

THE CONTRIBUTIONS OF CENTRAL BANK OF NIGERIA (CBN) TO TOURISM DEVELOPMENT: A CASE STUDY OF ENUGU STATE.

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Abstract

The contributions of the Central Bank of Nigeria (CBN) in development financing through fund supervision, management and disbursement cannot be over-emphasized. Development financing is a vital necessity for the sustainability of tourism in any economy. The supply of finance to various tourism sectors such as NTDC, Enugu State Tourism Board, hotels, transportation and event management will promote the growth of the economy in a holistic manner, thus attracting tourists at any destination and increasing the Gross Domestic Product (GDP). The CBN development initiative involves the formulation and implementation of various policies, innovation of appropriate product brands and creation of enabling environment for financial institutions to deliver services in an effective, efficient and sustainable manner. Before the advocacy for tourism development in Nigeria, the initiatives were mainly targeted at the agricultural sector, rural development and micro small and medium enterprises. As tourism continued to attract attention in the country, the CBN began to create enabling environment for the sector to survive and thrive by providing capital. This paper explores the contributions of CBN in supporting tourism development with focus on Enugu State. It concludes that CBN is central to tourism development since funding is needed for the sustainability of the sector.

Keywords: Central Bank of Nigeria (CBN), funding, tourism development, Enugu State.

Introduction

There are several factors that influence how tourism is developed. One of such factors is finance/capital. Tourism has attracted the attention of many tourism enthusiasts from both public and private sectors. Increasingly, attention has been given to this sector as the economic benefits derived from its development increase the well-being of the people as well as facilitate regional and national growth. The financial sector has great contributions towards the development of the tourism sector and often influences how it develops. The slow growth of the core and optional tourism facilities because

of paucity of funds has affected the pace of tourism development and the level of involvement of investors, and this requires urgent attention. In Nigeria, the role of the CBN in tourism development process goes beyond capital accumulation, efficient allocation and proper use of fund (Asogwa, 2000).

For various tourism sub-sectors such as hotels, restaurant, brothel, travel agencies, shopping centres and cinema to strive successfully, there is need for adequate financing to boost planning and development for both investors and consumers. Tourism, which involves movement of national and international tourists, involves people and environment and has both positive and negative impacts which influence how the sector develops. The awareness of these impacts has led to the emergence of specific roles that CBN is obliged to play in financing tourism projects. Finance is a major requirement in the operation of any tourism business whether government or privately owned. The term finance has been defined as the scientific application of skills in managing money (Paramasivan & Subramanian, 2012). The CBN has the power to disburse funds to government or privately owned businesses in Nigeria with the approval of the President. Finance is the lifeblood of every enterprise as well as a prerequisite for tourism development.

The allocation of finance for tourism development is necessary, but unfortunately, in the Nigeria Vision 2020 (a blue print for economic growth and development strategies between 2009 and 2020) document, tourism was not contained in the national budget and this has great impacts on Enugu State since it relies on internally generated revenue to fund her budget (www.wikipedia.com). Osiyemi (2005) defined budget as a monetized expression of targets to be accomplished in a given year. Also, budget is a forecast of expenditure and revenue for a specified period of time. Furthermore, the federal government included agriculture, petroleum, security and other sectors in its 2018 budget implementation, but had no provision for tourism. Surprisingly, tourism and other tourism ministries were included in the Enugu State 2018 budget implementation with minimal financial allocation. More so, the Nigeria Vision 2020 blueprint included critical components of tourism infrastructure in the budget, such as road network, electricity, security, and financial capacity building, but these are still in an epileptic state. A development blueprint must be designed to accurately reflect the collective interests of other sectors, using a bottom-up approach based on a deeper understanding of all citizens' aspirations and knowledge of the future needs in tourism development (www.adedunmade.blogspot.com).

This study, therefore, investigates the CBN's contributions to tourism development by identifying its major activities and the critical roles it can play in promoting tourism in Enugu state. These activities include the formal and informal sectors' roles, as well as direct and indirect contributions. Many tourism entrepreneurs do not know the process and how to access these funds; thus, there is a need to document the processes and create awareness. This will arguably help to bridge the gap between what exists in policy and what obtains in reality.

