

Evaluation of the Contribution of Non Oil Revenue to Government Revenue and Economic Growth: Evidence from Nigeria

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Abstract

This paper evaluates the contribution of non-oil revenue to government revenue and economic growth in Nigeria from 1980 to 2014. To achieve the research objective, relevant secondary data was sourced from the statistical bulletin of the Central bank of Nigeria and statement of accounts. The data was analyzed using the Ordinary Least Squares Regression. The result revealed a positive and significant contribution of non-oil revenue to economic growth and positive but slightly insignificant contribution to government revenue. The study recommended that efforts should be intensified by the government mostly at the Federal level in bringing to fruition the diversification of the nation's productive sector judging from the great potentials and capacity of the non-oil sector in enhancing revenue and economic growth. Also, machinery need to be set in place to drive the policy and strategies aimed at opening up the non-oil productive sector and setting it on track for revenue generation and sustainable growth. All efforts to sabotage this course must be nipped in the bud as the development of the non-oil sector remains a veritable channel for tapping into Nigeria's hidden wealth.

Keywords: *Non-oil revenue; Economic Growth; Gross Domestic Product; Government Revenue*

1.0 Introduction

The spate of growth of any economy depends largely on resource mobilization. Such growth however is propelled by the amount of revenue generated by the country to meet its stated objectives. For every economic entity Nigeria inclusive, revenue generation amongst other things is directed towards meeting the basic social and infrastructural needs of its citizenry and to maintain a sustained growth. Prior to the 1970's, revenue generation in Nigeria was largely dependent on non oil products such as agriculture and mineral resources. Foreign exchange was earned from the sale of different crops such as cocoa, rubber, coffee, cotton, palm produce, groundnut, etc. Non-oil export accounted for over 74 percent of total revenue earned by the country while oil revenue accounted for the balance of 26%. However, with the discovery of crude oil especially the oil boom of 1970s, fundamental changes were experienced in the structure of the Nigerian economy.

Nigeria is a country believed to be well endowed in human and natural resources, yet the focus of government since independence has been more on crude oil exploration and exportation to the detriment of other economic activities that could bring in the much desired foreign exchange earnings. Consequently by 1985, the contribution of oil revenue to total revenue earned by the

country increased to 73 percent while the contribution of non-oil revenue to total revenue dropped to 23 percent. In 2000, oil and gas export accounted for more than 98% of export and about 83% of Federal Government Revenue (Odularu, 2008). Prior to the first oil price shock of 1974, oil has annually produced over 90% of Nigeria's export income from 1970 to 1999, oil generated almost \$231 billion in rents for the Nigeria economy and these rents have constituted between 21% and 48% of Gross Domestic Product, but yet these rents have failed to raise Nigeria's per capital income and done little to reduced poverty. Worst still is the fact that the phenomenal improvements in the contribution of the oil sector only but marked the beginning of the dismal performance of the non-oil sector.

No doubt that oil revenue has contributed substantially to revenue generation and growth of Nigeria's economy; however Nigeria's overdependence on the oil sector and the urgent need for economic diversification has become of paramount concern to researchers and non-researchers alike (Sanusi, 2003). He reiterated that central to Nigeria's Structural Adjustment Program adoption in 1986 was the need to move the nation's dependence away from oil revenue to a more enhanced productive macroeconomic environment. He however regrets that more than 15years after there has not been any perceptible improvement in this economic malaise, as the oil sector still contributed about 91.9 per cent to total export earnings and 76.5 per cent of total government revenue as at 2001. It has become expedient that Nigeria look inwards into its non-oil productive and economic sector for sustainable revenue sources that can help transform its economy and meet the needs of its citizenry. This was made clear when the former Finance Minister and Coordinating Minister of the Economy Prof. Okonjo- Iweala said "though the drop in oil prices was a serious challenge, it was also an opportunity for the country to refocus efforts towards the non-oil sectors in preparation for a future with less oil revenue". This underscores the need for increased domestic revenue mobilization from the non-oil sector.

The growing body of literature has shown possible linkages between non-oil sector and growth of the Nigerian economy, however the dearth of empirical evidence as to the magnitude of the contribution of non- oil revenue to government revenue and growth spurred this study. The study therefore seeks to determine the impact of non-oil revenue on the Government Revenue and Gross Domestic Product (GDP) of the economy and the extent to which it contributes. It will also examine the factor responsible for the current poor performance of the non-oil sector.

