



## Economic diversification and the prospects for economic growth in Nigeria

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### Abstract

The study examines the need for economic diversification for economic growth in Nigeria. Basically, it examined the structure and trend of industrial output in Nigeria. The theoretical framework in which this study is anchored on is the diversification theory and the Great Big Push Theory & Kaldor's First Law. The challenges of economic diversification in Nigeria are outlined in this study. The study recommends amongst others that the government of Nigeria should go into partnership with private investors either domestic or foreign to bring in their technological know-how and financial resources to develop these sub-sector for a diversified economy as against the current mono-economy. This is because, over the years, the government has made a lot of effort to finance and bring to limelight the potentials in the sub-sectors unfortunately; such effort never saw the light of day. Hence, time to think outside the box by sourcing for private investors. The likes of China, Malaysia, Indonesia, has done it and were able to revive their ailing economies, as such Nigeria can take a leaf from them and resuscitate their ailing and crumbling economy.

**Keywords:** economic diversification, economic growth, Nigeria

### Introduction

Before the discovery of crude oil in the 1950s the mainstay of Nigeria's economy was agriculture. The country was a primary producer of cash crops such as cocoa, timber, palm-oil, groundnut, rubber etc. which it also exported. This made the country a major exporter of these crops. In the 1960s and immediately before the oil boom of the 1970s, agriculture contributed 60% to Nigeria's Gross Domestic Product, 70% to export, and 95% to food needs (Chidiadi, 2009) [4]. Although the country witnessed revenue windfall from the years of oil boom, the immediate aftermath of this development was the palpable neglect of agriculture. Consequently, as noted by Uzonwanne (2015) [28], Nigeria was no longer a significant producer of groundnuts, rubber, and palm oil. As a result of its abandonment, agriculture has suffered long years of neglect, mismanagement, inconsistent and poorly conceived government policies, lack of necessary infrastructure and meaningful government incentive to farmers, and bureaucratic bottlenecks among government agencies in executing agricultural policies and programmes. Following the relegation of agriculture to the background in the wake of the oil windfall, the country metamorphosed into a mono-product economy with heavy dependence on revenue from oil. Admittedly though, viewed from the perspective of increased revenue earnings for the country, oil has contributed immensely to the growth of Nigeria's economy. This, however, has not translated into concrete, quantifiable economic growth in real terms. This is attributable mainly to the vagaries of the international market which make oil prices very volatile. In 2014, the country experienced an unrelieved dwindling of its revenue earnings as a result of the fall in the price of oil from \$115 per barrel to less than \$70 per barrel. Also, before the attainment of political independence, the level of industrialization in Nigeria was skewed towards favouring

British colonial economic structures targeted at increasing the flow of raw materials to British industries. The tendency of the industrial sector to stimulate more economic growth has prompted many economists to formulate theories to encourage industrialization. Famous among the early theories formulated are: Rosenstein-Rodan's theory of the big push (Rosenstein-Rodan, 1943) [23]; the doctrine of balance growth; Hirschman's doctrine of unbalance growth; the import substitution strategy; and export promotion strategy. Over time, the influence of these theories on policy decisions have been varied. Nevertheless, it should be noted that Nigeria is blessed with abundant of solid mineral resources that could be beneficial to varieties of industries in the country. These solid mineral resources include Coal, Gold, limestone, bitumen, tin, iron ore, salt among others and these solid mineral resources cut across the states of the federation. With these and other raw materials from agricultural sector, it is expected that Nigeria's industrial sector should not lack the necessary inputs for its take off in the production of intermediate and finished goods. Nigeria is an agrarian economy with vast arable land, large proportion of the population is into agricultural activities for their livelihood, and statistics shows that Nigeria has over 80% of its land arable but unfortunately, less than 40% of the land is cultivated. In addition, Nigeria is among the leading exporter of crude oil in commercial quantities since 1968 and this has remained so making oil money the major source of foreign exchange earning accounting for almost 80%. The Nigeria industrial sector according to National Bureau of Statistics shows that it has appreciated to engender the growth of Nigerian economy as figure in 1970 of industrial index stood at 41.8%, 119.50% in 1980, the development reflected the increased activities in the electricity, manufacturing, crude oil production and mining sub-sectors. This continues to witness an increase from