Method of Research

Researchers must ensure that the instrument adopted for data collection is logical (Annum, 2014). Qualitative method was applied and form the primary sources of data collection. Primary data are new data collected explicitly in the proposed research by the researcher(s) (Eboh, 1998; Veal, 1997). Three instruments were designed to gather primary data for this paper: unstructured and semi-structured interviews with key informants and direct observations of tourism ministries. Interviews were conducted with carefully selected people. Key informants were people who are knowledgeable persons in the ministry. These instruments were employed within ethnographic research methodologies. Ethnographic research has its roots in social and cultural anthropology where an ethnographer is required to spend a significant amount of time in the field. Ethnographers immerse themselves in the life of the people they study (Okpoko & Ezech, 2005) and seek to place the phenomena studied in their social and cultural context. The idea is to stimulate the subject to talk; in the hope of learning what they think is essential. The unstructured or open-ended interviews ranged from casual informal interviews with unselected individuals to key informant interviewing (Okpoko & Ezech, 2005).

The data were collected with tape/video recorder as well as field notes. Photographs and field observations were also used during the fieldwork. The field research was conducted with the support of one research assistant (a staff of the CBN) who acted as the researcher's guide in identifying finance offices and knowledgeable people to interview. Documentary materials were also consulted, such as government documents, journal articles, textbooks and online sources.

Background Information of the Study Area

Enugu State was before now referred to as Enugu urban (Iyi, 2014). The capital city of Enugu State is located very close to latitude 060°30'N and longitude 070° 30'E in the southern part of Nigeria (Geo-information, 2014). It is bounded in the north by Igbo-Etiti and Isi-Uzo Local Government Areas, in the west by Udi Local Government Area, in the south by Awgu and part of Nkanu West Local Government Areas and in the east by Nkanu East Local Government Area (Iyi, 2007) (see Figure 1). According to Iyi (2007), Enugu urban came into limelight through the discovery of coal in 1909 in Enugu Ngwo, a village found at the top of Udi Plateau. With the tapping of coal in 1915, settlers began to settle on the foot of the hills and on the wide plains that currently constitute the centre of Enugu urban. This area was classified as a second class township in 1917 by the Township Ordinance No. 19 of 1917 (Nigerian Institute of Town Planners, 2011).

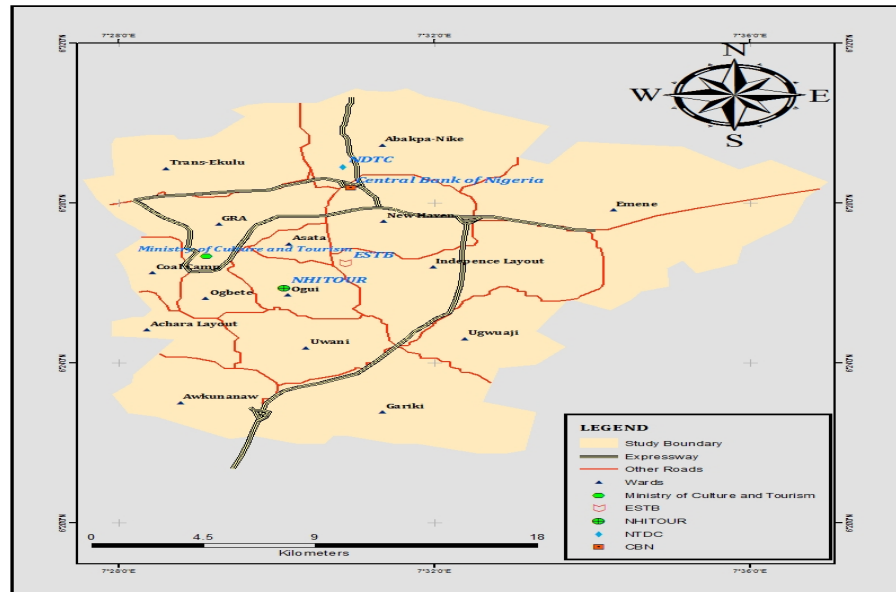


Figure 1: Map of Enugu State Showing the Study Area

Findings and Discussion

The Central Bank of Nigeria (CBN)

The CBN is the principal agency of the federal government charged with the responsibility of finance control and supervision of the micro-economic activities of all financial institutions. Before Nigeria's independence, there was no CBN, no banking legislation of any kind, and no Ministry of Finance. The CBN's primary goal is to promote economic development through the mobilization of domestic financial resources for different sectors, including tourism. It is equally responsible for developing new financial institutions and encouraging the expansion of existing ones in the areas of fund supervision, management and disbursement. The CBN is involved in the development and implementation of various policies, product innovation, and the creation of an enabling environment for financial institutions to deliver services in an effective, efficient, and sustainable manner through banks and other financial institutions. CBN is in charge of the development of banking industry. It also gives loan fund to private tourism entrepreneurs.