1.1 Statement of Problem

Over the years the government has received annually over half of its revenue from the oil sector up to about 85% to the neglect of the non-oil sector. These oil revenues are not only large but highly volatile and causing the size of government programs to fluctuate accordingly. From 1972 to 1975, government spending rose from 8.4% to 22.6% of GDP, by 1978, it dropped back to 14.2% of the economy. This fluctuation has resulted in pervasive fiscal indiscipline, high level of corruption, dishonesty and lack of transparency in the government which has made it difficult to develop and process the non-oil sectors. Government's ability to spend funds wisely and limit corruption has also been more of a talk shop than decisive actions. Despite the large proceeds obtained from the internal and external sale of crude product, its impact on the total revenue and economic growth of Nigeria with regards to enhancing productivity in other sectors remains questionable. It has also become increasingly difficult to guarantee the adequacy and stability of future flows in oil revenue because factors at work in the oil market are complex and ever-changing. The continued unimpressive performance of the non-oil sector and the vulnerability of

the external sector thus dictate the urgent need for a reappraisal of the thrust and contents of our development policies and commitments to their implementation.

Extant literature has identified various factors as being responsible for Nigeria's poor economic performance, but of grave consequences has been the continued over reliance on the fortunes on the oil sector and the failed attempts to achieve any meaningful economic diversification into the non oil productive sector. The over dependence of the nation on the now dwindling oil sector and the poor contribution of the non-oil sector to revenue and growth is worrisome. Many attempts by past governments in terms of policy formulations and programmes to boost the non oil sector and create a broader revenue base have not yielded much result. This has been traced to poor implementation of policies, lack of appropriate funding, lack of political will and of course the continued belief that revenue from oil is guaranteed. It is in the light of the above that this study seeks therefore amongst other things to evaluate the contribution of non-oil revenue to total revenue and economic growth. Most empirical studies had centered around the impact of oil revenue on economic growth and development and impact of non-oil on economic growth. This study however seeks to further evaluate the non-oil revenue impact on government revenue and the resultant effect on growth.

1.2 Objectives of the study

The objectives of this research are to:

- i. Evaluate the impact of non-oil revenue on government revenue
- ii. Evaluate the impact of non-oil revenue on economic growth

1.3 Hypothesis

The following hypothesis is set to test the contribution of non-oil revenue

H₀₁: Non-oil revenue does not significantly impact government revenue.

H₀₂: Non-oil revenue does not significantly impact economic growth.

2 Literature Review

2.1 Theoretical Framework

This study is anchored on the resource curse theory. A paradox is said to exist when countries and regions with abundance of natural resources specifically non-renewable resources like minerals and fuels, tend to have less economic growth and worse development outcomes than countries with fewer natural resources (Akujuru, 2015). This theory otherwise known as the resource curse theory or paradox of plenty takes it root in the works of Przeworski Adam in 1991. Przeworski argues that this happens as a result of neglect of other economic sectors thereby causing a decline in the competitiveness of these sectors. This decline in competitiveness of other sector he attributes to an appreciation of the real exchange rate of the revenue from this sole resource often leading to volatility of revenues caused by market swings, mismanagement by government's corrupt and unstable institutions and agencies.

Arguably and rightly so is the idea that Nigeria's rich natural resource of oil has been more of a curse than a blessing. This is evident in the fact that despite the huge revenues that have accrued over the years from this resource, it has not been feasible to develop the other non-oil productive sector; consequently, the nation has been unable to transform the accrued rich oil revenue into real term sustained development and growth. A larger proportion of its populace still grapple with poverty with attendant high level of unemployment, corruption and gross mismanagement of government funds

