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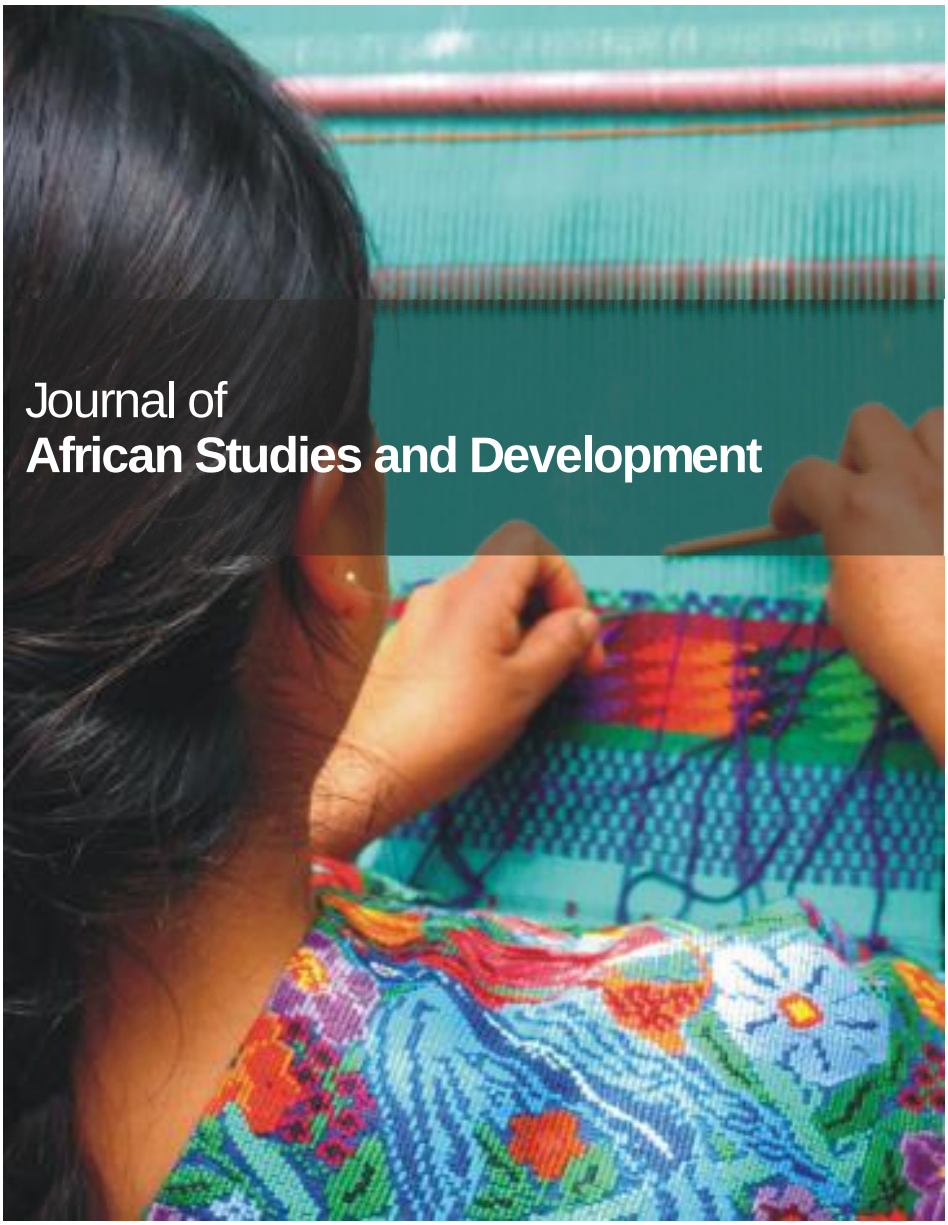

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Full Length Research Paper

Dynamics of inflation and its impact on economic growth in selected East African Countries: Ethiopia, Sudan and Kenya

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Despite Ethiopia's, Sudan's, and Kenya's fastest-growing economies' performance over the last two decades, the overall average inflation rate remains double digits. It subsequently incorporates a detrimental impact to support economic growth in an extended period. This study aims to assess the dynamics of inflation and its impacts on economic growth Ethiopia, Kenya, and Sudan using time-series macroeconomic data collected from the African Development Bank. The research used the Autoregressive Distributed Lag (ARDL) econometrics model and investigated the presence of cointegration and long-term relationships between macroeconomic factors. The result indicates that the exchange rate and the supply of the long-run economic growth rate influence Ethiopia's money supply. Inflation rates and foreign direct investments have impacted economic growth rates in Kenya and Sudan. The economic growth rate in all counties is generally influenced by both the availability of money and the exchange rate—also, real per capita GDP affecting the economic growth rate of Sudan and Ethiopia. Policies on introducing new technologies, building capacities in public and private sectors, youth and gender parity, mobilizing domestic resources, and public participation are recommended for Ethiopia, Kenya, and Sudan.

Key words: Inflation dynamics, real GDP growth rate, ARDL model, Ethiopia, Kenya and Sudan.

INTRODUCTION

The economic growth results from fiscal, monetary, and various other economic policies recommended by policymakers. Several factors affect economic growth. Indeed, inflation and economic growth relationship are complicated. The sophistication of the link has been explored in many studies. Earlier empirical research showed a negative relationship between inflation and economic growth. On the contrary, analyses focusing on

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developing countries' sample found a positive relationship between inflation and economic growth. The relationships involving inflation and economic growth have been studied substantially. Nevertheless, the specific connection is not very well defined (Stephanie, 2012).

Considering the East African countries, it is quite relevant to wisely look at the relationship over the years to ensure that inflation does not affect economic growth. During the past in Ethiopia, inflation has been maintained at a lower rate because the authorities controlled the price. The Government was providing products at a set price towards the public. Even more, the lower exchange rate also has a lower inflation rate. Likewise, the inflation level has been reduced in the earlier years of the present Government (Sisay, 2008; World Bank, 2016). However, recently, inflation continues to be high in Ethiopia. Inflation increase in Ethiopia averaged 18.69% from 2006 until 2015, reaching the highest all-time, a lot of 64.20% in 2008, and a record low of -4.10% in 2009 (CSA, 2020).

From 1999 to 2011, Sudan had a time in Sudan where it advanced from widespread natural resources discoveries via oil. Economic growth surpassed the historical average of 4.9 during the "oil economy," and 6.1% on average per year. Sudan lost nearly 75% of its returns and much of its prime economic activity due to South Sudan's secession in 2011, growth for 2014 was 3.1% and indicated some continuation of recovery; however, growth was 3.1% in 2015 (World Bank, 2015).

From 1995 to 2010, the overall economy's growth rate did not display a steady or perhaps regular Kenya pattern. In 1995 and 1996, the real GDP growth rate was 4.3 and 4.0%, respectively. Nevertheless, in 1997, the growth rate decreased considerably to a depressing level of 0.2%. The growth rate rose to 4.6 and 7.0% in 2004 and 2007, correspondingly (AfDB, 2018).

Motivated by Fischer's pioneering work, several studies have found proof of non-linearities inside the inflation-growth nexus using different estimation methods. Alternatively, Ahmed (2010) claims approximately that panel data approaches are superior in recording the inflation-growth relationship than country-specific investigations. Current investigation reveals blended pieces of evidence on the level of inflation restrain achieved by distinctive ponders, just like Ahmed (2010), Stephanie (2012), and Ibarra and Trupkin (2016) investigations. The variations in the calculation methods used can easily explain the inflation resistance figures. Indeed, different tests use different estimation techniques: Bick (2007) uses non-dynamic regression of the panel limit, and Ibarra and Trupkin (2016) uses regression of the smooth shift panel. Stephanie (2012) does, however, include dynamic plank threshold regression. When analyzing non-linearities in the inflation-growth nexus, the option of an excellent estimation technique plays an important role. Ahmed (2010) and Bick (2007) all provide actual income within the growth equation among all the control variables but use tools and methods that do not question responding to the endogeneity problem. The integrated analysis that tells the inflation threshold's truth may also depend on the countries' sample. Study of developing countries in Africa, South America and Asia, as per Ahmed (2010), Bick (2007), Stephanie (2012) and Ibarra and Trupkin (2016), showed varying levels of economic development. According to Moshiri (2004), this could lead to a bias in the inflation threshold idea. Furthermore, in all developing countries, it is inappropriate" to set a single policy target.

Various researchers attempted to investigate the relationship between inflation and economic growth in Ethiopia, Kenya, and Sudan using different econometrics approaches. Still, there is a lack of comparative studies that compare the dynamics of inflation and its effect on economic growth between Ethiopia, Kenya, and Sudan, which showed the highest inflation rates in the East African Region. Conducting a comparative study helps to understand the differences and similarities, as well as share experiences and what macroeconomic policies can be used for in the three countries by assessing inflation dynamics and economic growth effects.

MATERIALS AND METHODS

Data types and sources

The analysis relies primarily on secondary time series data from the African Development Bank (AfDB) socio-economic database for Ethiopia, Kenya and Sudan. Economic growth will be used as a dependent variable, though inflation, FDI, exchange rate, growth rate of money supply growth, and real per capita GDP variables are explanatory variables. To summarize and present the data, various statistical techniques were used. In Ethiopia, Kenya, and Sudan, the econometric method of ARDL is then used to verify the relationship and impact.

Data analysis

The study used descriptive and econometric analysis. In this study, we used standard time series equation of the form:

$$\mathrm{Re}\,alGDP_t = \beta_o + \beta_1 Inf_t + \beta_2\ \mathrm{Exch_t} + \beta_3 MonSup_t + \beta_4 PerCap_t + \varepsilon_t \quad (1)$$

Where real GDP is the Real GDP growth rate, Inf_t is inflation rate measured by a consumer price index, $Exch_t$ is the normal exchange rate, $MonSup_t$ is money supply growth rate, growth rate, and PerCap is per capita GDP. Following Gujarati (2004), Equation 1 is written in the standard autoregressive disturbed lag form:

$$\mathrm{Re}\,alGDP_t = \beta_o + \sum_{i=1}^{K}\beta_{1t}\ \mathrm{Re}\,aLGDP_{t-i} + \sum_{i=0}^{K}\beta_{2i}\ \mathrm{Inf_{t\text{-}1}} + \sum_{i-0}^{k}\beta_{3i}\ \mathrm{Exch_{t\text{-}1}} + \sum_{\mathrm{i=0}}^{\mathrm{K}}\beta_{4i}\ \mathrm{MonSup_{t\text{-}1}} + \sum_{\mathrm{i=0}}^{\mathrm{K}}\beta_{4i}\ \mathrm{PerCap_{t\text{-}1}} + \varepsilon_t \quad (2)$$

K is the lag length capturing the adjustment process and potential simultaneity bias among the macroeconomics variables.

