDP, rising to up to 20% when indirect impacts such as supply chains and investment are included. It supported over 1 million direct and indirect jobs, constituting about 11% of the total employment in Morocco. [14] Morocco attracted 14.5 million tourists in 2023. The "Vision 2030" tourism strategy sets out a vision to increase tourist arrivals to 26 million by 2023. The principal enablers of this vision are investments in infrastructure, and marketing, through the "Morocco Land of Light" campaign.

[10]See World TourismOrganization,"TourismDoing Business - Investing in Morocco" (UN Tourism: Madrid: 2025) at DOI: https://doi.org/10.18111/9789284424962.Visited on 10 June 2025 pp.10.Industry, real estate and tourismreceived the largestshare in FDI, accounting for 24.4%, 23.5% and 9.1%, respectively.
[11]World TourismOrganization,"TourismDoing Business - Investing in Morocco" (UN Tourism: Madrid: 2025) at DOI: https://doi.org/10.18111/9789284424962.Visited on 10 June 2025 pp.9, citing Kearney, Foreign Direct Investment Confidence Index 2023.
[12]World Tourism Organization,"Tourism Doing Business - Investing in Morocco" (UN Tourism: Madrid: 2025) at DOI: https://doi.org/10.18111/9789284424962.Visited on 10 June 2025.
[13]SeeKeynote by UN TourismExecutiveDirector "Global Trends on Tourism Tech and Innovation" UN Tourism in Morocco: DrivingInvestments and Celebrating Innovation in Africa's Most-Visited Destination athttps://www.unwto.org/news/un-tourism-in-morocco-driving-investments-and-celebrating-innovation-in-africa-s-most-visited-destination#:~:text=According%20to%20the%20latest%20UN,country%20in%20all%20of%20Africa (Visited 25 March 2025).
[14]Above

Morocco’s different regions have distinct strengths that are strategically exploited in the development of the tourism ecosystem. Marrakesh-Safi is the most visited city, a major hub for international flights, and offers high-end tourism. It accounts for about a quarter of total contribution to the tourism sector. Casablanca-Settat boasts a major airport and is recognized for business tourism, with a strong MICE (Meetings, Incentives, Conferences, Exhibitions) tourism. Rabat-Sale-Kenitra is renowned for diplomatic and cultural tourism, with substantial investments in tourism that is public sector pushed. Fes-Meknes is known for cultural, historical and heritage tourism. Tangier-Tetouan-Al Hoceima is known for its Mediterranean beaches, luxury tourism. Souss-Massa (Agadir and surroundings) is known for beach and wellness tourism. Dra-Tafilalet is a desert region that is recognized for adventure and desert high-value niche tourism. It is observable from the above that Morocco is geographically, culturally, and economically diverse, and developments in the tourism ecosystem are spread over numerous regions of the country, exploiting their respective strengths.

Opportunities And Challenges:

Tourism, viewed from the classical theoretical framework of international trade, expounded by Adam Smith and David Ricardo in their theories of absolute advantage and comparative advantage, respectively, contributes to economic development. This is by harnessing the gains of international specialization in international trade by which each country specializes in producing commodities for which it has a comparative or acquired advantage. This means that countries with natural endowments in tourism resources can specialize in the production of tourism products and services. [15]

In any development strategy of tourism, it is useful to consider the opportunities and the threats that are inherent in the sector, which could compromise the achievement of set goals. [16]A boost in tourism can generate employment opportunities, attract foreign exchange, and reduce not only the services trade deficit, but also the balance of trade deficit. The tourism sector is a critical sector for advancing inclusiveness and accelerating trade, given its crosscutting impact on numerous services sectors, trade and investment. Developing the tourism sector by leveraging the Lagos- Calabar Coastal Highway has the potential to spur inclusive economic growth in the immediate region, with long-term spillover effects in other parts of the country, as tourists seek to expand their tourism experience to other parts of the country.

Nigeria possesses substantial tourism opportunities that can be grouped into three broad categories, ecotourism, business, MICE, as well as cultural and heritage tourism. The country has major urban centers with world-class entertainment and numerous tourist attractions, and rural areas. Nigeria boasts natural attractions including the Zuma rock in Abuja, Lekki Conservation Centre in Lagos, Obudu Cattle Ranch in Cross River, Idanre Hill in Ondo, Awhum Cave, Gurara waterfalls in Niger, Olumo rock, Yankari Game Reserve, as well as cultural festivals, historical sites etc.[17]

In addition, the country is a gateway to several countries, as it shares borders with many West African countries, and even with Cameroon in Central Africa. It has flight connections with several other countries in Africa as well as the Europe, Asia and the American continents. In touristic terms, Nigeria can be described a tourism paradise. But these are all in potentials that can only be realized by comprehensively addressing the multifarious challenges inhibiting tourism development.