The Formal Financial Sector

The formal financial sector can be represented on four levels. The first is the central bank. The second level refers to the myriad of banking and non-banking financial intermediaries. The third is the money and capital markets, while the fourth is the regulatory agencies, the Nigerian Deposit insurance Corporation (NDIC) and the Securities and Exchange Commission (SEC).

The Informal Financial Sector

The rationale for the existence of the informal sector of the financial market derives its dynamism both from development within the formal sector and also from its own internal characteristics. The formal sector displays a bias with regard to both the mobilization and allocation of resources: a preference for the public over the private sector, for large scale enterprises and upper income households over small scale enterprise and lower income households. Informal financial activity is present in both rural and urban areas which is necessary for financing of tourism businesses. In terms of financial activity, the informal sector appears to be generally more important in rural areas. Access to the informal sector is relatively easy in comparison with the formal sector. Despite the lack of sufficient knowledge concerning informal financial institutions in Nigeria, it has grown in size and importance in financing development. Three types of financial operations are identifiable in Nigeria- *Susu* system, the savings and credit associations and moneylenders. They have played roles in financing restaurant, brothels and hotels.

Direct Contributions of CBN towards Essential Components of Tourism Development

The CBN has made massive contributions towards tourism development both in essential and auxiliary tourism products and services in Enugu State. The essential component are core products that enable tourism to succeed in a given place; in other words without them tourism will not succeed. Auxiliary are product/services which a tourist needs but can do without. The significance of this contribution is to create an enabling environment for both government and private sectors to thrive in their businesses. The contributions of the CBN in Enugu State will be discussed.

Provision of Accessible Roads

Respondent at the Ministry for Works and Infrastructure in Enugu State noted that ₦20, 494,228,936.00 (about \$43,500,650) was allocated for maintaining infrastructure of which road is a major priority and that this money is currently with the CBN. However, CBN does not loan money to Enugu State Government, rather they are tasked with the responsibility of safeguarding and disbursing monies as at when due to enable the state government carry out their infrastructural development that enhances tourism development. The safe keeping and disbursement of this fund has helped in reconstruction of vital roads across the state and many are presently on-going across the 17 local government areas. This is with strict and special emphasis on rural areas that have no access road to the cities as well as neglected areas within Enugu urban. This is to enhance easy movement of tourists thereby stimulating economic activities while also improving the ease of doing business. (Figures 2 and 3).



Figure 2: Road network expansion. Figure 3: Milliken Hill road rehabilitation
(Sources: <https://www.autoreportng.com>) (Sources: infrastructurenew.ng)

Provision of Electricity

The Rural Electrification Board (RED) according to our informants had an allocation of ₦3,798,781,957.00 (about \$8,266,260). The budget is meant for installation of electricity in Enugu East Senatorial Zone (comprising Enugu East, Enugu North, Enugu south, Isi Uzo, Nkanu East and Nkanu West); Enugu North Senatorial Zone (comprising Igbo-Etiti, Igbo-Eze North, Igbo-Eze South, Nsukka, Udeni and Uzo-Uwani) and Enugu West Senatorial Zone (comprising Awgu, Aninri, Ezeagu, Oji River and Udi). Figures 4 and 5 illustrate the transformational process of electricity generation. The contribution of the CBN towards tourism development with regards to essential component of tourism which is electricity is to ensure the safe keeping, accountability and accessibility of fund as demanded by the Enugu State Government. They further provide policies and programs for various payment channels through commercial and micro finance banks through which payments are easily made. The budgeted monies which are under the supervision and control of the CBN is meant to install electricity in rural areas and repair malfunctioning electricity projects in the State.