Unit Root test - The Augmented Dicky Fuller (ADF) test

We should be concerned whether or not the time series is stationary. Autocorrelation sometimes occurs when the underlying time series is non-stationary. The regression shows a strong correlation even when there is no substantive relationship among the variables under investigation. This concept is known as nonsense, spurious relationship with very high R squared (approximately unity) and substantial t and F-statistics. Therefore, the outcomes will be ambiguous for economic analysis. The stationary tests should be carried out before conducting any time-series analysis. If the series is stationary without any differences, it is integrated with zero [I(0)] or stationary at the level. The series is integrated by order one, or [I(1)]. If it is stationary at level two [I(2)], it becomes stationary after two differentiations (Gujarati, 2004).

The Unit Root test is a test of Stationarity that has become widely popular over the past several years (Gujarati, 2004). Suppose we have the following relationship;

$$Y_t = \rho Y_{t-1} + U_t \quad (3)$$

$$Y_t = \rho Y_{t-1} + U_t$$

Where ρ is between -1 and 1; and U_t is a white noise error term.

If the value of ρ is equal to 1, then this is a unit root cause, and the equation becomes a random walk model without drift which is a non-stationary stochastic process. Then, to check whether ρ is equal to 1 or not we regress Y_t on its one-period lagged value of Y_{t-1}. If ρ is statically equal to 1, then Y_t is non-stationary. We perform the following to see whether there is a unit root or not in the above relationship;

$$Y_t - Y_{t-1} = \rho Y_{t-1} - Y_{t-1} + U_t \quad (4)$$

$$Y_t - Y_{t-1} = \rho Y_{t-1} - Y_{t-1} + U_t$$

This can also be rewritten as;

$$\Delta Y_t = \delta Y_{t-1} + U_t \quad (5)$$

$$\Delta Y_t = \delta Y_{t-1} + U_t$$

Where δ = (ρ-1) and ∆, as usual, is the first difference operator. We, practically estimate the above equation and test the null hypothesis of δ = 0. If δ = 0, then ρ = 1, we have a unit root which indicates that we have time-series data that is non-stationary.

It confirmed that the Augmented Dicky Fuller (ADF) test could be used to test for Stationarity. In the case of ADF test, Gujarati (2004) specified using the following equation:

$$\Delta Y_t = \beta_1 + \beta_2 t + \delta Y_{t-1} + \sum_{i=1}^{m} \alpha \Delta Y_t + U_i \quad (6)$$

$$\Delta Y_t = \beta_1 + \beta_2 t + \delta Y_{t-1} + \sum_{i=1}^{m} \alpha \Delta Y_{t-i} + U_i$$

Where $U_i U_i$ is a pure white noise error term and where $\Delta Y_{t-1} = (Y_{t-1} - Y_{t-2})$; $\Delta Y_{t-2} = (Y_{t-2} - Y_{t-3})$, etc. The number of lagged difference terms is often determined empirically, and the idea is to include enough lagged terms to make the error term in the equation serially uncorrelated. In ADF, we still test whether δδ =0 and the ADF test follows the same asymptotic distribution as the DF statistic, so that same critical values can be used (Gujarati, 2004).

Lag length selection criterion

The ARDL technique researchers estimate (p+1)k as the number of regressions to achieve an optimal length of lag by each variable, p is the maximum number of lags that can be used, and k is the equation's number of variables. The model can be made based on model selection criteria such as Schwartz-Bayesian Criteria (SBC) and Akaike's Information Criteria (AIC). SBC is known as the parsimonious model: selecting the lowest possible lag length, while AIC is known for choosing the maximum relevant lag length (Gujarati, 2004). To apply these criteria, we calculate the following system statistics for each lag.

$$AIC = \log|\Sigma| + 2g/n \quad (7)$$

$$SBC = \log|\Sigma| + g\log(n)=n \quad (8)$$

Where / Σ / is the cause of the variance-covariance matrix of the system's residuals, g is the total number of parameters estimated in all equations and n is the number of observations.

Test for cointegration (bounds test)

Co-integration is an econometric principle that simulates long stability between the associated economic time series that converges over time. Therefore, cointegration provides a better statistical and economic basis for the quantitative error correction model, which combines short-term and long-term data in modeling variables. Cointegration testing is an essential step toward establishing whether a model has useful long-term relationships scientifically. In this investigation, a bound testing technique is being used to assess the presence of long-term relationships between the real Gross Domestic Product and the repressors and is focused primarily on the F-test. The F-test is a test of the hypothesis which reveals that there is no cointegration between different factors against Cointegration's existence or appearance between variables (Gujarati, 2004; Johansen and Juselius, 1990). It also includes determining the mentioned unrestricted error correction model (UECM) using OLS.

$$\Delta Y_t = \alpha_0 + \sum_{i=1}^{q} \alpha_{1i} \Delta Y_{t-i} + \sum_{i=1}^{q} \alpha_{2i} \Delta X_{t-i} + \beta_1 Y_{t-1} + \beta_2 X_{t-1} + U_t \quad (9)$$

$$\Delta Y_t = \alpha_0 + \sum_{i=1}^{q} \alpha_{1i} \Delta Y_{t-i} + \sum_{i=1}^{q} \alpha_{2i} \Delta X_{t-i} + \beta_1 Y_{t-1} + \beta_2 X_{t-1} + U_t$$

The F-test hypothesis is denoted as:

H0: $\beta_1 = \beta_2 = 0$ (null, that is, the long run relationship does not exist).
H1: $\beta_1 \neq \beta_2 \neq 0$ (Alternative, that is, the long-run relationship exists).

This is tested in each of the models as specified by the number of variables.

The ARDL bound testing is performed on the Wald test (F-statistic). The Wald-Test's asymptotic distribution is non-standard under the null hypothesis that there is no cointegration between the variables. The smaller value bound implies that all variables are I(0), indicating no cointegration relationship between the variables studied. The upper bound implies that all variables are I(1), which means cointegration between variables. If the calculated F-statistic is higher than the critical value, the H0 is rejected (the variables are cointegrated). When the F-statistic test is less than the lower bound

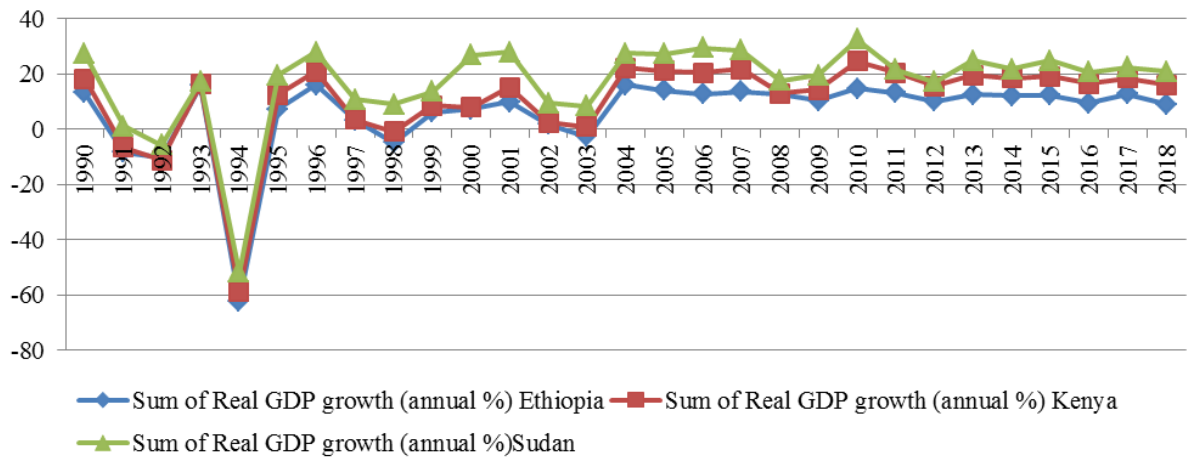

Figure 1. Trends of real GDP in Ethiopia, Kenya, and Sudan from 1991-2018.
Source: AFDB Socio-Economic Database (2020).

critical value, the H0 cannot be rejected (no cointegration among the variables). Suppose the computed F-statistics falls between both the minimum and maximum values, in that case, the results are unsatisfactory, and we need to verify the stationarity error term. Depending on the outcomes of the ARDL bounds test, we use either the Error Correction Model (ECM) in the event of a long-term relationship or the short-term ARDL model in the event of no cointegration.

Long run representation of the ARDL model

The long-run representation of the ARDL model specified using Gujarati (2004) and Johansen and Juselius (1990).OLS will help estimate this long-run model if the F-statistic exceeds the upper bound critical value, and the long-run relationship is confirmed.

$$\Delta \ln(\text{Real GDP}_t) = \alpha_0 + \sum_{i=1}^{k} \alpha_{1i} \Delta \ln(\text{RealGDP}_{t-i}) + \sum_{i=1}^{k} \alpha_{2i} \Delta \text{CVT}_{t-i} + \sum_{i=1}^{k} \alpha_{3i} \Delta CVR_{t-i}$$

$$+ \sum_{i=1}^{k} \alpha_{4i} \Delta(\text{LD}_{t-i}) + \sum_{i=1}^{k} \alpha_{5i} \Delta \ln(\text{FA}_{t-i}) + \sum_{i=1}^{k} \alpha_{6i} \Delta(\text{IS}_{t-i}) + \sum_{i=1}^{k} \alpha_{7i} \Delta \ln(\text{LF}_{t-i}) + \delta \text{ECM}_{t-1} + e_t \quad (10)$$

$$\Delta \ln(\text{Real GDP}_t) = \alpha_0 + \sum_{i=1}^{k} \alpha_{1i} \Delta \ln(\text{RealGDP}_{t-i}) + \sum_{i=1}^{k} \alpha_{2i} \Delta \text{CVT}_{t-i} + \sum_{i=1}^{k} \alpha_{3i} \Delta CVR_{t-i} + \sum_{i=1}^{k} \alpha_{4i} \Delta(\text{LD}_{t-i}) + \sum_{i=1}^{k} \alpha_{5i} \Delta \ln(\text{FA}_{t-i}) + \sum_{i=1}^{k} \alpha_{6i} \Delta(\text{IS}_{t-i}) + \sum_{i=1}^{k} \alpha_{7i} \Delta \ln(\text{LF}_{t-i}) + \delta \text{ecm}_{t-1} + e_t$$

Where; $\delta\delta$ is the speed of adjustment parameter with a negative sign which shows convergence over time and ECM is the error correction term.