The government has implemented several initiatives to fast track the development of the tourism sector. These are evident in programmes launched by the Federal Ministry of Tourism, such as the Tourism Master Plan, E-Visa System, Public-Private-Partnerships - which provide a strategy to cultivate tourism routes, streamlined visa processes for international tourist, and boost private sector participation, respectively. The Nigeria Tourism Policy provides a framework to develop, promote and regulate the tourism sector. This is aimed at contributing to economic development, as well as establishing regulations and standards and strengthening the regulatory role of the National Council for Arts and Culture (NCAC) and Nigerian Tourism Development Corporation.

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[15]OkeyO.Ovat “Tourism and EconomicDevelopment in Nigeria: An Empirical Investigation” (Global Journal of Social Sciences. Vol.2 No.1 , 2003), pp. 34-35.

[16]See Isabel Carrillo-Hidalgo, Juan Ignacio Pulido-Fernandez, “Tourismfunding by international financial institutions: A criticalanalysis” (Investment Management and Financial Innnovations, Vol 9, Issue 3, 2012) (CitingPulido, Flores, Vargas-Machuca, 2008; Sharpley and Telfer, 2002) c

[17]SeealsoOkeyO.Ovat “Tourism and EconomicDevelopment in Nigeria: An Empirical Investigation” Global Journal of Social Sciences. Vol.2 No.1, 2003, pp. 39.

Numerous challenges continue to inhibit the sector's development and its potentials remain stunted, notwithstanding the above policies and programmes as well as thenatural endowments that Nigeria possesses. The Nigerian tourism sector is not attaining its full potentials andwholly harnessing the contributions that tourism can make to economic growth and development, due to several constraints holding back its development.[18]These constraints limit Nigeria's ability to harness the full potentials of the tourism sector. The African Union Development Agency – New Partnership for Africa's Development (AUDA-NEPAD) have identified the need to address these challenges as a condition precedent to realizing the potentials. These include capacity gap in the hospitality industry sector, poor connectivity, and slow visa facilitation.[19]The vigorous implementation of the numerous tourism policy and other policies can address these constraints, creating an enabling environment for tourism development.

These factors include the burdensome immigration formalities that complicate the visa applications process. It may appear that in a bid to shore up national security by curbing transnational crime, a sledgehammer approach has been adopted to visa formalities. This poses an adverse effect to tourism development, and it is necessaryto adopt a scalpel approach in balancing national security concerns with facilitating tourism, through a seamless tourist visa management method. Such an approach could be based on the risk management methodin customs procedures, where greater efforts are invested on high-risk consignments, while facilitating the smoother flow of low risk consignments. The potential of increased tourist arrivals from other African countries is often underestimated, and remains an untapped market in Nigeria as Africa's middle class continues togrow. The AfCFTA framework presents an opportunity to spur intra-Africa business travel and tourism. African countries such as Benin, Gambia, Seychelss and Kenya appear to have long recognized this potential in granting visa-free travel to all African countries, thereby boosting the potential for tourism growth. Nigeria should consider tapping into the growth potential inherent in the African middle class by removing restrictions to their movement for tourism.

Nigeria's efforts at developing the tourism sector havebeen hampered by a general neglect of tourism as a priority economic sector. This is aggravated by insecurity and safety, as well as the poor investment in tourism enabling infrastructure particularly road, rail, air, accommodation and utilities. The limited environmental management, eroding attractiveness of tourist attractions,impedes the ability to develop the tourism sector. Additionally, tourism development is limited by uncompetitive flight costs and few direct flights from major destinations. While the fate of Nigeria Airways is well known, and it may be imprudent to revive it, in line with the private-sector-driven economic model, providing targeted assistance to domestic private airlines may be necessary. In this regard, concluding Bilateral Air Service Agreements, enabling private airlines to access lucrative routes that provide direct flights to major international destinations may have multiplier effects for the tourism sector. This is coupled with the negative perception of Nigeria and inadequate marketing. The construction of the Lagos-Calabar coastal presents an opportunity to catalyze the development of the tourism value chain.