2.2 Contribution of Non-oil Revenue to Government Revenue and Economic Growth

The growth of any economic entity is driven by a balanced and effective resource mobilization. Resources are diverse in nature with each having its contributory propensities to the overall growth of the economy. No doubt, Nigeria as a country is well endowed in human and natural resources, yet the focus of government since independence has been more on crude oil exploration and exportation to the detriment of other productive economic activities that could bring about the much desired growth. Non-oil revenue accruing from non-oil sector comprises of economic activities outside the petroleum and gas industry or those not directly linked to them. It includes manufacturing, solid minerals, agriculture, telecommunication financial assets, services and the likes. Over the years in Nigeria, non oil revenue has accounted for a small proportion of total government revenue. This is because the bulk of revenue needed for development purposes is derived from oil. Crude oil export has continued to account for over 80% of the total federal government revenue, while the remaining 20% is contributed by non-oil sector. For instance, Oil sector share in total revenue was 54.4% in 1972 against 45.6% share from non oil sector the same year. By 1974 oil share of total revenue had reached 82.1% while only 17.9% accrued from non oil sector. Following the glut in the world oil prices in the later part of the 1970s, the oil share in total revenue fell to 61.8% in 1978 while non oil sector's share rose to 38.2%. And since 1984, the oil sector share in total revenue has continued to rise, though with occasional falls in between periods. By 2006, oil share of total revenue had reached 88.6% against non oil share of 11.4%. As at 2009, oil sector share in total revenue stood at 78.8% while non-oil sector accounted for just 21.3% of the total revenue (CBN, 2010). This has led the economy to focus on the petroleum sector while ignoring the other sectors as well as the potential revenue that could be generated from them.

In the last five decades, Nigeria oil sector has continued to drive the nation's economy. During this period this sector accounted for an average growth of about 8.0 per cent, compared to -0.35 per cent for the non-oil sector. By implication, the oil and gas sectors continue to dominate economic activities in Nigeria. Revenue from oil in the country rose from ₦8.35 billion in 1980 to about ₦1.6 trillion in 2000, and later to over ₦8 trillion in 2012. Crude oil is the major export product because of the large revenue it generates, however Edame and Efeiom (2013) noted that natural resource generate a paradox of plenty when they create dependence and damage other tradable sectors and sources of economic growth and development such as human capital and the manufacturing sector. The nation's non-oil revenue sources comprising mainly of agriculture product, minerals, manufacturers and of course non –oil tax revenue has suffered many years of mismanagement, inconsistency and poorly conceived government policies, neglect and the lack of basic infrastructure. Past governments have done little or nothing with regards to harnessing the potentials of these revenue generating sources to bring about the expected sustained development and growth yearned for by its teeming populace. The dismal performance of the non-oil sector in the past two decades leaves little or nothing to be desired. While the oil sector grew between 2011 and 2012 by about 8% according to OECD (2010), the non-oil sector had a negative growth of -0.35%. This has been the longstanding trend which made Ogbonna et al (2013) to note that diversification of the economy away from its heavy reliance on oil revenues and improving the economy's future growth as an important goal, and policies to expand non-oil revenue and reduce the over dependence on oil export desirable; hence the drive for increased exploitation of the nation's non-oil sector.

2.3 Rationale for Non-Oil Revenue Drive

The policy thrust over the years to expand the non-oil sector in a bid to diversify the nation's revenue base by the government has yielded little or no result. Ozurumba and Chigbu (2013) asserts that the non-oil sector has huge potentials for foreign exchange earnings and can bring about huge employment generation and poverty reduction through the extensive backward linkages it offers. The diversification of the Nigerian economy is necessary for various reasons; first the volatility of the international oil market with its resultant fluctuation of government revenue. This gives credence to any argument for diversification of the nation's revenue base. Secondly, the importance of export to a nation's economic growth and development cannot be over-emphasized. Adesoji and Sotubo (2013), concurs that Nigeria's over-dependence on crude oil is dangerous for two reasons one being that crude oil is a wasting asset with a proven reserve which would eventually become depleted and secondly, the vagaries of the oil market has resulted in a significant decline in the earnings because of the exogenously determined price of crude oil. This leaves no choice than to expand the revenue base of the nation and improve upon the economy's future growth.

Nwosa and Ogunlowore (2013) indicated that the perceived phenomenal increase in oil revenue has not translated into meaningful growth of the non-oil sector as experienced by some Asian Economies. The global downturn experienced in 2008 made more obvious the high degree of dependence of Nigeria's economy on external sector. With a mono-product economy that depends largely on export of crude oil for bulk of government revenue, Nigeria has become vulnerable to adverse developments in the international oil market. Particularly oil demand and prices have become much more volatile and has nose-dived substantially as alternatives to crude oil are being discovered. Unfolding events in the world oil markets also proves that limitations in oil demand and supply would make large earnings from oil revenue much more unlikely. Imperatively, the need to expand the non oil revenue base of Nigeria remains nonnegotiable in bringing about the desired increased earnings and greater sustainable growth and place Nigeria in its pride of place among the committee of nations.