Short run representation of the ARDL model

The short-run interactions of the ARDL model specified as follows:

$$\Delta \ln(\text{Real GDP}_t) = \alpha_0 + \sum_{i=1}^{k} \alpha_{1i} \Delta \ln(\text{RealGDP}_{t-i}) + \sum_{i=1}^{k} \alpha_{2i} \Delta + \sum_{i=1}^{k} \alpha_{3i} \Delta CVR_{t-i} + \sum_{i=1}^{k} \alpha_{4i} \Delta(\text{LD}_{t-i}) + \sum_{i=1}^{k} \alpha_{5i} \Delta \ln(\text{FA}_{t-i}) + \sum_{i=1}^{k} \alpha_{6i} \Delta(\text{IS}_{t-i}) + \sum_{i=1}^{k} \alpha_{7i} \Delta \ln(\text{LF}_{t-i}) + e_t$$

$$\Delta \ln(\text{Real GDP}_t) = \alpha_0 + \sum_{i=1}^{k} \alpha_{1i} \Delta \ln(\text{RealGDP}_{t-i}) + \sum_{i=1}^{k} \alpha_{2i} \Delta + \sum_{i=1}^{k} \alpha_{3i} \Delta CVR_{t-i} + \sum_{i=1}^{k} \alpha_{4i} \Delta(\text{LD}_{t-i}) + \sum_{i=1}^{k} \alpha_{5i} \Delta \ln(\text{FA}_{t-i}) + \sum_{i=1}^{k} \alpha_{6i} \Delta(\text{IS}_{t-i}) + \sum_{i=1}^{k} \alpha_{7i} \Delta \ln(\text{LF}_{t-i}) + e_t \quad (11)$$

RESULTS AND DISCUSSION

Macroeconomic development

Comparison of trends of economic growth rate in Ethiopia, Sudan, and Kenya

The Ethiopian Government committed to improving the country's economic well-being and work towards eradicating poverty. In the current Five-Year Growth and Transformation Plan (GTP I) of Ethiopia, the primary objective was to sustain at least decent real GDP growth rate of 11% per year and attain the Millennium Development Goals (MDGs) by 2014/15. The Government has committed itself to mobilizing the required resources, including the efficiency to achieve the GTP II Plan, to fulfill Ethiopia's vision of becoming a low-middle-income country by 2025 and sustaining growth.

In Sudan, Figure 1, real GDP growth was estimated to

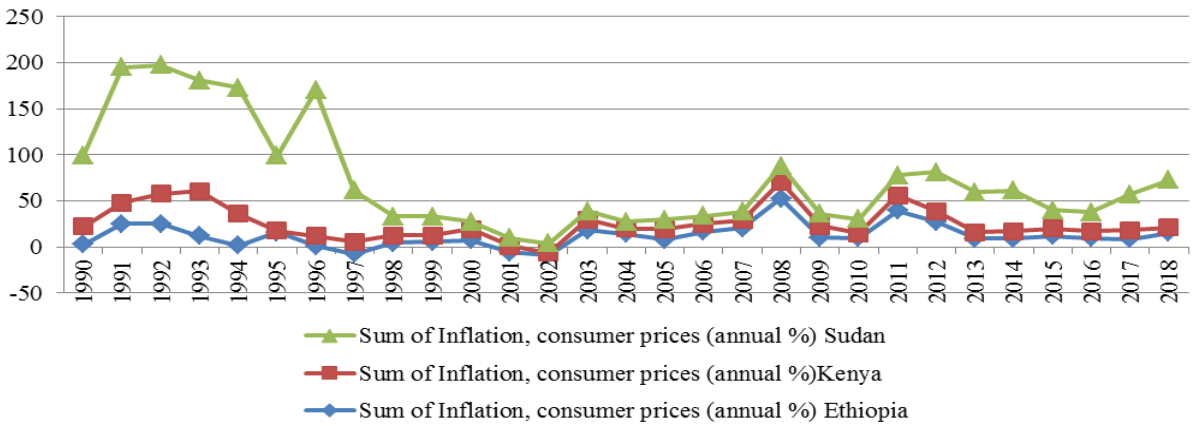

Figure 2. Trends of inflation in Ethiopia, Kenya, and Sudan from 1991-2018.
Source: AFDB Socio-Economic Database (2020).

be 4.1% in 2018 and 3.3% in 2017. The main drivers of growth were supply mining (growth of 6.3%), agriculture (3.7%) and manufacturing (1.5%). On the demand side, private consumption was the primary contributor to growth, while the current account deficit, estimated at 2.4% of GDP in 2018, declined from growth. Higher inflation, as well as the phase-out of energy tax assistance, worsened growth. Although unemployment rose to 18% due to rapid exchange rate depreciation and chronic inflation, poverty and inequality dropped significantly between 2010 and 2015. Growth is expected to rise due to ongoing macroeconomic policy and structural reforms, elimination of tax privileges, a reduction in government spending, incentives to boost exports, a rebound in the industrial sector, and reducing the impact of the previous government through peace dialogue to end the civil war.

Moreover, the shutdown in South Sudanese oil production strictly affected Sudan's economic indicators. Further worsening matters, economic sanctions remain in place on Sudan, while aid and external economic activity are inadequate. The structural economic shift caused by South Sudan's secession has adversely affected virtually all of the country's economic growth prospects.

In Kenya, GDP increased by about 5.9% in Figure 1 in 2018; supported by demand-side household consumption and investment and supply-side public administration facilities, IT, finance and insurance, and transport and storage). GDP fell from 6.5% in 2018, mainly due to unfavourable conditions and lowered government investment.

Comparison of trends of inflation in Ethiopia, Sudan, and Kenya

Oil prices tend to be pushing inflation in Kenya, accounting for 20%. Money growth has, however, contributed significantly to rapid inflation rises. Disparities in the strength of expansionary monetary policies may explain the discrepancy in massive inflation. Inflationary pressures express the monetisation of the fiscal deficit in Ethiopia. Simultaneously, private sector credit growth could be the primary means of achieving extensive cash growth in Kenya, resulting in aggregate monetary expansion.

As shown in Figure 2, inflation in Ethiopia began to grow steadily in 2004, with gross inflation rising to 17.7% in 2008, with a maximum inflation rate of 39.5%. High inflation causes may be attributed to monetary policy intervention, the disruption of agricultural supply and inflation due to higher international prices.

The trend of inflation is fluctuating in the three countries, but is very inconsistent in Sudan due to the instability and war issues. Although promising recorded macroeconomic performance starting from 2003 compared to the previous years in three studied countries, inflation in Sudan spiraled out of control right from 2016 onwards. The unprecedented increase in inflation leads to reduced economic growth and exacerbates the cost of living in Sudan's urban areas, leading to a government regime change.

Econometrics model results

Unit root test using Augmented Dickey-Fuller test

The ADF outcome for Ethiopia presented in Table 1 that all the variables examined in this research are integrated either in level or first order. The findings show that GDP growth, inflation, the growth rate of money supply and GDP per capita are stationary at the level I(0). Simultaneously, the FDI and exchange rate variables are

Table 1. ADF Unit Root Test Result.

Variable	Ethiopia			Kenya			Sudan		
	t stat	5%	Stationary	t stat	5%	Stationary	t stat	5%	Stationary
Real GDP growth	4.620	3.596	Level	4.717	3.595	Level	3.563	2.976	Level
Inflation	3.716	3.596	Level	7.857	3.603	1st Level	7.696	3.595	1st Level
FDI	5.453	3.600	1st Level	9.314	3.603	1st Level	4.654	2.981	1st Level
Exchange rate	3.929	3.600	1st Level	3.697	3.595	1st Level	4.398	2.981	1st Level
Money supply rate	9.688	3.596	Level	4.790	3.595	Level	7.783	2.981	Level
Per capita GDP	4.551	3.596	Level	4.790	3.595	Level	3.443	2.976	Level

Source: Model result.

Table 2. Bounds test for cointegration for Ethiopia using estimate error correction model (ECM).

Variable	Ethiopia			Kenya			Sudan		
	F stat	[I_1] L_05	Cointegration	F stat	[I_1] L_05	Cointegration	F stat	[I_1] L_05	Cointegration
Real GDP growth	5.439	3.79	Yes	7.18	3.79	Yes	23.81	3.79	Yes
Inflation	7.019	3.79	Yes	13.44	3.79	Yes	15.20	3.79	Yes
FDI	8.237	3.79	Yes	5.02	3.79	Yes	4.90	3.79	Yes
Exchange rate	12.021	3.79	Yes	4.89	3.79	Yes	20.26	3.79	Yes
Money supply growth rate	24.185	3.79	Yes	7.15	3.79	Yes	18.93	3.79	Yes
Per Capita GDP	5.431	3.79	Yes	7.20	3.79	Yes	23.77	3.79	Yes

Source: Model result.

stationary at the first level I(1). The outcome of stationary tests for Kenya show that GDP growth, money supply growth rate, and GDP per capita are stationary at the level I (0). In contrast, inflation, FDI, and exchange rate variables are stationary at the level I(0) and at the first level I(1). Similarly, GDP growth, money supply growth, rate growth, and per capita GDP are stationary I(0) at the level for Sudan, and inflation, FDI, and exchange rate variables at the first level I are stationary.

Bounds test for co-integration result

The short data cycle is driven by the use of the ARDL Bounds method. As each variable is treated as a dependent variable, the computed F-statistics are listed in Table 2. For the conditional ARDL vector error correction model, we select a maximum lag order of 2 using the Akaike knowledge criterion (AIC).

Table 2 shows that the F-calculated for real GDP, inflation, FDI, exchange rate, money supply rate, and real per capita GDP is greater than the F test's standard bound at a 5% significant level. They are suggesting that there is a long-run relationship between variables when the Error Correction Model (ECM) was used. It thus emerged that the dependent and independent variables are significant in long-run relationship.