130.6% in 1990 to 138.9 in 2000, 184.7% in 2008, which is attributed to the increase in business confidence because of change in regime and new policy measures. Impressively the capacity utilization of the manufacturing sub-sector in 1970 stood at 80.2%, 70.1% in 1980, which is above average and an indication of vibrant and sustainable manufacturing sector. Consequently, capacity utilization of manufacturing sector fell drastically to 40.3% in 1990 and further drop to 36.1% in 2000 slightly after we ushered in new and fourth democratic regime. Although, it appreciated to 55.82% in 2010 and since then it has continued to hover around 54.76% and 56.61% between 2011 and 2016 respectively, which portends that manufacturing sector in the 1970s felt better when compared to this period of fourth democratic era. This setback in the subsector of industrial sector can be attributed to the focus on crude oil production with high foreign exchange earnings in Nigeria specifically from 1968 and the subsequent oil boom of the 1970s till this current period. This study is undertaken given that industrial development is deemed as a necessary condition for economic development. Nigeria is still lagging behind as the contribution of the industrial sector to GDP stood at 24.91% in 2010 and has since dropped to 18.3% in 2017. In addition, the economy has continued to witness high import bill annually with adverse effect on macroeconomic indicators. Putting all these challenges into consideration, the need for economic diversification arises.

## Literature Review

### Conceptual Clarifications

**Economic Diversification:** Economic diversification is creating new avenues for economic growth. It involves using the right strategy to boost revenue generated from other sectors of the economy. That is, facilitating growth of other sectors of the economy (Eluogu, 2017) <sup>[8]</sup>. In more specific terms, it is the process of expanding the range of economic activities both in the production and distribution of goods and services. It is the widening of the economy to create opportunities for diverse economic activities in order to create a broad-based economy (Anyaehe and Areji, 2015) <sup>[1]</sup>. Diversification is a multi-sector economic growth strategy that can be likened to investing in a variety of assets (Ojefia, 2016) <sup>[18]</sup>. In the view of Uzonwanne (2015) <sup>[28]</sup>, it demands active participation in a wide range of sectors. Underlying economic diversification is the idea of having multiple streams of income by creating multiple revenue centers (Ojefia, 2016) <sup>[18]</sup>. This will, in turn, encourage the creation of different ways to increase cash flow as opposed to building a single income stream. As businesses and investments venture into various, non-correlated sources of residual income, the incidence of heavy dependence on only one source is reduced. During recession, diversification serves as a mechanism for checks and balances. The positive performance of some sectors (or subsectors) neutralizes, balances, or cancels out the negative performance of others, thereby minimizing risks.

### Economic Growth (Real Gross Domestic Product)

Economic growth of a country is measured by gross domestic product (GDP). A country's Gross Domestic Product (GDP) measures the total monetary value of all the finished goods and services produced within her borders in a specified time. Apart from determining overall economic output and value added through economic processes, the

GDP gauges a country's productivity, standard of living, and economic growth. It also measures the value added through economic processes and determines recession. Whereas nominal GDP is a raw measurement that includes price increases, real GDP compares the economic output from one year to another, taking the inflationary trend into account. On the other hand, the economic growth rate is measured by percentage increase in GDP from quarter to quarter in order to determine precisely how fast a country's economy is growing. From the standpoint of the country's real GDP, the aberration in Nigeria's mono-product economy is captured pointedly by a former President of the International Association of Energy Economics, Professor Wumilledare, thus: in Nigeria, the contribution of oil is mostly revenue, and revenue does not translate into GDP if there are no productive activities in the economy, which come from oil. Considering that today, petroleum accounts for over 90% of Nigeria's export revenue and over 80% of the government's budget, and that production generates economic activities (Ojefia, 2016) <sup>[18]</sup>, it means that at 7.15% of real GDP, —there are no productive activities in the economy, which come from oil, which is an indication that the linkage is not deep enough within the productive sector of the economy.