Nigeria is characterized by low output growth, high unemployment rate and rising inflation making the economy perform below its potentials, especially in recent years. This is because the economy remains extremely vulnerable to external shocks, particularly the vicissitude of world oil market prices being the mainstay of the Nigerian economy. This was more pronounced during the global financial and economic crisis as most oil exploiting countries of the world depend heavily on oil revenue for foreign exchange earnings and for the government budget, in most cases, reaching 90% or above. Nigeria, like other developing countries of the world should as a matter of urgency pay more attention on how to accelerate the rate of growth and development through the non-oil sectors of the economy. As the country's budgets adjust to a new fiscal reality, careful management will be necessary to protect long-run investment in infrastructure and social development and avoid unnecessary cuts in essential public expenditure.

2.4 Challenges of Nigeria's Non-oil Revenue Drive

An assessment of the trend of activities in the non-oil sector in Nigeria reveals that despite the various policies, strategies and reform programmes, the contributions of the sub-sectors have been dismal, disheartening and below its full potential (Abogan, Akinola and Baruwa, 2014). The growth of Nigeria's non-oil sector has been sluggish and non encouraging in the post-independence period. It averaged about 2.3% during 1960 to 1990 but in relative terms, declined systematically as proportion of total exports fell from about 40% in 1970 to about 5% in 2010,

(World Bank, 2011). Nigeria also faces the challenge of what is referred to as “Dutch Disease” which arises when productivity and exports shift from non-resource traded sector to the resource traded sector owing to the discovery of large stores of the oil and gas resource or a general increase in their prices (Akinwale, 2012). Another notable challenge is the fact that Nigeria having relied on easy oil money for many decades finds it difficult to shift base to the non-oil sector which of course has less developed systems and know-how. Gylfason (2001) confirmed that when countries start relying on natural resource wealth, they seem to forget the need for a diversified and skilled labour force that can support other productive sectors during the burst or when resources are fully depleted. The expansion of activities in non-oil sectors or the development of new activities poses a significant challenge and requires the combined efforts of the government, private sector and international community. Onwualu (2009) identifies key factors hampering the growth of the non-oil sector as follows:

- i. Weak infrastructure
- ii. Low level of technology
- iii. Low level of human capital development
- iv. Poor access to finance

It is believed that if the government of the day would not only formulate policies but are fully committed to the systematic implementation of the policies that would boost the non- oil revenue base, then only can there be meaningful results.

2.5 Empirical review

Many thoughts on the present discuss has been shared by various researchers most of which have concluded on the imperativeness of the nation’s need to harness its untapped non-oil productive resources. Awe and Ajayi (2009) provided empirical evidence of the contribution of the non- oil sector in the diversification of the Nigerian revenue base. Evaluating the impact of the revenue from the agricultural sector, solid mineral sector and the Manufactures on the Gross Domestic Product (GDP) was the main crux of the study with the aim of determining the effect of the non-oil revenue on economic development through the use of co integration analytical test. The study revealed that dynamic relationship exists between the revenue from the non-oil sector and economic development. The major sub-sectors of the non-oil sectors, agriculture, Manufactures and solid minerals were tested individually on the total revenue and all have significant results except Manufactures. On the basis of empirical findings, there is the need to promote expanded production in both the agriculture and industrial sector to diversify the export market for Nigerian goods. They also suggested the necessity of upgrading basic infrastructure so as to create the enabling environment for expanded output in the non-oil sub-sector of the Nigeria economy.

Ude and Agodi (2013) employed the cointegration methodology alongside error correction mechanism to investigate the impact of non-oil revenue on economic growth in Nigeria. They employed annual observations from 1980 to 2013. The non-oil revenue variables analyzed were agricultural revenue and manufacturing revenue. The results show that agricultural revenue, manufacturing revenue and interest rate have significant impact on economic growth in Nigeria. They concluded that non-oil revenue has the potential to unlock the economy of Nigeria.

Akwe (2014) studied the impact of non-oil tax revenue on economic growth in Nigeria from 1993-2012. He found that there exist a positive impact of non-oil tax revenue and economic growth. Since non-oil tax revenue is one of the major base through which non-oil revenue accrues, he recommended that efforts should be intensified by the government at all levels in

ensuring that non-oil taxes collections are increased since it has the capacity to enhance growth. He further recommended that government should strengthen its administrative machinery with a view eliminating weaknesses and internal control lapses in the assessment and collection of Non-oil Taxes in Nigeria.