Long-run ARDL result

The long-term dynamics among real GDP, inflation, FDI, exchange rate, growth rate of money supply growth, and real per capita GDP are shown in the results in Table 3. The predicted long-term outcomes show a negative and statistically significant long-term relationship between real GDP and inflation and the exchange rate. The long-run relationship between the variables shows that at minimum one direction, there is Granger-causality. Therefore, at a 5% level of significance, the null hypothesis that inflation has no major impact on actual GDP was dismissed. This suggested that keeping all factors stable indicated a 1% rise in inflation lowered the real GDP by 0.0027%.

Similarly, the projected long-term outcome showed a positive and significant relationship between real GDP growth, real per capita GDP, and money supply. Thus, at a 5% significance level, the null hypothesis was dismissed, which implies that a 1% change in the real per capita GDP rate contributes to an increase in real GDP of 1.034%. The FDI was linked to the real GDP in a positive yet negligible way. Therefore, the null hypothesis that

Table 3. Long-run ARDL result.

Variable	Ethiopia			Kenya			Sudan		
	Coefficient	Standard Error	t-stat	Coefficient	Standard Error	t-stat.	Coefficient	Standard Error	t-stat.
Real GDP growth	-0.003 **	0.0010	-2.47	0.0003	0.0002	1.71	0.001***	0.0001	5.32
Inflation	0.001	0.0006	1.20	0.001***	0.0001	5.01	0.001***	0.0002	5.07
FDI	-0.005	0.0042	-1.12	-0.001***	0.0003	-3.76	0.004 ***	0.0011	3.33
Exchange rate	1.11***	0.0261	42.48	0.933***	0.0241	38.71	0.983***	0.0056	175.91
Money supply	1.034 ***	0.000	1750.54	1.03 ***	0.0004	2561.99	1.026***	0.0005	2008.26
Per Capita GDP	-0.003 **	0.0010	-2.47	0.0003	0.0002	1.71	0.001***	0.0001	5.32

*, **, *** is significant at 10, 5 and 1% significance levels, respectively.
Source: Model result.

foreign direct investment has no meaningful effect on real GDP has not been dismissed.

The previous result on the evidence of a robust long-run relationship between our variables of interest indicates the need to investigate further the nature and type of causal relationship between them. The presence of a long-run relationship does not say anything about the directions and of causation between the variables. The demands for further tests for Granger causality determine the direction of the association is needed. The long-run estimated model for Ethiopia is presented as follows:

GDP Growth = -0.5785933-0.0027 Inflation + 0.00007 FDI - 0.0047 Exchange rate + 1.111 Money supply growth rate + 1.043 per capita GDP

The results of the long negative relationship between inflation and economic growth are consistent with Fisher's theories and his study "role of a macroeconomic factor in growth." The data obtained in his analysis consists of some macroeconomic parameters, including 93 countries' inflation. Research has shown that the channel by which inflation adversely affects economic growth is by reducing investment and limiting productivity growth. Fisher also claims that price mechanisms are skewed by inflation, reducing resource distribution quality, thereby adversely impacting economic growth. Due to strict monetary policy, inflation in Ethiopia was lower, and the Government supplied goods to the public at a fixed price.

Inflation has a positive, negligible, long-term association with real GDP for Kenya in Table 3. FDI, the growth rate of money supply growth, and real per capita GDP, on the other hand, have a major effect on real GDP. The calculated long-run results show a negative and statistically significant long-run exchange rate for the real GDP. The long-run relationship between the variables shows that at minimum one direction there is Granger-causality. Therefore, at a 5% level of significance, the null hypothesis that inflation has no substantial impact on real GDP has not been dismissed. This means that keeping all unchanged factors means that a 1% rise in inflation raises the real GDP by 0.00033%.

Similarly, a negative and significant relationship between real GDP and the exchange rate was reported by the projected long-run result. The null hypothesis was dismissed at a degree of 5%. This indicates that a 1% rise in the exchange rate would result in a drop in the real GDP of -0.0012431%.

The long-run estimated model for Kenya is presented as follows:

GDP Growth = 0.3543642 +0.003334 inflation +0.0006847FDI - 0.0012431 exchange rate + 0.9334988 money supply growth rate + 1.029353 per Capita GDP

For Sudan in Table 3, the long-run showed a significant positive relationship between all the variables of interest (real GDP, inflation, FDI, Exchange rate, Money supply growth, rate growth, and real per capita GDP). The positive relation between real GDP and inflation was not as expected. Still, some studies mentioned that inflation impacts economic growth in terms of certain thresholds (World Bank, 2015).

The long-run estimated model for Sudan is presented as follows:

GDP Growth = 0.0166985 + 0.0004612 Inflation + 0.0009646 FDI +0.0035141 Exchange rate + 0.9830015 Money supply growth rate +1.025894 per Capita GDP

Sudan has gained from the vast oil-based exploration. Economic growth surpassed the historical average of 4.9 during the "oil economy," and recorded 6.1% as the highest rate. Sudan lost about 75% of its revenues and much of its prominent economic performance due to South Sudan's separation in 2011: crude oil production. However, growth was 3.1% for 2014 and demonstrated a stabilization progression that began in 2013. The growth was recorded at 3.5% in 2015.

Diagnostic test and model stability test result

The model was tested for serial correlation using the Post-estimation Diagnostic Tests, and Durbin-Watson d-statistics shows no serial correlation tested. The result indicated that the Durbin-Watson d-statistic test of 2.19, 2.23 and 2.28, and Breusch-Godfrey LM test for autocorrelation of 0.22, 0.017 and 0.36 for Ethiopia, Kenya and Sudan respectively are higher than 5% failing to reject the null hypothesis (H0: no serial correlation), implying that the model was not serially correlated. In addition, the model was also tested using the model stability by estimating CUSOM and the figure, which shows that the entire model is stable within the 5% boundary.

Conclusions

In this study, despite promising macroeconomic performance in Ethiopia, Kenya, and Sudan countries, inflation in Sudan spiraled out of control starting from 2016 onwards while there is slow growth rate in Kenya and Sudan. The main driver of long-run economic growth in Ethiopia is the exchange rate and money supply. In Kenya and Sudan, inflation, FDI, exchange rate, money supply growth rate commonly affected the economic growth rate. In addition, real per capita GDP affected the economic growth rate of Sudan. Based on the findings, the study recommended the following policy responses. First, the central banks must apply an appropriate macro-economic policy instrument to maintain low and stable inflation and exchange rate. Second, the Government should continue the strictly fiscal management to enable the monetary policy instrument to sustain economic growth and strengthen poverty reduction programs. Third, promoting and sustaining FDI inflow via creating and providing adequate policy subsidies. Finally, money supply and growth rate is dramatically improving and is adversely influenced by the performance of macro-economic variables. Hence, there is a need to take into account nature and the effects. In addition, the three countries need to develop policies that benefit from the regional, continental and international commitments such as the Global Agenda for the sustainable development goals and the African Union Agenda 2063 that will help them explore the means and ways of mobilizing the domestic resources to contribute to the economy.

CONFLICT OF INTERESTS

The authors have not declared any conflict of interests.

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"Normative Power Europe"? The European Union Democracy Promotion in Africa: A Focus on Ethiopia (Pre-April 2018)

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One of the debates regarding the EU's role in the international relations has been what kind of an international actor the Union has been since its inception. While, some argues that the Union has a realist approach, authors like Ian Manners see the EU as a 'normative power', which is more of an idealist approach in the international relations. The latter conception has brought a lot of attention towards the study of EU's relations with the rest of the world; particularly, the developing countries in Sub Saharan Africa. In an attempt to navigate such debate, basically by examining the case of the EU and Ethiopian relationship, this article attempt to reveal the narrative of labeling the EU as a 'Normative Power' and democracy promoter is just an idiom. The article suggests that the strategic importance of Ethiopia to the EU, in the fight towards terrorism, peacekeeping, and managing migration in the region of the Horn of Africa has affected the EU's commitment towards diffusing the alleged normative values in the country. Thus, this article divulges that the EU's security interest overshadows the promotion of its democratic values and norms in Ethiopia.

Key words: Normative power, Neo-realism, Cotonou agreement, Ethiopia.

INTRODUCTION

'Normative' power Europe is one of the most contested concepts in international relations of the European Union (EU). Manners (2002) argued in his work that the European Union as an actor in international relations plays a distinctive role of diffusing democratic norms and values (p. 236), and it seeks to redefine international norms in its image (p. 252). To explain 'Normative' power, according to Staeger (2016: 984), Manners points to authors proposing normative concepts of power like Luke's 'third face of power' and defines it as power to influence values of others to prevent potential conflicts of interest from arising (Lukes, 2004). However, his land mark article has brought a lot of debate on the role of the EU in world politics.

In his realist critique on "Normative Power Europe", Hyde-Price (2006: 217), argued that the EU is used by its member states as a collective instrument for shaping its external milieu by a combination of hard and soft power. The concept is scrutinized due to the gap between what the EU says and what it does in international politics by proclaiming that self-interest, especially security interest, overrides the diffusion of norms in international relations

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(Del Biondo, 2015: 249). The arguments about the 'Normative' power of the EU principally stem from the basic principles enshrined in the EU laws and policies. Manners (2002: 242) explains that the broader normative basis of the EU has been developed over the past 50 years through a series of declarations, treaties, policies, criteria, and conditions. He identified five 'Core' norms in those laws and policies which guide the EU in international politics namely: peace, liberty, democracy, rule of law, and respect for human right and fundamental freedoms (ibid.).

The Union has concluded several cooperation agreements with developing countries of the world. One of these agreements is the Cotonou Agreement (CA) which was signed between the African, Caribbean, and Pacific States (ACP) and the EU in 2000. The CA has a broad aim of helping countries of ACP in building a democratic system, maintaining peace and security, improving economic development, reducing poverty, raising living standards and building strong trade partnerships (Cotonou Agreement, 2014: 17). By giving greater attention to normative values of the EU, the revised document of the Cotonou Agreement (2014: 23), underlines that "respect for human rights, democratic principles and the rule of law, which underpins the ACP–EU Partnership, shall strengthen the domestic and international policies of the parties and constitute the essential elements of this agreement". According to this agreement, the ACP countries are expected to fulfill certain principles for sustained cooperation which would otherwise result in suspension from the partnership (Cotonou Agreement, 2014: 103-104).

However, the question is, does the EU consistently implement the normative clauses in occasions where the signatory countries fail to adhere to the principles? Ethiopia therefore, could be a strong case study in investigating the EU's position as a normative leader in its international relations, particularly with countries in the Sub-Saharan Africa. Overall, the purpose of this research is to reveal that the label of 'normative power' ascribed to the EU does not extend beyond the idiom, while looking at some specific cases like Ethiopia. The author argues that the EU prioritizes its self-interest- security interest- in its international relations with Ethiopia and is not genuinely a norm-setting entity. The study focuses on Ethiopia, before Abiy Ahmed came into power.