Lagos- Calabar Coastal Highway: AcatalystForthe Development Of Tourism Value Chain?:

The financing of tourism projects, implemented by the public sector to improve infrastructure, policies and regulations, and enable the creation of preconditions to stimulate private investment can have a significant impact on tourism development. It is recognized that certain investments - industry, trade, agriculture, fishing and forestry; transportation; urban development; social and human development; energy, electricity and mining; environment; ICT; infrastructure; water sanitation and supply; finance - have an influence ontourism. Of these, the investments with the greatest influence are those made in transportation, infrastructure and environment. This is even so for organizations such as World Bank, and AfDB, for which tourism is not considered a main priority. Whereas tourism is not financed by these organizations, 36.2% of financing is targeted at transportation with a focus on enhancing land and air communication systems, as well as 16.8% devoted to urban development, and 10.6% for the environmental sector. [20]

, There are several examples of tourism corridors around the world that can serve as models for the development of a tourism corridor along the new coastal highway, to fully harness the potentials of the Lagos – Calabar Coastal

[18] I.M Ekundayo and G.N Abutu " Nigeriantourism: A catalyst for SustainableDevelopment National Development" International Journal of Public Administration and Management Research (IJPA MR), 3 (1) PP37-47.

[19]See United Nations Economic Commission for Africa "SustainableTourismInvestmentFinancing in EasternAfrica" (Citing NEPAD 2018, at 3).

[20]See Isabel Carrillo-Hidalgo, Juan Ignacio Pulido-Fernandez, "Tourismfunding by international financial institutions: A criticalanalysis" (Investment Management and Financial Innnovations, Vol 9, Issue 3, 2012), pp. 82.

Highway. In the United States, the Pacific Coast Highway, California offers a scenic drive along California's coastline, helping to boost regional tourism by linking attractions and encouraging inter-state travel. Route 66, also in the USA from Chicago to Los Angeles, engenders a road trip culture. In Mexico, the Yucatan Peninsula Corridor links Cancun, Tulum, and Chichen for beach and archeological tourism. In South Africa, the Garden Route passes through Mossel Bay to Storms River, and is dotted with beaches, forests and wildlife reserves. Australia's Great Ocean Road is a similar coastal route featuring rainforests and the Twelve Apostles.

While Nigeria is blessed with about 850kilometers of white sandy beaches, there are no highways or roads passing through the vast coastline, thereby limiting the economic potential of this national asset. The country is on the cusp ofchanging this narrative with the Federal Government's decision to invest the sum of N15 trillion in the construction of a coastal road, the Lagos – Calabar Highway, connecting the South-Westregion with the South-South and South-East regions of the country.It is being reported that Deutsche Bank and the Development Bank of Southern Africa, the financial promoters, in conjunction with the Federal Government of Nigeria, are reportedly financing the project. The construction kicked off in earnest in May 2024 in Lagos, and at completion, in eight years, will cover 700 kilometers. Stretching along hundreds of kilometers of pristine beaches, rainforests, historical sites, and archeological interests, the coastal road will provide an opportunity to develop a tourism corridor that could contribute billions of dollars to the GDP, if properly planned and managed.

The Lagos-Calabar Coastal Highway commences in Victoria Island in Lagos, and will navigate through Ogun, Ondo, Edo, Delta, Bayelsa, Rivers, and Cross Rivers and terminate in AkwaIbom. There are plans to link the road through an underground tunnel to Badagry, Lagos, and connect with another major road, the Lagos- Sokoto highway. Given the proximity of Badagry, Lagos, and Ikom, Cross River to Benin Republic and Cameroon, respectively, the road has a cross-border element, and would, on completion, boost not only intra-regional, but also continental trade under the ECOWAS and AfCFTA, separately.

The construction of the Lagos – Calabar Coastal Highway has many economic benefits, particularly for the coastal states. The impressive undertaking aims to reduce travel time between the South-West, the South-South and South-East regions, reducing the average travel time down to about six to eight hours from the current 12 hours travel time.It is expected to lead to increased trade and economic integration and to facilitate trade between states like Cross River in the South-South region and Lagos in the Southwest, by reducing travel time and cutting transport costs. Farmers in rural communities are expected to be key beneficiaries, as they enjoy enhanced market access. It is also expected to accelerate the development in that axis as well as create many new jobs, not only direct and indirect jobs from construction activities of the road, but also through the emergence of new economic activities along the coastline.

This is the time for the Coastal states, through which the road would pass, to design effective policies and strategies to leverage on the development and unlock the multiplier economic effects of having such a significant economic infrastructure, which some analysts have projected could contribute over USD50 billion to the Nigerian economy in the next two decades. To fully develop the country's tourism opportunities, the critical challenges militating against tourism development in the country need to be comprehensively addressed.