Figure 4: Electricity distribution.
(Source: punchng.com)



Figure 5: New EEDC prepaid meters.
(Source: dailytrust.com.ng)

Provision of Security

Security is essential for safeguarding the lives of tourists and has been regarded as a direct contribution to tourism development. Enugu State remains peaceful and safe for tourists as a result of the interest of the state government who gives the security sector the needed attention by providing facilities such as vehicles to the police, Nigerian army and neighbourhood watch. To enhance tranquility in Enugu State, 1,700 forest guards have been employed, comprising 100 persons per LGA in compliance with the recent South-East Governors' forum resolution on community policing. 5200 vigilante/neighbourhood watch personnel across the state comprising 20 persons per ward has been approved with stipends to be paid. All these were done to enhance stability, growth in Enugu State, engagement in meaningful social, political and economic activities, since crimes, kidnapping and other social vices threaten peace and harmony leading to low turnout for tourism operations. Budget made for security development was spent on the purchase of 360 Innoson vehicles (Toyota Sienna buses and Toyota Hilux) out of which 100 were distributed among the Nigerian army, police force and civil defense corps (see Figures 6 and 7). All these are possible because of the monitory allocation of CBN to the State.



Figure 6 &7: Vehicles provided by the Enugu State for forest guards and to boost police security (Source: techtv africa.com)

Indirect Contributions of CBN through Financial Institutions towards Tourism Development

1. Cash Lending from Commercial and Microfinance Bank

The central goal of the CBN in Enugu is to provide fund for tourism sector as well as improve the living standard of the host communities through loan disbursement activities of commercial and microfinance banks which have been mandated to carry out the operation. CBN has policies on diversification of funds by sector, region, loan size and types. CBN has equally made provision for bank recapitalization to strengthen and consolidate the activities of banks in which tourism practitioners make their deposits. Lending to the tourism sector whether public or private sector is difficult, except if they are segmented into transportation (train, buses, boat, and airplane), hospitality

(hotels, restaurant, and bars) and services (tour operators, event management and general consultancy). However, there are modalities which are considered by the banks before allocating fund to tourism entrepreneurs. Such modalities include:

(a) **Assessment of Character:** Beyond the statistics presented by the loan applicant, the lending institutions seek information on the character of the applicant from other sources where possible. Such information should be carefully reviewed to make final assessment of the personal creditworthiness of the loan applicant. Various ways can be used to achieve this goal and the ability of the tourism entrepreneur to possess these qualities that qualify for fund allocation. The chart below is used to judge the creditworthiness of the loan applicant before fund is allocated.

Table 1: A Sample of the loan assessment form

S/N	Description	Bad	Average	Good	Excellent
1.	Reputation within the business community				
2.	Credit History				
3.	Level of disclosure of required information				

Source: Credit Administration for Microfinance Bank.

- i. **Disclosure of Required Information:** The level of openness in information disclosure is an indication of the character of loan applicants. Reliability and integrity of information provided is indicative of the applicant's character.
- ii. **Reputation within the Community:** The lending institution (bank) should make inquiries on the reputation of the applicant within the business community and in the entire society. How do other members of the community regard the potential borrower on honesty? Has the loan applicant been given public position of responsibility and how did he or she perform?
- iii. **Good Credit History:** It is important to assess the credit history of the applicants. The rationale for this is that a borrower who has never failed in previous loan repayments is less likely to default in the future as opposed to somebody who has had repayment problems in the past.
- iv. **Capacity to Repay:** Judgment on capacity to repay is aided by effective cash-flow analysis. Analysis may be on the cash-flow projections submitted by loan applicant or all data collected from the documents and records can be consolidated in reconstructing a cash flow projection. The exact period of the projection depends on the envisaged loan term. In the tourism sector loans, projections for one year are common because they encompass the majority of tourism business season. Loan projections beyond 12 months are very uncertain so it is recommended that cash-flow projections are renewed annually for medium and long-term loans.

(b) Assessment of Capital: This stage of loan appraisal involves analysis of the financial status of the business to be funded. If it is for hotel construction loan, the applicant will be required to demonstrate his/her financial strength. Documents for this analysis include balance sheet of the enterprise to be funded and the cash flow projections. For restaurant loan, remuneration profile of the application can be obtained from the income level of the microenterprise or the salary payment slip (for low-income earners). A trend analysis is more useful though, as it provides better picture of the financial strength of the applicant over time.