THEORETICAL FRAMEWORK

Ian Manners (2002: 235-258), assumes that the European Union is a 'normative power'. For him, the legal ground that governs the EU constitution has distinctive norms which represent the EU identity and norms of democracy, the rule of law, social justice, and respect for human rights. However, Neo-realists affirm that states should aspire to ensure their security and act rationally to sustain their interests. Hyde-Price (2006, p. 221), a neo-realist affirms that, in the anarchic self-help system, the primary concern of states is security. States are thought to be rational actors that go aggressively to maximize their benefit. The driving force behind cooperation at the international level is peace and security. States ought to focus on securitizing their external environment and other interests; democratization and human rights are of secondary importance (ibid., p. 222). From the realist perspective, the EU's strong sanctions would be mostly against countries that are of low historical importance, which are not useful in the fight against terrorism, and of low commercial interest to the EU. From the idealist perspective, the EU's strong sanction would most likely be in the case of sudden deterioration of human and democratic rights in unstable countries with low economic performance, and when there is pressure from the regional organization and domestic actors.

Historical background: EU-Ethiopia relations

The relation between the EU and Ethiopia is founded on the CA, with partnership dated 1975, which is the Lome Agreement. The European Union External Action (EEAS) (2016) website reveals that Ethiopia is one of the important partners of the EU's in the continent.[1] In addition to the CA, the two parties signed a "Strategic Engagement" agreement which further strengthens bilateral relations and their commitment to sustainable development, democracy, human right, good governance, and the rule of law (ibid.).

On the 40th anniversary of EU-Ethiopia cooperation, the EU Ambassador to Ethiopia, Chantal Hebberecht, stated that "relationship with Ethiopia has been long-lasting, successful as well as constructive, and will continue as such for the next fifteen years, in order to achieve the country's vision of becoming a middle-income country" (European Union Newsletter 2015: 2).

In financial terms, the EU support to Ethiopia would exceed 2 billion Euros for the period of 2015-2020 (EEAS 2016). The budget would be allocated for development and maintenance of peace and security in the region, management of migration (framed under the Common Agenda on Migration and Mobility), protection of human rights, as well as promotion of democracy and good governance (ibid.). The fact is that both parties enjoy good partnership, irrespective of Ethiopia's progress in building a democratic system in line with the EU protocols.

MATERIALS AND METHODS

This research focuses on secondary sources such as literature review drawn from a variety of scholarly publications. As a result, the author used a desk review approach to come up with an

[1]See: https://eeas.europa.eu/headquarters/headquarters-homepage/1186/ethiopia-and-eu_en for more information.

argumentative conclusion on the topic. Essentially, various themes were chosen to support the main research issue. Attempts were also made to substantiate the data from the secondary source with the Cotonou Agreement in order to make the argument stronger and valid.

ANALYSIS

Ethiopia in the eyes of Western institutions

The incumbent government in Ethiopia came to power in 1991. Since then, the country has been under the control of a single party called the Ethiopian People's Revolutionary Democratic Front (EPRDF). National elections have been held several times during the period between 1991 and 2015, where opposition parties had little or no room for a seat in the parliament. Such practices in the country are justified by the Freedom House (2017); which has led to the declaration of the country as one of the authoritarian States in Sub-Sahara Africa. In very recent years, the politics of this country is also plagued by mass protests in the large portions of the country as a result of widespread and growing discontent over the repressive rule of the government. Amnesty International also echoes the same report of freedom of expression, freedom of association, and freedom of assembly, which are almost nonexistent. There are arbitrary arrests and detention, and the use of torture (Amnesty International 2016).

The Human Rights Watch (2016: 1) extends its analysis on the country to the very narrow political space for different actors including civil society, media, and opposition parties, all of which are casualties of Ethiopia's government's authoritarian rule. The EU Parliament resolution (2016: 2-5) describes the existence of gross human right violation and the lack of democratic practice in Ethiopia. The resolution has further ordered Ethiopia to take immediate action to improve the country's poor record of respecting the human and democratic rights of the citizens.

What makes the situation worst is that, the repressive rule is backed by rules and regulations enacted by the government. According to the report of Freedom House (2016), Ethiopia uses the Anti-Terrorism Proclamation of 2009 (ATP) to repress the democratic rights of the people and instrumentalize the legal system to block the entry of Civil Society actors. This report also shows that Ethiopia has the lowest rating as regards respecting the political right and civil liberties of its citizens, 7 and 6 respectively, and has been indicated as a 'not free' country in the freedom status[2]. Generally, by understanding the ever-deteriorating level of democracy in the county, the European Parliament called for large-scale improvement in the governance system of the country in January 2016 (European Parliament, 2016: 4)

Ethiopia in the lens of the Cotonou agreement

The Cotonou Agreement is one of the means by which the EU manifests its presence in the politics of the countries in Africa, the Caribbean, and the Pacific. Among others, the EU plays an active role in the politics of Africa owing largely to humanitarian concerns, geographical proximity, the potential spillover effect of instability, and historical ties rooted in the colonial era (Mix, 2013, p. 12). It is believed that the EU aspires to promote democratic norms and values in all of its bilateral or multilateral agreements with non-European countries (Kotzian et al., 2011, p. 995), but it is not uncommon to see that the promotion of the 'normative' values is over-looked for various reasons.

Referring to the CA, James and Zinke *(2005)* state that:

Article 96(3)(a) and (c) in essence stipulates that formal consultations can be called when a breach of the essential elements listed in Article 9 is deemed to have occurred and provides the basis for the application of 'appropriate measures' (sanctions) which can lead to the suspension of cooperation.

Owing to its repressive rule, Ethiopia has breached and has been breaching those essential democratic elements listed in Article 9 of the CA. Large-scale violations of human and democratic rights have been recorded in the country. The recent widespread public protests and the response of the government can be taken as a good reflection of how far the government of Ethiopia has gone in its repressive form of leadership. The situation in the country has been widely echoed by commentators of democracy in the West. Amnesty International (2016) states that more than 800 people were killed by government forces in a year-long mass protest in 2016.[3] Apart from that, the EU parliament also condemned the use of excessive force by the government against peaceful protesters.

Based on the CA, the EU is supposed to sanction ACP countries regardless of their economic or strategic importance, but no genuine action is yet in place to suspend cooperation with Ethiopia. Virtually, if non-adherence to the democratic principles leads to suspension of cooperation, Ethiopia should be a typical candidate for the application of the Article 96 suspension clause of the CA. On the contrary, aid money is still flowing into Ethiopia and the country has remained one of the largest destinations of the EU's aid. The EU development cooperation support to Ethiopia exceeded € 2 billion for the period of 2014-2020.[4]

[2] 1=Most Free, 7=Least Free. See Freedom House web page for further information https://freedomhouse.org/report/freedom-world/2017/ethiopia.

[3] See: https://www.amnesty.org/en/latest/news/2016/11/ethiopia-after-a-year-of-protests-time-to-address-grave-human-rights-concerns/ for a detailed report of Amnesty International on Ethiopia.

[4] See https://eeas.europa.eu/delegations/ethiopia/1186/ethiopia-and-eu_en for more information.

Why does the EU tolerate Ethiopia?

After the publication of Manner (2002) article on what kind of an international actor is the European Union, there has been a debate on the EU's international role and whether security interests or the promotion of European values and norms are the driving force in the EU's external cooperation. Hyde-Price (2006) argued that states prioritize the stability of their external environment rather than the promotion of democratic values and norms. In referring to the EU's performance in international cooperation with countries in Sub-Saharan Africa, Del Biondo explained that security interest seemed to be the most important when it comes to why the EU is inconsistent in sanctioning negative conditionality in the case of failure to obey the principles in the CA. It also claimed that, whenever there is a conflict between security and democracy promotion, the EU tends to prioritize security interests.

In the case of Ethiopia, regardless of its poor record in adherence to the protocols of the CA and being a very repressive country, it enjoys one of the most successful partnerships with the EU among other African countries. Portela (2007, pp. 45-47) states that the EU has used development aid suspension as a tool to address breaches of democratic rule in some African countries. However, some other African countries that appear equally problematic did not face sanctions (Brummer 2009, p. 197 cited in Del Biondo 2015, p. 238). Under this condition, it is legitimate to ask the question, why has the EU been lenient with Ethiopia.

Saltnes (2013: 2-5) analyzed the various debates surrounding the EU's inconsistency in implementing the human rights clause in the CA. In doing so, she identified three major categories of understanding discrepancies in the conditionality clause. They are: the primacy of economic interests, the primacy of security interests, and special relationships related to colonial history. Some literature (Saltnes, 2013; Del Biondo, 2011, 2015, 2012) relate the Ethiopia case to the second argument, as the country has a very weak economy and no ties with any of the former colonizing countries of Europe. Del Biondo (2011, p. 386) argues that Ethiopia is a trusted ally of the EU in the Horn of Africa because of its relative stability in the unstable region. By recalling the strong relationship between both parties, she explains that the security interests of the EU in Ethiopia account for the lack of implementation of the human rights clause in the CA. In summing up her argument, Del Biondo maintains that Ethiopia's position as a vital partner in the fight against terrorism and its importance in maintaining peace in the region has been given higher value in the West than the existing flaws in the implementation of democratic norms and values.

In addition to the above-mentioned reasons, the EU's reluctance to suspend cooperation with Ethiopia is much related to the concern of migration flow into the EU countries in case of any political instability in the country. Related to this, as a home of more than 100 million people and its geographical proximity to Europe, Ethiopia has been given great importance to the EU's migration concerns from the region. The "Common Agenda on Migration and Mobility" which was signed in 2015 between both parties also positioned Ethiopia as a key country of origin, transit, and destination of irregular migrants and refugees from the Horn of Africa on the way to Europe (European Commission, 2015: 1). According to Kotzian et al. (2011: 996), the avoidance of the spillover effect of instability has a lot of importance in the European Union's partnership with third countries. In the case of Ethiopia, it is assumed that sanctioning the country for the sake of normative interest would weaken the government and further jeopardize the EU's long-term interest in the country. Del Biondo (2011: 386) points out that, the EU adopted a Strategic Partnership in the region of the Horn of Africa for the fear of instability in the region which could undermine the EU's security. Cross-border dynamics in the form of illegal migration and trafficking of arms, drugs, and refugee flows are the major concerns of the EU in the region. It is evident that Ethiopia has enjoyed relative stability for more than 20 years and has been playing an admirable role in the security of the region[5]. However, the relative stability of the country is at the expense of the rights of the people to exercise democracy. De Waal (2015) has made a sorrow analysis of politics in the Horn of Africa in his book: "*The real politics of the horn of Africa: money war and the business of power"*. He argues that most powerful international actors engaged in the pursuit of their interests in the Horn of Africa. For him, these powers are engaged in "counter-terrorism and defense strategies" than the promotion of democracy in countries like Ethiopia.