Implementing the Tourism Policy in a manner complementary to the development of the Lagos-Calabar Coastal Highway can help to accelerate tourism growth, by taking advantage of this major national infrastructure. To optimize the potential of this important infrastructure for tourism expansion, the Coastal State governments - Lagos, Ogun, Ondo, Edo, Delta, Bayelsa, Rivers, AkwaIbom and Cross River - must collaborate closely with the Federal Government (FG) to ensure that additional infrastructure are provided, such as power to incentivize private sector investment. In doing so, state governments may consider carving out large areas of land and zoning them out exclusively for tourism development, granting concessions and facilitating access to land for eligible investors in the tourism sector. The Coastal State governments must liaise with the FG to design targeted fiscal incentives and other measures to attract large-scale tourism developments along this corridor, and unleash the potentials of tourism to accelerate development. Exploring linkages with the real estate sector could further accelerate developments in this corridor given the rising demand for ocean view properties.

Several benefits can be foreseen from the development of a tourism ecosystem along this pristine route, including the promotion of inclusive economic growth by incorporating various segments of society into the tourism value chain, from taxi drivers, tour operators, travel agents, to farmers. Importantly, such a development, if well managed, can help preserve the local biodiversity, as one of the tourism attractions would be the region's biodiversity, flora and fauna. There is rarely any automaticity in unlocking the potential benefits of tourism in accelerating economic growth and sustainable development. Any prospects of tourism stimulating economic growth must be balanced against the oft-touted risks of creating over dependence on, and exploitation by, large multinationals, thus eroding the benefits to the local economy.

Development Theories of Tourism:

Tourism has been studied from various perspectives over the years, including development, dependency, modernization, and neoliberalism theories, whose common factor is a view of tourism as a constituent of socio-economic growth and progress. The objectiveof this section is not to delve into a deep exploration of the application of development theory to tourism, a task beyond the scope of this paper. The aim is to provide a high-level summary of the theory and its evolution over the years. The development theory regards a country's indigenous arts, crafts, culture and traditions, natural heritage, and social structures as commodities that are liable to utilization as profitable resources to contribute to economic growth and modernization.[21] This view may be contrasted with the dependency theory, which posits that international tourism is unfair, due to the power imbalance between developing destinations and international tourism corporations, such as tour operators and international hotel groups, who are able to extract more profits from developing destinations.[22] Harrison postulates that the unfavorable assessment of tourism, viewed through the theoretical framework of dependency/underdevelopment, aligns with socialist perspectives that oppose capitalism and mass tourism. [23]

The modernization and underdevelopment theories of tourism, as well as the neoliberalism and neo-statism theories have been shown to be inadequate development models, even though their coexistence lingers within globalization theory. These views regard international tourism involving developing countries as destinations as being contrived in an unequal partnership that is detrimental to the interest of developing countries, allowing the depletion of much of the foreign exchange earned from tourism.

In contrast with these perspectives, environmentalism posed a challenge to any theory that predicates development on economic growth. Not satisfied by the soundness of the conceptual framework of environmentalism, Harrison found that the concept of sustainable development has demonstrated its conceptual sturdiness, notwithstanding the inherent contradictions. While it is possible to articulate specific benchmarks and indicators based on the framework of sustainable development, this opportunity is often lost to rhetoric, ambiguity, misappropriation, manipulation, and greenwashing of the term. There is now, through the theoretical framework of globalization theory, less emphasis on dogmatic ideological perspectives of development, yielding the way to the co-existence of both endogenous factors and exogenous linkages, as the basis of policies are more aligned with empirical situations allowing the execution of projects amenable to essentially over-arching development theory. The de-emphasizing of grand theories has enabled the concentration of attention on manageable aims and objectives such as poverty eradication, gender equality, and basic needs.

The coastal states must ensure that every barrier to the exploitation of the value chain is addressed to boost the potential of the sector. The development of the Lagos-Calabar Coastal Highway presents an invaluable opportunity to tap into the enormous tourism opportunities along that corridor. This has the potential to unlock the contribution of services trade to economic development, fostering integration into regional value chains and global value chain. An analysis of the value chain can help shed light on how to optimize the poverty alleviating potentials of the Lagos-Calabar Coastal Highway.

Tourism Value Chain Analysis:

To fully leverage the tourism potential of the Lagos-Calabar Coastal Highway, it would be necessary to undertake a value chain mapping and analysis. This is to improve the overall tourism experience and local value addition by proactively recognizing areas for improvement, and optimizing processes.