(c) Assessment of Collateral: For commercial banks their collateral security includes land, stocks and buildings that has deem of ownership. While for microfinance bank the hallmark is collateral substitution (that is, loans are guaranteed by means of repayment such as salary). The rationale for collateral substitution is that microfinance clients do not possess conventional collateral; where the client has (such as a house or land) often they are considered as “dead” as they usually do not have the required collateral documents to make them acceptable means by which loans are given.

(d) Assessment of Condition: It is important to consider the conditions of the tourism enterprise in which the microfinance is appraising their loan. What is the general performance of the business? Does the vision, mission and what the tourism sector set to achieve clear to them? If on the contrary, banks will not lend loan to conditions that are not right.

The CBN in order to secure the micro economy for tourism activities to strive and succeed as well as to attract foreign investors went into capitalization of the banking sectors where tourism entrepreneurs deposit there fund to erase the following;

- Persistent illiquidity
- Poor asset quality and unprofitable operation
- Weak capital base
- Over reliance on public sector deposits
- Use of obsolete electronic instruments and outdated operating system
- Consistent misunderstanding between their staff and their customers due to skeletal and poor services

In order to ensure a robust economy for the tourism sector to thrive the CBN has to boost the paid-up capital of banks. The trend were as follows: in 1997, the Head of state, Late Sani Abacha announced in his annual budget that commercial banks are required to beef up their minimum equity capital to ₦500 Million from N50 Million before the end of 1998. This statutory provision shows about 1000 percent increase. It further moves from ₦500 million minimum requirements to ₦1 Billion for commercial banks in 2002. To create more financial stability and avoid further deterioration, the then CBN Governor, Professor Charles Soludo, on 6th July, 2004 in an address delivered at the special meeting of bankers committee gave out about 13-point agenda for the reformation of the banking sector in order for tourism entrepreneurs to

have confidence in the financial institutions. The first of these agenda and the most important was the requirement that minimum capitalization for commercial banks should be ₦25 billion with compliance before the end of December 2005 and a condition that only banks that meet up with this condition would be allowed to hold public sector deposits. Arrangements were made in which the names of the banks that qualify were published by 31st December 2005, resulting in mergers and acquisition

Table 2: Consolidated Banks and their Component are as Follows:

SN	New Bank	Group Members (Merger/Acquired)
1.	Access Bank Plc	Marina Bank, Capital Bank international (Merchant) bankers, Access Bank Nig. Plc / Acquired Intercontinental Bank and Diamond Bank
2.	Afribank Plc	Afribank Nig. Plc. Afribank Int. Ltd (Merchant)
3	Diamond Bank Plc	Diamond Bank, Lion Bank, African International Bank (AIB)
4.	Eco Bank	Eco Bank
5.	ETB Plc	Equatorial Trust Bank (ETB, Devcom Bank)
6.	FCMB Plc	First city monument bank, cooperative Development Bank, Nig-American Bank, Medas Bank
7.	Fidelity Bank Plc	FSB International Bank, Manny Bank
8.	First Bank Plc	First bank of Nig. Plc, FBN Merchant Bank, MBC
9.	First inland Bank Plc	International Merchant Bank, inland Bank, first Altantic Bank, NUB Int'l Bank Ltd.
10	Guaranty Trust Bank	Guaranty Trust Bank
11	IBTC-Chartered Bank Plc	Regent, Chartered, IBTC
12.	Intercontinental Bank Plc	Global Bank, Equity Bank, Gateway Bank, Intercontinental Bank
13.	NIB	Nigeria International Bank
14.	Oceanic Bank Plc	Oceanic Bank, International Trust Bank
15.	Platinum-Habib Bank	Platinum Bank, Habib Bank
16.	Skye Bank Plc	Prudent Bank, Bond Bank, Cooperative Bank, Reliance Bank, EIB
17.	Spring Bank Plc	Guardian Express Bank, Citizens Bank, Fountain Trust Bank, Omega Bank, Trans international Bank, ACB Int'l Bank.
18.	Stanbic Bank Ltd	Stanbic Bank Nig. Ltd
19.	Standard Chartered Bank Ltd	Standard Chartered Bank Ltd
20	Sterling Bank Ltd	Magnum Trust Bank, NBM Bank, NAL Bank, INMB, Trust Bank of Africa
21.	UBA Plc	Standard Trust Bank, United Bank for Africa, continental Trust Bank
22.	Union Bank Plc	Union Bank, Union Merchant Bank, Universal Trust Bank, Board Bank.
23.	Unity Bank Plc	New African Bank, Tropical Commercial Bank, Center point Bank, Bank of the North, NNB, First Inter State Bank, Intercity Bank, Societe Bancaire, Pacific Bank