### Economic Diversification and Economic Growth

Economic diversification is an act of investing in a variety of assets which its benefit reduces risk especially in the time of recession, inflation, deflation etc (Samuelson, 1967). The idea of depending on one sector of the economy as the engine room of growth has the tendency to distort economic activities during price fluctuations, which is unavoidable. A typical example is the case of Nigeria's mono-economy leading to recession in 2015 because of fall in the price of crude oil at the international market, which resulted to general rise in the price of goods and services, fall in the revenue and adversely affecting the standard of living by bringing untold hardship on Nigerians. To this end, Okeke & Okafor (2014) <sup>[19]</sup> opined that diversification entails widening of the economy to create opportunities for diverse economic activities in order to create a broad based economy. It does not necessarily entail increase in output but it enhances stabilisation of economies by diversifying their economic base (Anyaehe & Areji, 2015). Economic growth has been conceived as an increase in per capita income over a period of time (Clunies-Ross *et al.* 2010) <sup>[5]</sup>. Increase in productivity was a main concern of the fathers of modern economics, Adam Smith & David Ricardo in the eighteenth century. However, as time evolves, economic growth has gone beyond increase in national output to the need to research out to the most vulnerable people of societies. Because of the level of development among developing economies as postulated in Dudley Seers components of development which are reduction in poverty, unemployment and inequality and as suggested by OECD, there is need to ascertain the level and growth of the three subsectors in the industrial sector. Hence, the need for economic diversification.

### Self-reliance

It is the core object of development. It is a situation where people can independently determine and implement policies without undue influence or interference from outside sources. Self-reliance has to do with recourse to one's capability, judgment, resources and skills in the bid to enhance self-dependence. As a strategy that underlies the

development process, self-reliance can only be achievable if the fulcrum of support in productive activities is based on one's resources or local content, and the proportion of inputs to a product supplied from within a country (Black, 2002) [3]. Unregulated dependence on the incorporation of massive quantities of foreign inputs, whether internally or externally generated, into the factors of local production, will not only result in disruptive, radical changes in the ecological balance but will also make the management process difficult for users. This cannot but jeopardize national survival, and herein lies the object lesson in sustainable development as it impinges on economic diversification. The process of diversifying the economy cannot be externalized. Nowhere have human resources from outside sufficed for the development needs of a people. The economic diversification plan must, therefore, be participatory and inclusive.

### Challenges Facing the Nigerian Economy

Nigeria is a mono-product economy with the bulk of government revenue coming from oil exports which is susceptible to shocks in the international oil market. Moreover, many other solid minerals with which the country is richly endowed with remain generally untapped. More fundamentally, the economy has disproportionately relied on the primary sector (subsistence agriculture and the extractive industry) without any meaningful value addition. In light of this, the little growth recorded in the economy, thus far, has been without commensurate employment, positive attitudinal change, value reorientation, and equitable income distribution, among others. These could be attributed to poor leadership, poor implementation of economic policies, weak institutions, poor corporate governance, endemic corruption, etc. The challenge, therefore, is how to deploy/manage the receipts from the oil and gas exports to achieve the highest value for money in the economy; develop on a sustainable basis, the many untapped solid minerals; improve agricultural productivity by cultivating more of the available arable land with improved technology; process and preserve primary produce with the aim of increasing value addition; manufacture the basic durable and non-durable goods needed by Nigerians and the West African sub-region, market and ultimately looking at export such goods and sustain manufacturing by providing the core industries; and remain competitive by developing and improving on the investment climate of the country. These challenges have remained largely unresolved owing to the myriad of problems:

1. **Macroeconomic Challenges:** The Nigerian macro economy is still characterized by structural rigidities, dualism and the false paradigm model. Generally, the sectors of the economy are in silos to the extent that the primary sector does not relate meaningfully with the secondary sector and the same for the secondary and the tertiary sectors. Agricultural produce ends up as final consumer goods as only a small quantity is processed or used as raw materials for local manufacturing industries. Also, the producer of the extractive industries is exported in their raw forms without local value addition. Given the higher incomes in the oil and gas sub-sector of the extractive industry, attention is concentrated there to the almost total neglect of the mainstream economy.
2. **The Dutch Disease:** Since the oil price boom of the early 1970s, the country abandoned the agricultural and industrial sectors of the economy to the old and weak. Both the public and private sectors of the economy concentrate their efforts in the oil and gas industry to the extent that the mainstream economy is denied funding, requisite investment and even managerial capabilities. Thus, the mainstream economy has become uncompetitive globally while the country has turned into a trading outpost for foreign companies. This has hindered the much-needed transformation of the economy in the last four decades.
3. **Corruption Challenges:** Although corruption is a global scourge, Nigeria appears to suffer particularly from it. Everyone appears to believe that the nation has a 'culture of corruption'. Over the years, Nigeria has earned huge sums of money from crude oil, which appears to have largely gone down the sinkhole created by corruption. In an article, "Oil giant that runs on grease of politics," Nigeria was described as a rich nation floating on 27 oil wealth "but almost none of it flows to the people" (San Francisco Chronicle, March 11, 2007). Corruption has denied Nigerians the value of the petro-dollar that has accrued to the country over the years. The failure of infrastructure, political and ethical standards as well as moral and educational standards can easily be traced to corruption.
4. **Infrastructural Challenges:** one of the major challenges facing the economy is poor economic and social infrastructure: bad roads, erratic power supply, limited access to portable water and basic healthcare, and much more. Building a vibrant economy or restoring growth to a sluggish economy takes resources. To ensure long-term growth and prosperity, Nigeria must use its resources wisely, invest in advanced technology and rebuild the infrastructure without which the economy will not gain from the 'power of productivity'. A nation enjoys higher standards of living if the workers can produce large quantities of goods and services for local consumption and extra for export. The deficiencies in the economy lead to low productivity, poor quality products and non-competitiveness in the global market place.
5. **Poor Institutions and Corporate Governance:** Another important challenge to sustainable economic growth in Nigeria is lack of effective institutions and good governance. These factors have been hindering various efforts and reforms of the government to stimulate economic growth for sustainable development in Nigeria. The prevalence of weak institutions and poor corporate governance as well as poor ethical standards in most public and private organizations, hinder the attainment of the goals of economic policies in the country. Poor corporate governance has adversely affected the quality of institutions to the extent that public and private institutions are used for selfish interests, thereby, making regulation and law enforcement ineffective.
6. **Low quality of education:** Education is an important factor in economic growth and development. But the nation's educational system has been facing myriad of challenges, which prevent the country from achieving its economic objectives. The problems include inadequate funding and planning and management,

inadequate infrastructure, irrelevance of curricula to industrial needs, and inadequate commitment on the part of students and teachers, among others. All these have combined to hinder the production of a high quality work force to propel the economy (UNESS for Nigeria: 2006-2015).

7. **Poor Investment climate:** The consequence of all that have been said above is the poor investment climate in the economy that has rendered the economy uncompetitive. In the absence of adequate infrastructure (power, roads, water, etc.) the cost of doing business in the country 28 remain high, forcing to neighboring countries even companies that had existed in Nigeria for upwards of four decades.

### **Nigeria as a Member of AfCFTA**

Trade facilitation stakeholders in Nigeria are optimistic that the African Continental Free Trade Area (AfCFTA) agreement would provide the opportunity for the country to meet its aspiration of economic diversification through non-oil export to other parts of Africa. Presently non-oil exports of Nigeria account for about 10 percent of total exports while oil accounts for about 90 percent. Speaking at a sensitisation workshop recently, the secretary of the National Action Committee (NAC) on the AfCFTA, Francis Anatogu told the trade experts in Lagos, That Nigeria's vision is to become the most resilient economy in Africa through intra-Africa export growth and economic diversification. According to Anatogu, who doubles as senior special assistant to the president on public sector matters, said state governments, ministries, departments and agencies of the Federal Government need to domesticate and establish the AfCFTA desks in their various organisations in order to support the government's bid to achieve a sustainable economy through export growth. The experts from most sectors equally agreed that greater collaboration among government agencies and private sector bodies towards ensuring easy processes will go a long way to enhance Nigeria's realization of the objectives of the agreement (Obi, 2021) <sup>[17]</sup>.