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[21]See United Nations Economic Commission for Africa "SustainableTourismInvestmentFinancing in EasternAfrica" (Citing Harrison: 2001, at pp. 8).
[22]See United Nations Economic Commission for Africa "SustainableTourismInvestmentFinancing in EasternAfrica" (Kigali, Rwanda: United Nations Commission for Africa, 2020) (Citing Harrison, 2015, Britton, 1992, 1987a, 1987b, 1989 at pp. 9).
[23]See David Harrison " DevelopmentTheory and Tourism in Developing Countries: What has TheoryEverDone for us?" IJAPS, Vol 11, Supplement 1, 53-82, 2015, pp.66

The tourism value chain is focused on the assortment of activities needed to take a service from commencement through distinct production methods to supply to the ultimate user. The development of tourism along the coastal road offers opportunities in eco- tourism and cultural tourism, dotted along the coastline. It also has prospects inMICE, given the relative proximity to large cities and major local and international airports. By removing the obstacles to the development of the local tourism value chain, through a participatory model of tourism development integrating various value chain actors, the value chain can be optimized to deliver maximum value to the local people who will operate in these value chains and generate greater national returns.

Although the primary actors in the tourism value chain are suppliers, travel wholesalers, inbound tour operators, outbound tour operators, and travel agents, the government, through various pertinent agencies, are a key secondary actor, along with trade associations, academic and research institutions, etc. [24]

An integral part of the value chain mapping and exercise is the market map, a conceptual tool, to help identify policy issues that may hinder the functioning of the chain, as well as institutions andorganizations providing the services that the actors along the value chain require to make better-informed decisions, such as quality standards. The various components of the value chain – the value actors, enabling environment, and service providers - should all work seamlessly together to enhance the value chain performance.

It is important to understand the enabling environment underpinning the tourism sector, comprising the critical factors and trends that shape the value chain environment, and operating conditions. Efforts should be made to ensure that those conditions align with the objective of developing a world-class tourism ecosystem. In doing so, attention should be paid to the roles of the national, sub-national entities and institutions, as well as policies, regulations and practices that would be outside the sphere of influence of the economic actors, and to ensure that they contribute seamlessly to the tourism value chain. [25]

Financing Tourism Development:-

Given that tourism is seen as a tool for development, economic growth and poverty alleviation, there is interest among different agencies, government, NGOs etc to finance diverse projects aimed at achieving the above objectives, using different instruments. Tourism development requires one form or the other of capitalism, notwithstanding the various ideologies.[26]Securing long-term finance is critical to developing tourism infrastructure, and would be necessary to transform the untamed coastal wilderness lying along the Lagos-Calabar Coastal Highway into luxury beachfront resorts. The construction cost of building a 100-bed luxury resort ranges from USD30 million to USD 150 million, based on location, infrastructure, and project type.[27] The development of these infrastructures requires the mobilization of substantial tourism investment.

Tourism investment entails capital investment spending by all industries directly involved in travel and tourism, and investment by other industries on specific tourism assets such as visitor accommodation, passenger transport equipment, as well as restaurants and leisure facilities, together with public sector investment on tourism-related infrastructure development, including tourism promotion, visitor information services, administrative and other services. [28]

The growing demand for various types of tourism services - from luxurious accommodation to sustainable eco-tourism - and the resilience of the sector to both endogenous and exogenous shocks, present attractive opportunities for investment. These are counter-balanced against challenges of the cyclical demand for tourism services, and

[24]See United Nations Conference on Trade and Development, Value Chain Analysis The Tourism service Sector of Gambia, (CitingMwesiumo and Halpern (2016), at 1).

[25]See, David McEwen and Oliver Bennett, Seychelles Tourism Value Chain Analysis, (Commonwealth Secretariat: Final Report, October 31st 2010), at 20-25

[26] Harrison identifiedvarious types of capitalismsuch as state guidedcapitalism, oligarchiccapitalism, big-firmcapitalism or entrepreneurial capitalism,/classicalcapitalism, corporatecapitalism, marketorientedcapitalism, bank –orientedcorporatecapitalism or state capitalism. Pp. 66.

[27]See ESFC Investment Group “Tourismproperty: financing and investmentloans” athttps://esfccompany.com/en/articles/infrastructure/tourism-property-financing-and-investment-loans/ (visited on 4 April 2025).