Locating 'the concept of normative power Europe in EU-Ethiopia relations

The EU-Ethiopian partnership might be one way to illustrate the nature of the EU as an international actor. It enables us to see how substantive the EU's commitment is to the 'normative' values and principles which are deemed to be the driving force of its international relations.

Farrell (2005: 264) notes that the CA has been hailed as a new paradigm in terms of its substantive requirements for Africa-EU relations by giving greater vigor to issues such as human rights, democracy, the rule of law, and good governance; but the partnership has less of a normative agenda than rhetoric in the

[5]The internal stability of the country has started to be questioned after various uprisings in the different parts of the country in 2015 against the Central government. Worrying about its detrimental effect, the German Chancellor, Angela Merkel, has visited the country and discussed what the country must do to deal with the political crisis it has faced after more than two decades of relative stability. Read https://www.voanews.com/africa/merkel-visiting-ethiopia-state-emergency-unfoldsfor further information.

agreement. She further argues that the partnership has a more realistic tone than the dissemination of normative values (ibid.). The detailed explanation above reveals that the EU's partnership with Ethiopia is more geared towards the securitization of its external milieu. The EU has been working hard to maintain peace and security and to manage the migration and mobility of people originating from the region.

In explaining the instrumental variation in democracy promotion of the EU in Africa, De Biondo (2015: 238) states that realism has an important explanatory value in illustrating the reason behind the EU's reluctance to trigger the human right clause in the CA in countries like Ethiopia. This, in turn, shows a clear difference between what the EU says and what it does in its international relations. On the other hand, Manners (2002, p. 252) underlines that "the EU is built on the crucial, and usually overlooked observation that the most important factor shaping the international role of the EU is not what it does or what it says, but what it is". However, it seems Manners has missed a crucial point in this regard and it has given some other meaning 'what it is' is 'what it does'.

In the case of Ethiopia, the EU has contributed a lot to development projects, but the widely observed allegation of human rights abuses and crackdowns on opposition overshadows the economic growth thrust (Mousseau and Moore, 2013: 8). The idea here is not to intuitively denounce the EU's contribution to the development effort of the country. However, 'normative' interests go beyond poverty reduction. Issues of democracy, good governance, human rights, and the rule of law are all at the center of what are called normative values. In this country, the continually worsening violation of human rights has resulted in a political crisis which subsequently led to the declaration of a 6-month state of emergency, leading parts of the country to be under military rule (Amnesty International, 2017). However, Ethiopia's European allies continue to look away, except for their written condemnation (parliamentary resolution) of the political crisis in the country. Lack of genuine action by the EU means, as Zimels (2011: 25) rightly remarked, the EU's normative values "are not universally endorsed and are nothing more than cosmetic conditionality to be implemented selectively," according to the study.

Finally, Ethiopia's deep integration into the global network of the fight against terrorism, extremism, and combating of irregular migration (De Waal 2015: 195) has also contributed to the EU's reluctance to take the right action based on the agreement. Therefore, here comes the idea of what Hyde-Price refers to as "milieu shaping" in neorealism.[6] Ethiopia's position in a chaotic and conflict-prone area, combined with its relative stability for a while, has enabled the government to receive preferential treatment in its relationship with the EU, despite its disobedience of the values that regulate the parties' cooperation. Manners (2002: 253), conception of "the absence of an obvious material gain from intervention" is also equally problematic as the EU has a clear conflict of interest in Ethiopia and the whole region of the horn of Africa. Thus, the EU is not a pure democracy promoter (Del Biondo and Orbie, 2014, p. 421); rather, as the theory of realism in International Relations indicates, it is an institution driven by genuine self-interest.

[6] Milieu shaping is the assumption of neorealism which asserts that great powers have an interest in the stability of their external environment. See Hyde-Price, A. (2006, 222).

Conclusion

The EU's priority for security interests is no secret in the case of Ethiopia. Despite widely reported human and democratic rights violations, Ethiopia has not been treated under the suspension clause of the CA. Security interests override the promotion of norms and values in the EU's international cooperation. To reveal where the EU's priority lies, this article explored the reasons why it has failed to apply the principles of the CA against Ethiopia. Ethiopia and the European Union enjoy a strong partnership regardless of the former's failure to abide by the guiding values of the CA. The article reasons out that the strategic importance of Ethiopia to the EU in efforts against terrorism, for peacekeeping, and the managing of migration from the region of the Horn of Africa are the driving forces behind the strong relationship between both parties. These interests of the EU, in turn, affect its commitment towards diffusing the alleged normative values into this country. Thus, this article revealed that the EU's security interests overshadow the promotion of democratic values and norms. Therefore, the EU's reluctance to take action based on the principles outlined in the CA means, the objective of disseminating democratic values to third countries involved in the cooperation agreement is just rhetoric and dependent on conditions. This makes the EU's role as a global 'normative' power in promoting democratic values and norms considerably doubtful.

CONFLICT OF INTERESTS

The author has not declared any conflict of interests.

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Tourism: The missed opportunities for economic development in Nigeria

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This article examines and assesses the neglected development of a viable and sustainable tourism industry in Nigeria, and its adverse effect on the economy and the country in general. The article also analyses the factors responsible for the neglect of the industry and why Nigeria failed to generate substantial revenues from tourism despite the great potential. The article argues that Nigeria had potentials from independence in 1960 to present day and missed so many opportunities to develop a viable and sustainable tourism industry. The article further argues that for more than twenty-eight years, the military governments entrenched avarice, corruption, insecurity, indiscipline, tribalism, nepotism, and overdependence on oil revenues, which negatively disrupted tourism development and the overall growth and development of the nation. The civilian governments did not do better than the military; they were not serious and concentrated on the oil revenue at the detriment of other economic sectors including tourism. It is concluded here that there is still an opportunity to reverse the loss, but serious effort has to be made for it to be archived.

Key words: Nigeria, tourism, economic development, military rule, corruption.

INTRODUCTION

This article argues that Nigeria missed so many opportunities to develop the tourism industry which could have contributed immensely to the economic development of the country. The article further argues that there are so many reasons responsible for the failure of the tourism industry in Nigeria, however, corruption and bad organisation are the most important. The article traces the history of tourism in the country, gave reasons for its failure to date and provide solutions to make it successful and a major source of revenue for the development of the country's economy.

Few years after Nigeria gained independence from

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Britain in 1960, the country became dependent on crude oil exports for revenue and neglected all other sources of potential revenue, including tourism. Crude oil was discovered in Nigeria in 1956 and today is the sixth-largest crude oil exporter in the world (CIA Factbook, 2021). It is also the most populous country in Africa and the sixth-most populous in the world with more than 219 million inhabitants (CIA Factbook, 2021). The population is split almost evenly between Christians and Muslims; this confirms the influence of both Christian and Islamic cultures within the populace. There is also a large section of the population that still practices traditional worship of God through deities, ancestors, and other forms of spirits. These are mostly the custodians of the cultures, customs and traditions that still exist today. The country has more than 250 distinct ethnic groups, most of which have different cultures and customs, while some have some similarities (CIA Factbook, 2021). The cultures, customs, and traditions, including their sacred grooves and worship sites, are some of the touristic features that have been neglected over the years, which negatively affected the development and growth of the industry.

The history of tourism in Nigeria can be dated back to 1959 when the colonial government set up an ad hoc advisory committee on the promotion of tourism in the country. This committee recommended among other things the establishment of the Nigerian Tourist Association (NTA). The NTA established in 1962 was made up of government representatives and private individuals and organizations with an interest in tourism (Anand, 1997: 160). The NTA was a private, voluntary, and not-for-profit organization but was assisted by the government with funds to shoulder the responsibility of developing and promoting tourism in the country. In 1964, the association joined the International Union of Official Travel Organizations (IUOTO), which was later renamed the World Tourist Organization (WTO) (Ukpanah, 1991: 1). After several years of failures, the Federal Military Government replaced the Nigeria Tourist Association with Nigerian Tourist Board with Decree No. 54 of 1976 (Nigerian Tourist Board Decree No. 54, 1979).

In 1989, the Federal Military Government reorganized the Nigerian Tourist Board and created a department for tourism in the Ministry of Trade and renamed it the Ministry of Trade and Tourism (Ukpanah, 1991: 3). Six zones were established with their headquarters to cover the whole country and later state headquarters were also established for better administration (Ukpanah, 1991: 3). State governments were also ordered to create similar ministries and local governments were ordered to create committees for tourism. Throughout this period, tourism development and policies were formulated and implemented by the three tiers of government with the help of the Nigerian Tourist Board, which has offices in every state. On 14 December 1992, Decree 81 was used to establish the Nigerian Tourism Development Corporation, which replaced the Nigerian Tourist Board (Nigerian Tourism Development Corporation Decree No 81, 1992). From 1957, when the ad hoc committee was established, up to the creation of the Ministry of Trade and Tourism, it was a story of failures as far as the Nigerian tourism industry is concerned, despite all the opportunities and potentials that are abundant in the country. Nigerian Tourism Development Corporation is still the government agency responsible for the development of tourism industry in Nigeria. The trend of failures continues to the present day.

METHODOLOGY

The research methodology is based on a thorough analysis of both primary and secondary sources. The research is based on sources such as annual reports of international organizations, reports of the Federal Republic of Nigeria, military, and decrees of the Federal Republic of Nigeria and monographs. These are supported with other sources such as books and articles some, directly and indirectly, related to tourism in Nigeria. The article arguments are premised on the available physical and empirical evidence in relations to Nigeria's tourism industry and its development in comparison with other countries that have similar situations and circumstances with Nigeria. The arguments are based on information from government sources which can be bias and subjective and independent researchers and commentators on the Nigeria's tourist industry, to arrive at a conclusion.