24.	Wema Bank Plc	Wema Bank, National Bank
25.	Zenith Bank Plc.	Zenith International Bank Plc

Sources: <https://www.cbn.gov.ng>

Banking mergers and acquisitions which entails the combination of two or more formerly independent business units coming together to form one single company/business with a common management and ownership goal is an ongoing concern that has ensured availability of fund and maintenance of tourism traders confidence. It has increased efficient and effective financial intermediation; sourcing of funds from surplus ends to deficit ends has placed banks in a better position to generate and provide more funds for banks' onward lending to the tourism sector businesses. On the order hand, recapitalization and consolidation of banks has restored confidence to the public and private sector tourism industry as more businesses will be undertaken. More investors will be attracted to the tourism sector with the belief that all the banks are indeed strong and healthy and without the fear of them going into distress.

(e) Capacity building: One of the primary objectives of the CBN is to promote essential component of tourism provided it has the potential of generating returns on investment. On August 15th, 2018, CBN promised to fund essential tourism component such as hotels, restaurant, event tourism, transportation, tour operators, travel agencies and cultural tourism provided that the proposed tourism enterprise has a business plan, a clear vision, mission, and genuine objectives so that when loan is given to carry out their activities, it will be adequately accounted for and utilized for the purpose for which it was disbursed with return and interest. One major avenue through which the CBN gives loan for tourism enterprise is through a scheme called Agri-Business, Small and Medium Enterprise Investment Scheme (AGSMEIS). The scheme is an initiative of the bankers' committee established at its 331st Meeting held on 9th February, 2017. The scheme supports government's policy measures for the promotion of hospitality business, micro, small and medium enterprises (MSMEs) as vehicle for sustainable economic development.

The loan is disbursed to eligible businesses through Deposit Money Bank (DBNs). CBN gives out these loans which are referred to as working capital up to the sum of ₦10,000,000.00 (about \$21,755) on 5% interest per annum for a period of up to 7 years (depending on the nature/gestation period of the project) and moratorium of maximum of 18 months for principal and 6 months on interest. Documentation requirements are:

- Duly completed application form
- Bank verification Number (BVN)
- Certificate of training from recognized Entrepreneurship Development Institution (EDI) or evidence of membership of organized private sector association.

- d. Letter of introduction from any of the following: Clergy, village Head, District Head, traditional Ruler, Senior civil servant, etc (for individual/micro enterprises only)
- e. Evidence of registration of business name or certificate of incorporation and filing of annual returns (where applicable) in compliance with the provisions of the companies and Allied Matter Act (1990).
- f. Tax identification Number (TIN) and current Tax Clearance Certificate (TCC) where applicable.

(f) Business Plan: The only thing that can make the CBN give out loan to tourism enterprise is a good business plan. Every transaction and lending processes conducted by the CBN must be well articulated on paper before seeking for fund. The CBN is very proactive in lending money to tourism entrepreneur. They need a business plan which is a document of intent prepared by a tourism entrepreneur showing the existence of business opportunities and the idea developed to exploit them with details of all the relevant external and internal elements involved, the merit, risks and the potential rewards inherent in exploiting the opportunities. The structure warrants that no matter how beautiful your tourism business looks, it must have a plan. What determines how much you are allocated is dependent on how convincing your work plan is to the appraisal committee. A winning business plan is usually structured to contain the following major topics and sub-headings as indicated in Table 3.