[28]United Nations Economic Commission for Africa “SustainableTourismInvestmentFinancing in EasternAfrica” (Citing WTTC, 2019 at 12).

economic volatility impacting demand. Large-scale tourism such as luxury resorts, and hotels have long growth periods, which pose liquidity challenges, and require long-term financing, with moratorium on repayment. The foregoing are unique sets of opportunities and challenges that must be addressed in financing possible tourism development along the Lagos Calabar Coastal Road.

Funding Tourism Development In Nigeria:
The current legal framework is the Nigerian Tourism Development Authority Act 2022, which repealed the Nigerian Tourism Development Corporation Act, Cap 137 Laws of the Federation of Nigeria 2004. A Tourism Development Fund has been created under the NTDA Act, 2022, to be managed by the Nigerian Tourism Development Fund Management Board. The Fund is to be utilized for capacity building, entrepreneurship, export, financial incentives (subsidy, grants, and concessionary interest loans), infrastructure, market research, and promotion and marketing.

Contributions to the Fund will come from the following sources:

- Seed capital, intervention fund, contribution, loans, or grants from the Federal Government of Nigeria.
- Donations from States, Federal Capital Territory, Local Government Areas, Ministries, Departments and Government Agencies, private organizations and individuals.
- 3% Tourism Development Levy,
- Revenues from Authority's projects, investments and services
- Sums approved by the President, following the joint approvals of the Ministers of Finance and Tourism

The above Tourism Development Levy, earmarked for, interalia, tourism promotion, comprises tourism visa fees, a tourism development contribution levy of 1% per room rate, a tourism departure levy payable by tourists leaving Nigeria and other prescribed levies. The government should consider suspending the implementation of this provision to avoid any perverse effect on tourism development, as it may make it prohibitive for potential tourists, thus creating a dissuasive effect.

The Combined reading of Section 19 (b) and 22 (3) (f) indicates that the Authority can only approve programmes and projects for funding subject to the powers of the Management Board of the Fund to evaluate, approve, review and monitor execution of the said projects. [29]

By Item 60, Part II, 2nd Schedule to the 1999, Constitution, as amended, the power to regulate tourist traffic, arguably confers the power to impose the tourism development levy, including the tourism visa fees, tourism departure levy and other prescribed fees. However, the legal basis for the 1% per room rate appears questionable, as it seems to have been excluded from "tourist traffic", as defined by the Supreme Court in the AG Federation v AG Lagos State.

While the Act provides for a package of fiscal incentives for the development of the tourism sector, it seems that access to these incentives is limited to establishments that form part of the Tourism Alliance created under the Act, pursuant to the powers of the Authority to accredit all hospitality and tourism establishments. The accreditation and creation of the alliance ensures standardization, quality assurance, consumer protection, and public health and safety of establishments accredited under the tourism alliance. Accredited establishments are liable to the 1% levy per room rate. By Section 29 of the Act, members of the Tourism Alliance are entitled to incentives, including fiscal reliefs, tax exemption and custom duty exemption. Given that the grant of the above lies within the purview of the Ministry of Finance, while the grant of approval to hotels to purchase and sell foreign currency lies within the remit of the CBN, the NTDA would have to liaise with the respective agencies, vested with the statutory powers to grant such concessions, to operationalize Section 29 of the Act.

International Financing Options:
The theoretical framework of Ownership, Location and Internalization (OLI) theory has been employed in understanding factors influencing Foreign Direct Investment(FDI) in specific African locations. The OLI theoretical framework is underpinned by the assumption that FDI decisions are predicated on an analysis of the advantages of setting up operations (Ownership) in a specific country (Location) and applying their internal processes

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[29]SeeChukaAgbu "The NigerianTourismDevelopmentAuthorityAct, 2022: A long-awaited booster for tourism (II)" https://businessday.ng/opinion/article/the-nigerian-tourism-development-authority-act-2022-a-long-awaited-booster-for-tourism-ii/. (Visited on 2 April 2025).

(Internalization). The OLI helps to deepen understanding on the investment decision-making of international hotel brands' regarding entry into a particular market, and may be critical to any effort to attract such hotel brands to invest along the Lagos- Calabar Coastal Highway.

Complementary to the OLI are the country-level and industry-level characteristics that influence FDI decisions. These include exchange rates, inflation, budget deficits, infrastructure provisions, political instability, market size and growth, labour costs, government policies, tariff barriers etc. Industry-level factorsthat influence FDI are growth potential and investment incentive programmes.[30] Countries with high number of tourist arrivals have a greater ability to attract investments. . In 2010 to 2017 Nigeria attracted tourism capital investment of USD 34.52 billion, out of a continental total of USD 235.17, ranking third in Africa, after South Africa, USD 44.33 billion, and Egypt USD 37.04 billion.[31] The other leading countries were Morocco, Algeria and Tunisia, at USD 31.22 billion, USD 14.67, and USD 7.17 billion, respectively.