RESULTS AND DISCUSSIONS

Nigeria's tourism potentials from independence to date

It is generally agreed that Nigeria had great tourism potential and opportunities to develop a viable and sustainable tourism industry at this period. It was a new, independent country in 1960 and the tourism industry was supposed to grow together or simultaneously with other developments in the country. The potential can be seen in the various and different touristic products available in the country. According to Esuola (2009: 121), to understand Nigeria's tourism potential, the country should be divided into six geopolitical zones: The North West, North East, North Central, South West, South East and South-South. He identifies two hundred and seventy-five opportunities that are well spread all over the six geopolitical zones, most of which are yet to be developed into stages where they can attract visitors and earn revenue for the country (Esuola, 2009: 121). Aremu also identifies three different types of tourism and provided

examples that fit into the different types: cultural tourism, which emphasizes the culture, traditions and customs of the people; ecotourism or ecological tourism, which represents natural sites, caves, beaches, waterfalls, etc. that have not been tampered with by human activity and are mostly in their original state; and religious tourism, which represents places of religious worship and ritual offerings (Aremu, 2001: 14).

Cultural tourism and religious tourism are the same because it is difficult to separate religion from the culture of the people; religion is part of the culture of the Nigerian people. Cultural and religious tourism provides the tourist with aesthetic pleasure and different opportunities for picturesque gazes. Good examples of these are the Argungu Fishing Festival, which is the largest fishing competition in Nigeria, Eyo Masquerade Festival, Patigi Regatta, Ed El Fitri and Eid El Kabir Durbar celebrations, Oshun Festival, Igbo Yam Festival, and many others. Ecotourism sites, which represents the sublime, such as Yankari Game Reserve, Borgu Game Reserve, Kainji Lake National Park, Old Oyo National Park, Olumo Rock, Bar Beach, Eleko Beach, Alpha Beach, Badagry Beach, Obudu Mountain Resort, Ikogosi Warm Springs, Zuma Rock, Sherri Hills etc. are many in Nigeria. These are just some of the major areas of opportunities and potentials for tourism development in Nigeria. According to Luke Amadi and Prince Igwe 'Eco-tourism focuses on ecological issues associated with tourism… and relates to the preservation of natural resources e.g., flora and fauna - plant, animal, and natural resources' (Amadi and Igwe, 2016: 13). A cursory look at the Nigerian environment will show that more needs to be done in the aspect of eco-tourism.

In total, Nigeria has thirty-two game reserves, national parks, and animal sanctuaries (Aremu, 2001:14-16), sixty museums, twenty-five archaeological sites, and thirteen tourist villages (Mustapha, 2001: 172). Most of these game reserves are not well funded and deserve more attention. Among the above listed, are major and minor potentials waiting to be developed to an international standard, which could have put Nigeria on the global map as a tourist haven. It is also important to note that besides the fact that Nigeria had opportunities and the potential to develop its tourism industry during this period, the country was also blessed with resources, both human and material, that could have been utilized in a positive way to improve its tourism fortunes. Petroleum was discovered in 1956 in the Niger Delta area of Nigeria and these natural resources, which have made Nigeria one of the richest countries in Africa, were not properly utilized to develop tourism in the country. Instead, the leadership abandoned every other source of income, including tourism, and concentrated on revenues from petroleum resources. Petroleum resources, which are one of the main sources of income for Nigeria are also some of the reasons for the underdeveloped state of Nigerian tourism.

Factors responsible for the failure of the tourism industry and evidence of missed opportunities for economic development

The factors responsible for the failure of the tourism industry in Nigeria from 1960 to present are many, and they were quite avoidable in the sense that they were all self-inflicted. Some are more important than others but all of them combined to contribute to the sorry state of Nigerian tourism. Political crisis and instability are some of the major factors responsible for the failure of this industry at that time. Nigeria became independent in 1960 and the Nigerian Tourist Association was established in 1962. According to Aremu, the main objectives of the association were:

(i) To encourage the creation and development by all possible means, plans, facilities, and tourist interest which could be offered to international and domestic visitors; and
(ii) To project the image of Nigeria as a country in which tourists and holidaymakers will find abundant attractions (Aremu, 2001: 24).

After independence, the country enjoyed relative peace and stability up until 1964. After the second election, all hell broke loose in Nigeria because the opposition parties accused the ruling party of rigging the election. In these circumstances, it was difficult for the association to make any meaningful progress because the country was politically unstable. There were political assassinations, violent riots, and arson, which eventually culminated in the first military coup on 15 January 1965, when the Prime Minister and many top government officials lost their lives. A counter-coup d'état was carried out on 28 July 1966, when the military head of state and many civilians and military officers also lost their lives. There were ethnic killings, and the army and the country were divided along ethnic lines. This instability continued until the country became engulfed in a civil war in 1967 that lasted until 1971. For the Nigerian Tourist Association, two years were not enough to truly make any difference in terms of establishing a viable and sustainable tourism industry in the country. From the beginning of instability in 1964, the NTA could not achieve anything. It became a moribund organization with no visible achievement apart from joining the International Union of Official Travel Organizations (IUOTO), which was later renamed World

Tourist Organization (WTO). This was the situation until 1976 when NTA was replaced by the Nigerian Tourist Board (NTB) (Nigerian Tourist Board Decree No. 54, 1979).

The Nigerian Tourist Board was established by a Military Decree, known as the Nigerian Tourist Board Decree No 54 of 1979, which was enacted to turn around the fortunes of Nigerian tourism. The board was given all powers and responsibilities to do everything possible to develop the country's tourism into a viable, sustainable, and revenue-generating industry. Some of the main objectives were:

(i) To be responsible for the operational, financial, and economic programmes related to tourism.
(ii) To recommend land-use policy for tourism and to establish necessary subsidiary organizations to achieve tourism objectives (Nigerian Tourist Board Decree No. 54, 1979).

Despite all the funds allocated and the support given to the board by the Federal Military Government, it failed to archive its main aim and objective of promoting Nigerian tourism to be one of the major foreign exchange earners for the country (Aremu, 2001: 38). Some efforts were made by the board in reorganizing the various administrative and bureaucratic arrangements to enable the success of their policies. However, inefficiency, a lack of well-trained personnel and a lack of serious effort on their part made the organization redundant. For a very long time, the board had nothing to show for all the funds and good-will invested into it by the government and private individuals. It became just another government agency bogged down by corruption and wasteful use of resources. The decree that set up the board was laudable, and the contents of the decree were achievable; however, the board was involved more in organizing seminars, workshops, conferences and attending meetings in and out of the country without a practical and determined effort to turn around the fortune of the country's tourism industry.

For the sixteen years it existed, it was more of a wasteful venture that paid lip service to tourism. There was no sincere effort to achieve the objectives spelled out in the decree that set up the board. On 14 December 1992, the Federal Military Government enacted Decree 81 that created the Nigerian Tourism Development Corporation (NTDC), which replaced the Nigerian Tourist Board. Shortly before the replacement of the board, the Director-General of the Federal Ministry of Trade and Industries who supervises the board commented on its activities and summed up its achievements.

"A close observation of the performance of the NTB since 1976 has left much to be desired. NTB has a chequered history. It failed to create any impact on the country's tourism industry" (Federal Ministry of Trade and Industries Newsletter, 1992). The creation of the Nigerian Tourism Development Corporation was supposed to usher in a new attitude towards tourism by the Nigerian government. Apart from the desire to develop the tourism industry, the Nigerian government was looking for other sources of revenue because of the crash in crude oil prices in the late '80s and early '90s. This made them look at tourism as a possible additional source of revenue for the country (Okoroafor, 1995: ix). In 1989, the government created a department for tourism in the Federal Ministry of Trade and Industries and renamed the ministry the Federal Ministry of Trade and Tourism. In 1990, the government also declared tourism a preferred sector of the economy. The efforts of the government at that time to revive the tourism industry were commendable. Bureaucratic and administrative changes and reorganization were carried out, and funds were made available for the success of the industry. At the same time, the government also released its new tourism policy, which according to Esuola, aimed to:

Create awareness nationally and internationally on the Nigerian tourism potentials, generate foreign exchange, encourage even development, promote tourism-based rural enterprises, generate employment, and accelerate rural-urban integration and cultural exchange (Esuola, 2009: 302). However, all these efforts did not yield any meaningful results as far as the aims and objectives of the policy were concerned. According to Mustapha:

"The national tourism policy was high on good intentions and low on concrete measures and achievements" (Mustapha, 2001: 180).

The reorganisation done between 1989 and 1990, which was supposed to reinvigorate the tourism industry, did not achieve anything meaningful. If organising conferences, workshops, lectures, seminars and attending WTO meetings were the only measure of success then we could confidently say the aim and objectives of the government in terms of tourism were attained, but the development of tourism is more than that. The tourism industry in Nigeria did not change, only the bureaucracy and administrative mechanisms changed, which unfortunately did not have any positive bearing on the overall development of the industry. Political instability was the main factor responsible for the failure of Nigeria to utilize the opportunities to develop a viable and sustainable tourism industry. From 1960 to present, which is more than sixty years after independence, the country witnessed more than twenty-

eight years of military rule, there were nine military coups, seven were successful and five were bloody with many lives lost. Tourism could not thrive and grow in such a poisoned and unstable environment. According to Adora:

"Tourism is a human activity and can only survive in a peaceful environment" (Adora, 2010: 14-25). The political environment in Nigeria at that time was not right and peaceful for tourism and it prevented many would-be tourists from coming to Nigeria. Many countries discouraged their citizens from visiting Nigeria because of insecurity caused by political instability. The United States of America continuously sent out travel warnings to its citizens who planned to visit Nigeria for leisure and business. Even though sincere efforts were made in terms of the reorganisation of bureaucracy, administrative mechanisms and policy formulations, the political culture, environment, and leadership did not in any way enable the successful development of a viable and sustainable tourism industry.

Corruption and avarice also prevented the growth and development of the tourism industry. The military was very corrupt; most of its members sought power for personal gain and used the opportunity to embezzle and illegally appropriated public funds for their personal use. The level of greed and corruption in the military administration at that time was unequalled and unprecedented. Nigeria was declared one of the most corrupt countries in the world, year after year by Transparency International. According to Transparency International 2020 Corruption Perceptions Index, Nigeria was the fifth-most corrupt country in the world out of a total of eighty-five countries surveyed (Annual Report, Transparency International, 2020/Nigeria). Corruption is everywhere in Nigeria, from the highest to the lowest citizen, and there were very few exceptions. Nigeria was a country of anything goes, and anything was possible if you had the money to pay for it.