Olurankinse and Fatukasi (2012) seeking to establish the Impact of Non-oil sector on economic growth found out that non-oil export had a positive impact on the growth of the Nigerian economy for the period they reviewed. They however decry the low performances in terms of output level and revenue generation which was below expectation. The ordinary least square (OLS) statistical tool was used to analyse the data. They recommended an increase in the productive sector of the economy to ensure product availability for local and export purposes.

Ifeacho, Omoniyi and Olufemi (2014) investigated the effect of non-oil export on the economic development of Nigeria. The mono economy nature of Nigeria and the need to diversify the economy was highlighted in the study. The study used per capita income as proxy for economic development and expressed it as a function of non-oil export volume, trade openness, and exchange rate capital formation and inflation rate. The ordinary least square estimating technique was used and the result showed that non-oil export exhibits a significant positive relationship with per capita income. This indicates that if non oil export volume is increased it is going to lead to a significant improvement in the level of economic development in Nigeria. They ascertained that the variables do not have individual significant impact on economic development but jointly they can significantly influence economic development. In addition, the result shows that the coefficient of trade openness is negative thus, indicating that Nigeria might not be benefiting enough by trading with outside countries. This shows that trading partners of Nigeria are gaining more from trade transactions than Nigeria. This calls for review of trade policy of Nigeria if the positive effect of non-oil export on Nigerian economic development is to be promoted. It is clear from the various works reviewed above that the various findings point to the need for Nigeria as a state to shift from the primitive reliance on oil revenue to a more expanded and sustainable non-oil revenue base. This of course cannot be overemphasized as the fiscal sustainability of oil revenue is no longer guaranteed.

3.0 Methods

This paper relied mainly on secondary data extracted from various issues of Statistical bulletin of the Central Bank of Nigeria (CBN) for a sample period of 1980-2014. The ordinary least square (OLS) multiple regression tool was employed in analyzing the data for the study. The OLS Regression was used to establish the relationship between the independent variables of Non-oil Revenue and oil revenue while the dependent variables economic growth proxied by Gross Domestic Product (GDP) and Total government revenue (TOREV)) variables. Two multiple regression models were thus specified to examine the relationship between the variables raised in this study. The functional forms of the models are specified below as:

$$GDP = f (OILREV, NOILREV)$$

$$TREV = f (OILREV, NOILREV)$$

Where

$$TOREV = \beta_0 + \beta_1 OILREV + \beta_2 NONOILREV + \mu_t \text{-----} 1$$

$$GDP = \beta_0 + \beta_1 OILREV + \beta_2 NONOILREV + \mu_t \text{-----} 2$$

4.0 Results

The results of the analysis are presented as follows:

Test of hypothesis one

Variable	Coefficient	Standard Error	t-statistics	Prob
Constant	432485.371	410491.329	1.054	.300
OILREV	330.554	286.198	1.155	.257
NONOILREV	1613.884	847.032	1.905	.066

R-Squared	.616
Adj. R-Squared	.592
S.E of Regression	1926964.641
F-Statistics	25.641
Durbin Watson	1.3
Dependent Variable	TOREV (total government revenue)

Inputting the result into the model 1 will reveal thus:

$$\text{TOREV} = 432485.371 + 330.554\text{OILREV} + 1613.884\text{NONOILREV}$$

Test of hypothesis two

Variable	Coefficients	Standard Error	t-statistics	Prob
Constant	922756.374	998187.174	.924	.362
OILREV	1821.821	695.945	2.618	.013
NONOILREV	9283.344	2059.719	4.527	.000

R-Squared	.897
Adj. R-Squared	.890
S.E of Regression	4685778.363
F-Statistics	139.047
Durbin Watson	1.864
Dependent Variable	GDP (Economic growth)

Substituting the coefficient into the model 2 will give us

$$\text{GDP} = 922756.374 + 1821.821\text{OILREV} + 9283.344\text{NONOILREV}$$

4.1 Discussions

The results from the test of hypothesis one establishes a relationship between the dependent and the independent variables. The coefficient of both independent variables shows a positive relationship of 330.554 for oil revenue and 1613.884 for nonoil revenue to total government revenue. The implication of this is that a unit change in OILREV will result in an increased change in total revenue by 330.554% while that of NONOILREV reveals a unit change that will bring about a change in government revenue by 1613.88%. This underscores the potentiality of Nigeria's non-oil sector as the catalyst towards the drive for increased revenue which will impact positively the lives of the citizenry. The results further reveal that the P- values for the independent variables are more than 0.05 which connotes their insignificant impact on