Table 3: A Winning Business Plan

1.0 Executive Summary	2.0 Market
Background information	Nature and size
Introduction	Target Market
Vision and mission statements	Key competitors and players
Ownership	Service delivery
Legal status	Quality assurance
Location and facilities	Demand/supply analysis
Production/services	Technology
Production plan	Competitive edge
Business strategy	
Key success factors	
3.0 Marketing Plan	4.0 Organization and Management
Promotion and distribution strategy	Organizational structure
Alliances	Shareholder and directors
Market positioning	Management team
Service delivery strategy	External support
SWOT Analysis	Personnel plan
	Value and norms of the company
5.0 Legal, regulatory, social and environmental issues	6.0 Financial Plan
Legal issue	Book keeping and maintenance of principal of accounting
Regulatory issues	Forecast of sales
Social issues	Estimate of costs
Environmental issues	Working capital projection
	Startup capital required
	Proposed financial structure
	Depreciation
	Loan repayment and interest payment schedule
	Projected profit and loss account
	Cash flow projection
	Projected balance sheet
	Financial analysis
7.0 Enterprise risk Management, Contingency Plan and Exit Strategy	8.0 Other consideration, conclusion, and recommendation
Risk analysis and mitigants	Economic justification
Contingency plan	Commercial viability
Exit strategy	Conclusion and recommendation
	Appendix
	Photocopy of certificate of incorporation (CAC)
	Approvals
	License
	Organogram
	Assumptions behind the figures.

Furthermore, a hotel located along Ugwuawarawa by Isiuja Onuiyi road in Nsukka was established in 2015 through a First Bank loan of 50 million naira approved after the presentation of a well thought out business plan. The business plan made provisions for both tangible and intangible products and services, repayment plan and met statutory regulation of the CBN and approval was granted and fund was disbursed. In starting up any tourism outfit such as hotels, restaurant, event tourism, transportation, tour operators, travel agencies and cultural tourism, the business must have a plan of how to utilize the finance in growing and establishing the business. This plan must show the current position, where the businesses wants to be in the future, and what it will take to be there in the nearest possible future.

Conclusion

This paper has discussed the contributions of CBN to financing tourism projects. This research highlighted how CBN has stabilized the economy of Enugu State through bank consolidation, insurance consolidation and electronic banking platforms that give the tourism sector a good look both within and outside Enugu State. The CBN is tasked with maintaining price stability, keeping close watch over government expenditure, issuing legal tender currency used in the state and advising the government on financial matters. More importantly, the CBN ensure soundness of banks where every tourism-related activities take place in terms of consolidation through surveillance, which takes place within the financial system as well as the activities of Nigeria Deposit Insurance Corporation (NDIC). This ensures safety of monies deposited in all Nigerian banks that has enabled them not to liquidate even when they are in financial crisis. The CBN branch in Enugu can manifest their willingness to finance tourism projects through their capacity building. Capacity building is one of the instruments through which it can educate the tourism sector on their lending operational framework which has yielded dividend as some hotels are beneficiary.

The hospitality sector has been identified as eligible for sponsorship. The prerequisite is that one has to be prepared when approaching the CBN for fund. The CBN is only interested in the ability of the tourism entrepreneur to transform ideas into business plan that is capable of yielding returns on investment and creating employment for Nigerians. Once the business plan is done, the business is registered with the Corporate Affairs Commission (CAC) and then starting up. The direct contributions of the CBN to tourism development comprise safe custody and disbursement of funds that are used for the provision of social amenities, infrastructure, security, State Tourism Board, NIHOTOURL, NTDC and Ministry of Culture and Tourism. The indirect contributions focus on capacity building for tourism practitioners that made cash lending from financial institution and other interrelated agencies possible.

Many tourism businesses have collapsed as a result of not understanding the criteria for granting of loans. This work has enabled us to

understand that character, good credit history, capacity to repay, operational capital, collateral and condition are necessary for any tourism sector to thrive. The direct contributions of CBN do not mean that they entirely fund all the state projects. Instead, its role is to safe keep the project allocated fund in their account and disburse it as at when needed. Government awards projects while CBN regulates and manages the funds that are involved in the project, making sure that it is channeled to the specific projects such as social amenities and infrastructure as it encourages tourism development. Consequently, cash lending is one of the major indirect contributions of CBN to tourism development. Both government and entrepreneurs gain from this process, but is based on thorough evaluation of the firm to ensure that it has the capacity to repay. Nevertheless, the main issue that retards the tourism sector from getting fund from CBN is that most tourism activities may not generate huge return on investment compared to income invested and lack of adequate tourism business plan that is viable and achievable within a specific period, considering the instability of the sector. It is important to note that once the tourism business plan is well structured and there is assurance that there will be return on investment, it stands a better chance of attracting CBN's attention for financial assistance.

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