Regional dynamics around the world have shaped the capital sources or project financing types that are typical in the respective regions for tourism property projects, and reflect unique challenges of each region. The financing of tourism infrastructure projects in Africa is usually done with the support of multilateral development banks and through sustainable tourism initiatives. Whereas, Asia's tourism development is financed through public-private partnerships, foreign direct investment, and government-backed funds. Oceania has some similarities with Asia, to the extent that such projects are funded by foreign direct investments and government incentives. In addition, tourism projects in Oceania are financed through environmentally focused grants. Europe's project financing model in the tourism sector comprises bank lending, government grants, and private equity. North America is similar with bank loans, private investment, but with a difference in Real Estate Investment Trust (REIT).

The various sources of financing tourism development reflect the economic development and growth dynamics of individual destinations. These can be summarized as traditional loans, specialized financing, government-backed financing, private sector investment, community-based funding, and sustainable tourism funding. Public sector investments in critical infrastructure such as roads, airports, water, health and communications can create conditions to incentivize the development of the tourism sector that catalyzes investments in tourism from diverse sources including domestic and international private investors, commercial banks, Development Finance Institutions (DFIs), International Finance Institutions (IFIs), venture capitalists, impact investors, foundations, NGOs and the diaspora[32]. Thus, the FG investment in the Lagos-Calabar Coastal Highway can be a major catalyst to other investment types.

Traditional loans relate to credit facilities provided by banks, distinguished by a fixed term, interest rates and settlement arrangement, collateral, and stringent eligibility requirement. The risks in bank loans to lenders are mitigated by the requirement for collateral and a strong credit history. The unique requirements of the tourism industry may render the stringent requirements of bank loan lesssuitable for tourism project financing than other financing options.

In this regard, the challenge of access to finance, which has been a major problem inhibiting tourism development in the country,can be addressed by taking advantage of the numerous financing instruments of International Financial Institutions (IFI) such as World Bank, MIGA,Afrexim, IFC, AfDBetc, with bankable proposals. Selecting an appropriate financing package, including project finance that would incorporate repayment mechanisms within the project framework can assuage worries about the coastal states assuming a greater loan burden. IFIs with the convening power to attract major financial support to develop this corridormust be incentivized to throw their weight behind such aproject.

The attractiveness of IFIs is underscored by their view of tourism as a tool for attaining sustainable development, hence their support to countries by providing tourism financing to galvanize that potential. Although the financing of tourism development projects targets both public and private sectors, some IFI, namely IFC and MIGA, focus exclusively on supporting and encouraging private sector investment. In doing so, there is a preference for large

[30]See United Nations Economic Commission for Africa "SustainableTourismInvestmentFinancing in EasternAfrica" (CitingSnyman (2007) in the context of South Africaat 13).
[31]See United Nations Economic Commission for Africa "SustainableTourismInvestmentFinancing in EasternAfrica" at 21.
[32]See United Nations Economic Commission for AfricaSustainableTourismInvestmentFinancing in EasternAfrica (citing Phillips et al (undated) at 14).

companies, with the objective of achieving the profitability of the companies or project, without consideration for the development of the host community.

A possible shortfall of IFIs' financing can be seen in their investment patterns, whichshow a preference for investments in established tourist destinations rather than in emerging tourist destinations that require strong financial support. Some tourism development potential must be in existence for IFI that support financing tourism in emerging tourist destinations to consider undertaking investments in such destinations. This is revealed in the distribution of financing aimed at tourism-related projects, showing that Latin America and the Caribbean region has received most of the financing from IFC and MIGA, a reflection of the allocation of financing to established tourist destinations. [33]

To optimize the chances of securing IFIs financing, it is instructive to possess knowledge of the areas of tourism projects anddifferent tourism sub-sectors that IFIs focus much of their financing on and the diverse actions they aim to achieve[34], with the objective of poverty reduction and economic development. Of the actions that IFIs focus on, those carried out in education and training of human resources, and performed to improve sustainability and infrastructure are regarded as most efficient.

Four types of financial instruments for tourism financing have emerged in IFIs funding, namely loans and reimbursable financing, equity investments, grants and non-reimbursable financing, and guarantees. The World Bank usually provides loans and reimbursable financing, together with grants and non-reimbursable financing, while the IFC provides loans and reimbursable financing as well as equity investments. MIGA only provides guarantees. AfDB provides only loans and reimbursable financing. The financing of the vast majority of tourism projects, 93.29%, is undertaken through the financial instrument of loans, while grants, equity and guarantee constitute an equal share of the balance.