government revenue. Since the non-oil sector covers a vast area of the nation's productive sector it will be advised that more products are made available for export rather than rely on import and domestic sector. The R^2 which gives the proportion of variation in the dependent variable explained by the regression model shows that 61.6% of the variation in the dependent variable of total government revenue is explained by the variables in the model. The adjusted R^2 result of 59.2% confirms the goodness of fit of the regression model in explaining variation in the dependent variable. The Durbin Watson at 1.3 reveals the absence of autocorrelation in the data used for this study. The F^* as determined in the regression ascertains whether the explanatory variables do actually have any significant influence on the dependent variable. Where $F_{cal} > F_{tab}$ then regression is significant meaning the independent variables do explain variations in the dependent variable. The F calculated of 25.641 as against F tabulated of 3.32 is significant at 5% level of significance. The model is therefore fit. In testing the hypothesis the student T -test is used. The t -cal for NONOILREV is 1.905. At 5% level of significance the t -tab is 1.6924. This is lower than t -cal as such the null hypothesis one is rejected thereby affirming that non-oil revenue contributes significantly to government revenue.

For hypothesis two all three coefficients reveals a positive relationship between the dependent variable and the independent variables. This implies that a unit change in the independent variables of oil revenue and non-oil revenue will result in a change in the gross domestic product by 1821.82% and 9283.34% respectively. This empirical result also confirms the fact that the non-oil sector remains a viable option for the government not only to shore up the dwindling income generated from the now unpredictable oil sector but to enhance sustainable growth of the economy. The p -value of $.000 < 0.05$ further confirms the significant impact nonoil revenue has on the economic growth. The government needs to provide the enabling environment that will help open up the nations untapped nonoil resources for more growth and development. They must ensure that strategies and policies are put in place and properly implemented to guarantee returns from the sector which in turn would boost growth. The R^2 at 89.7% confirmed by the adjusted R^2 at 89.% confidently reveals that variations in the economic growth are to a great extent explained by the independent variables especially the non-oil revenue. The Durbin Watson at 1.864 close to 2 can safely be relied upon as showing no autocorrelation in the data set used. The F calculated also shows that the model is statistically significant in explaining variations in the dependent variable. In testing the hypothesis the T -student test is used here also. The t -cal for NONOILREV is 4.507. At 5% level of significance the t -tab is 1.6924. This is lower than t -cal as such the null hypothesis two is rejected thereby affirming that non-oil revenue contributes significantly to economic growth.

Conclusions and Recommendations

It is evident from the empirical results revealed by the study that the non-oil sector is of strategic importance in achieving increased income and enhanced economic growth in Nigeria. Having evaluated the contribution of non-oil revenue to government income and economic growth, this paper concludes that non-oil revenue indeed has contributed positively to the income of the government and invariably to economic growth. It therefore holds that diversification of the nations' revenue base should not only be seen as an option but the part to sustained transformation of the nation's economic fortune in the long run. The study revealed that the non-oil sector offers a greater potential to increase Nigeria's resilience against the vagaries it is currently experiencing with the world oil price and would contribute to achieving and sustaining long term economic growth and increased government revenue. Literature holds that oil

dependency, and the allure of the great wealth it generated has been responsible for spawning other economic distortions. The study therefore concurs with Akujuru (2015) who concluded that if the type of adequate attention given to the oil sector can be extended to other non-oil sectors of the economy then the socio-economic status of the country will improve; as broader based economies active in a wide range of sectors are better able to generate robust and sustainable growth. As such, the development and expansion of the non-oil sector remains a daunting task for the government of the day to accomplish should any economic growth or transformation be desired. Setting Nigeria's economy on a more balanced, broad base and diversified growth part is not an easy task, however the responsible management of all natural resources, good governance and of course a conducive business climate are indispensable tools in harnessing the vast potentials of Nigeria's rich non-oil resources. Government's role in raising the contribution of non-oil revenue cannot be overemphasized; hence the following recommendations are made:

- The Federal government should intensify efforts in ensuring the diversification of the nation's productive sector. Judging from the huge capacity of the non-oil sector in transforming revenue generation and the economic growth of Nigeria.
- The government must be committed to setting machinery in place to drive its policies and strategies aimed at opening up the non-oil productive sector and setting it on track for revenue generation.
- Government should eliminate all bottlenecks and detractors that would want to sabotage its efforts as the development of the non-oil sector remains a veritable channel for tapping into Nigeria's non-oil revenue potentials.

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