With the high level of corruption, funds allocated for the development of tourism were diverted and misappropriated for personal use. Contracts were awarded to unqualified friends and family members at inflated rates. The contracts were normally not completed and were rewarded again by another government or official. Because of the corruption ingrained in the society, the person that awarded the contracts ensured that payments were made even when they were not completed. In this case, funds meant for capital projects were diverted to the private use of the officials, and all that was left were the slogans, speeches, and rhetoric about developing the tourism industry. Cases of top government officials diverting salaries and allowances of their subordinates for personal use have been reported several times during this period. With this level of corruption, it was difficult for tourism to thrive and develop.

Insecurity or a lack of security is another factor militating against the development of a viable and sustainable tourism industry in Nigeria. With the constant change of governments through coup d'états, summary executions without proper trials, religious upheavals, ethnic riots, banditry, kidnappings for ransom, armed robbery, violence, secessionists, social and economic instability, insecurity, and the devastating civil war that lasted for more than three years, insecurity became a feature of the Nigerian environment. With the high level of insecurity in Nigeria, the development of tourism became a Herculean task. Concerning insecurity, Adora listed: "Violent crimes, civil unrest, kidnapping for ransom and terrorism as enemies of tourism in Nigeria" (Adora 2010: 14).

The security situation is a very big problem and hinders the development of tourism in Nigeria. For example, Nigeria is regarded as one of the most dangerous countries to live in the world because of the activities of fundamental Islamic group known as Boko Haram and the numerous splinter groups that came out of them. These terrorist groups have killed many people and destroyed several communities in the country. The World Economic Forum's "Travel and Tourism Competitiveness Report" published every two years has been listing Nigeria since 2015 as one of the most dangerous countries to visit in the world (World Economic Forum, 2019).

Tribalism and nepotism were also very important factors that have stunted the growth and development of tourism in Nigeria. The country has more than two hundred and fifty ethnic groups. Most government officials prefer to locate projects, including ones related to tourism, in their hometowns or cities, even if there were better locations suitable for such projects. Contracts and jobs were offered to friends and family members, even when they were not qualified and had no experience for such endeavours. Ethnic struggles and agitations are very prevalent and endemic in Nigeria. A lot of people see, interpret, and react to issues not from a nationalistic point of view but from an ethnic point of view. Thus internally, the average Nigerian thinks of being a Hausa, Igbo, Yoruba, or whichever tribe he or she comes from before thinking of the overall interest of the nation. With the ethnic differences and nepotism taking a front row in the decision-making process, it was difficult for sustainable and viable tourism to develop. Ankomah and Crompton mention the five factors that have prevented or slowed down the development of tourism in Sub-Saharan

Africa: Image; lack of foreign exchange to procure parts, equipment, and other resources for tourism development; lack of skilled manpower; a weak institutional framework for tourism planning; and political instability, resulting from civil liberation wars and military coups, which compounds the other four problems (Ankomah and Crompton, 1990: 11).

Out of these five factors, only negative image, lack of skilled manpower and political instability are applicable to Nigeria during the period in question. The issue of image is vital; most people saw Nigeria as an African country that is politically, socially, and economically unstable and was unattractive in terms of a tourism destination. Tourists naturally want to visit places where they can do things differently and escape from their day-to-day regular activities at home. They do not want to visit places that are unsafe and insecure, and they do not want to visit poor and impoverished communities because that is not fun for them. They do not want to visit places that are in the middle of civil wars and political turmoil. The image of Nigeria was negative and would not encourage visitors seeking leisure, only those on business and diplomatic duties visit Nigeria regularly. The negative image painted in the Western media of sub-Saharan Africa, including Nigeria, discouraged genuine touristic interest in the country.

The lack of skilled manpower was another bane of the tourism industry in Nigeria. With the huge population and able working segment of the population, one would expect the country to have developed a skilled and experienced labour force for the tourism industry. Most of the people that were involved in the industry from the top to the lowest rank did not know much or have any experience with tourism and its development. Most of them were civil servants working for their monthly salaries with no passion or love for the specific industry they worked in. Most did not care if tourists visited Nigeria because they felt it would not impact their salaries or lives in any way. There was no proper coordination among the three tiers of government with regards to revenue allocation and administrative responsibilities. Even with a well-organized institutional framework, the lack of skilled labour to execute the policies and plans made it impossible to grow and develop the industry into an enviable level commensurate with the size, wealth, and prestige of the country.

The lack of an adequate infrastructure was another problem faced by the tourism industry at that time. Although Nigeria has twenty-two airports and twenty-three airstrips at that time, (Books LLC, 2010), most of them were in disrepair, needing renovations, upgrading and outright replacement of equipment and facilities in many cases. For some time, the United States government banned all American planes from landing in Nigerian airports because of inadequate security and a lack of proper landing equipment. This situation badly affected the Nigerian tourism industry because it reduced the number of Americans flying into Nigeria. Most of the road networks in Nigeria were bad, especially some that connected the major cities to the touristic sites and features in the country. The country is crossed by networks of train tracks built by the British colonial administration; however, nothing was done to improve and modernize them. It is important to know that the trains were crucial because they linked most of the major cities to the rural and remote communities where tourist features, and sites are found.

There were standard and five-star hotels in the country, some comparable to any hotel in the developed world, but they were inadequate and mostly located in the major cities. Until 2000, when democracy was reintroduced to Nigeria, the major hotels in Nigeria were owned and controlled by the federal government, which made the involvement of the private sector minimal and insignificant. The over-involvement of the government in the industry and the minimal involvement of the private sector also contributed immensely to the failure of the tourism industry. The private sector had little or no serious participation in the tourism industry and the federal government, in a military fashion, dictated everything, from policies and planning to implementation and supervision. The private sector was largely an onlooker. The lack of active involvement of the private sector was partly responsible for the failure of the industry because the private sector had extra resources to invest and could go into international business partnerships that the government could not get into. The participation of the private sector was crucial, and Nigeria did not utilize it at that time.

Another important factor responsible for the failure of tourism in Nigeria was the lack of profound interest and a leisure ethic in tourism by the populace (Mustapha, 2001: 172). Most Nigerians are not truly interested in investing their money and time in tourism and leisure because they had no funds for such activities; most are struggling to survive and could not spare money and time for leisure and tourism. Mustapha argues that this was the reason why most Nigerians refused to bother with tourism and leisure. The lack of finances and leisure time is notable, which negatively affected intra-national or domestic tourism in Nigeria (Musisi, 1985: 203). The inability of Nigeria to harness its agricultural resources to utilize agro-tourism was a missed opportunity. At that time, a large section of the population was involved with agriculture; agricultural development is also tied to rural development in Nigeria. Developing agro-tourism was the

right thing to do because most of the people had agriculture or farming as their occupation, it was simple and inexpensive. Nnadi and Akwiwu define agro-tourism as:

The practice of agriculture for tourism … is the practice of utilizing the art and science of producing crops and animals for aesthetics and pleasure. It is the process of creating imagery and ornamentals from agriculture for the appreciation of mankind. (Nnadi and Akwiwu, 2005: 97).

Lastly, Overdependence on petroleum resources was another important factor responsible for the failure of the tourism industry. Before the discovery of oil in 1956, Nigeria depended mostly on its agricultural cash crops, exporting mainly to Britain and some European countries. Nigeria used to be the number one exporter of palm oil (vegetable oil) and groundnut (peanut) before and after independence. Gradually, Nigeria abandoned all other sources of revenue and concentrated on revenues from crude oil. In that period, crude oil accounted for more than 90% of sources of revenue for the country. With the discovery of petroleum, every other source of income and any possible potential income-earner like tourism were neglected.

The successive military governments that ruled the country naively abandoned everything, concentrated on Petrodollars, and went on a spending spree, which led to military coups and counter-coup d'états, corruption, bloodshed, political and economic instability. For example, the World Tourism Organization, in its statistics on 1981 tourism revenues, showed that Nigeria made $55 million, representing 0.3% of its total export, while Kenya in the same year made $240 million, representing 20.2% of its total export (Ukpanah, 1991: 22). These figures show the seriousness attached to this industry and the success and level of development it has attained in both countries. Some like Chinua Achebe believe that tourism can never be successful in Nigeria when he argues that: "It is a measure of our self-delusion that we can talk about developing tourism in Nigeria. Only a masochist with an exuberant thirst for self-violence will pick Nigeria for holiday; only a character out of Tutuola seeking to know punishment and poverty at first hand! No, Nigeria may be a paradise for adventurers and pirates but not for tourists" (Achebe, 1984: 10).

However, there is no mistake that cannot be corrected including revitalising the Nigerian tourism industry. This article posits that the tourism industry in Nigeria might be at low level, however there is an opportunity to revive, develop and sustain it as a major foreign exchange earner for the country. This argument is in line with Ovat's argument that "Despite all earlier failures, the government should not be discouraged; it should still make new efforts to develop the sector". (Ovat, 2003: 33-44).

Conclusion

One can see that from 1960 to present day, Nigeria had the opportunity and the potential to develop its tourism industry to an enviable, viable and sustainable stage, but the chances were wasted due to the factors mentioned above. Countries like Kenya, Tanzania, and Uganda, which are smaller, less populated and have fewer resources, developed their tourism industry to an appreciable level while Nigeria was groping in the dark. Some of the reasons could be the fact that Nigeria foolishly got carried away with oil revenues, and countries like Kenya did not have any petroleum resources to depend on, needing instead to utilize the resources they had, such as tourism. The climate and topography of Kenya, Tanzania and Uganda are different and more suitable than Nigeria's for tourism. Nigeria is hot and humid while these three countries are temperate and arid, which is more suitable for most visitors. Although Nigeria had not shown any success in terms of tourism in its first sixty years of existence as an independent nation, the prospects are still there. The country can still utilize its abundant opportunities to develop tourism into an enviable, viable and sustainable industry. Some cynics and pessimists believe that Nigeria possessed no prospects for tourism, and it will be very difficult to successfully develop tourism in the country.

Despite the cynicism and pessimism by some, most people believe that the situation in Nigeria can be turned around if the factors responsible for this failure are carefully studied and addressed. No problem cannot be solved, and the failure of the Nigerian tourism industry is not an exception. The Nigerian tourism industry still has prospects and there are a lot of opportunities to develop it into an enviable, viable and sustainable industry. The wider implication of this article is that these factors that were carefully analysed and discussed can be studied to find lasting solutions that can be applied to the development of a successful tourism industry in Nigeria.

CONFLICT OF INTERESTS

The author has not declared any conflict of interests.

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