As compared with the general market, IFIs financing of tourism is mostly done under more favorable conditions including lower interest rates, grace periods, longer maturity, etc. The provision of low interest rates, grace periods and risks coverage are regarded as some of the most advantageous financial conditions for the development of tourism projects in developing countries.[35]

The challenges of bank loans open the door for consideration of other options, one of which is specialized financing. The personalized financial solution of specialized financing is devised for specific industries, and provides flexibility, industry knowledge, and bespoke terms to address the distinctive challenges and needs of the target market. [36] This enables the provision of financing to diverse aspects in tourism development, such as tourism development grant, franchise financing, resort financing, leisure and entertainment financing for attractions. Specialized financing provides bespoke flexible solutions in response to the higher risks of tourism projects.

Governments occasionally provide financing programmes and incentives to stimulate tourism development, including single-digit loans, grants, tax incentives, and industry-specific programmes to tourism businesses for infrastructure development that support the government's objectives. Tax incentives may be granted to encourage infrastructural investment, or job creation, helping businesses to reduce their tax liabilities and free up funds for investments and business expansion. Single-digit loans provide businesses with access to capital at concessional interest rates to promote economic development.

In addition to the above, other financing options include private lenders, strategic partnerships, and equity financing. Private lenders include hedge funds, investment firms and non-banking financial institutions.They provide the

[33]See Isabel Carrillo-Hidalgo, Juan Ignacio Pulido-Fernandez, "Tourismfunding by international financial institutions: A criticalanalysis" (Investment Management and Financial Innnovations, Vol 9, Issue 3, 2012), pp. 84..

[34] (1) Hotel and accommodation; (2) infrastructure and destination physical adaptation; (3) touristinstitutionaladjustment; (4) regionalcooperation; (5) improving the touristcarryingcapacity of the area; (6) sustainabletourism; (7) tutoring; (8) humanresourceeducation and training; (9) governance; (10) strategic planning; (11) marketing.

[35]See Isabel Carrillo-Hidalgo, Juan Ignacio Pulido-Fernandez, "Tourismfunding by international financial institutions: A criticalanalysis" (Investment Management and Financial Innnovations, Vol 9, Issue 3, 2012), pp. 86..

[36]Seeabove Phillips et al (undated) cited in United Nations Economic Commission for Africa "SustainableTourismInvestmentFinancing in EasternAfrica" citedabovepp.14 .

uniqueappeal of greater flexibility than traditional banks, as well as strategic partnerships with private investors or financial institutions that afford industry expertise and network, in addition to financial support. By offering equity financing, private investors can become part owners as consideration for capital infusion. [37]

Conclusion:-

Services tradeis a major component of the Nigerian economy, although the contribution of services to GDP remains below the level of emerging economies, and well below the level of advanced economies. This low level means there is tremendous opportunity to increase the contribution of services trade to GDP by developing critical services sectors. One of the sectors that can generate multiplier economic effects and stimulate the development of other services sectors is tourism. The tourism sector offers a unique platform to achieve multiple objectives, including stimulating economic growth, creating employment, alleviating poverty, and engendering sustainable development.

This article has shown that the development of the Lagos-Calabar Coastal Highway presents an unprecedented prospect to develop a tourism ecosystem from the scratch in a way that avoids some of the current challenges facing tourism development in Nigeria, and following in the footsteps of many similar scenic coastlines around the world. The development of the value chain, by addressing some of the constraints facing value chain actors, would help to ensure that the benefits of tourism are domesticated, with linkages established to the local economy,through the deepening of the participation of local players in tourism value chain.

The application of development theories to tourism development can help to gain deeper insights into the prospects and challenges in the realization of the development potentials of the sector. Examining assumptions about tourism development potentials, while taking into account the potential risks, which include creating underdevelopment and dependency, may advance such an understanding. The various development theories of tourism are underpinned by various ideological views of capitalism, and regardless of such views held about capitalism, it is an essential instrument for tourism development.

The critical issue would be devising an option that is suitable and meets the needs of sustainable development. The unique nature of tourism project development with often-long gestation periods underscores the importance of securing long term and affordable capital, which may not be available through conventional bank loans. Thus, in addition to bank loans, some financing options must be explored from international Financial Institutions, specialized financing, private lenders, equity financing, and strategic partnerships, etc.

[37]Seeabove.