### **Theoretical Framework**

The theory of diversification was propounded by NickLioudis, NickLioudis (2019) <sup>[16]</sup>. The theory is a technique that reduces risk by allocating investments among financial instruments, industries, and other categories. It aims to maximize returns by investing in different areas that would each react differently to the same event. According to Ugulini (2019) <sup>[27]</sup>, there are two main theories of diversification. The first is Concentric Diversification, in which companies diversify through product diversification or market diversification. For example, a businessman who operates a filling station and deals on petroleum products such as fuel, diesel and kerosene, and lubricants such as oil, may decide to broaden his scope of business by incorporating cooking gas and its accessories such as burner, hose etc. The second theory of diversification is Conglomerate Diversification. In this, the businessman mentioned above may decide to diversify by opening a subsidiary that offers products that have nothing to do with his usual business. The businessman may go into agricultural business, such as rice production, sited in different locations. There are three key benefits or advantages of diversification, namely, minimizing risks or

losses, preserving capital, and generating returns. However, there are problems associated with diversification. First, it may not be easy to manage diverse portfolio, particularly if one has multiple holdings and investments. Second, it can cast a dent on one's bottom-line. This is because the cost of investments differs from one business to another. The significance of the theory of diversification in this study is that it underscored its justification for guaranteeing sustainable growth of the country's economy. Although Nigeria is endowed with diverse natural resources such as zinc, coal, diamond, gold, cocoa etc. yet its primary revenue earner is oil. To minimize the risk of revenue shortfall occasioned by falling prices in the international oil market, it is absolutely imperative to diversify the economy by developing and harnessing the country's other natural resources. This would reduce the impact of fluctuating oil prices which negatively affects expected revenue needed for development purposes.

This study is also anchored on the Great Big Push Theory and the Kaldor Growth Laws (1966). Kaldor's First Law states that there is a close relationship between the growth of manufacturing output and the growth of the gross domestic product (GDP). Kaldor's First Law concludes that the "manufacturing industry is the engine of economic growth". The growth of manufacturing sector is expected to spur economic growth. This means that high growth are usually found in cases where the share of manufacturing industry in GDP is increasing (Libanio, 2006) <sup>[6]</sup>. In addition, aside the manufacturing sector, other components of industry this study will incorporate into the above is the solid minerals and oil & gas sector. On the other hand, for industrial development to take place, argues that a large comprehensive programme is needed in the form of a high minimum amount of investment to overcome the obstacles to development in an underdeveloped economy and to launch it on the path of progress. Then, as now, there were economists who advocated a big push involving a combination of a large increase in capital accumulation and a simultaneous increase in investment in numerous sectors, leading to economic growth and poverty reduction (Easterly, 2006). Taking cue from his quote, for meaningful development to set in, specific amount of resources must be available for all-inclusive programmes. Therefore, Rosenstein-Rodan's arguments became a major part of the way development economists thought about development problems in the 1950s and 1960s, and this has being taught in development course (Todaro & Smith, 2011). In addition, because of the forward and backward linkages, there is need for modernization of the agricultural sector to feed the industrial sector. Hence, the theory of balanced growth advocated by Rodenstein-Rodan, Ragnar Nurkse and Arthur Lewis, advocated for simultaneous investment in all sectors of the economy to ensure economic growth and development.

### **Empirical Review**

Several efforts have been made to examine the impact of economic diversification on economic growth. A considerable number of the studies focused on a group of countries, and employed either cross-sectional or panel data in their analysis. In essence, studies focusing on economic diversification and economic growth at individual country level are not many. Besides, there are some recent empirical

studies that have investigated the effects of economic diversification on economic growth in different countries.

The issue of pricing in Nigeria's oil economy is a problem factor that is a recurring decimal. Arinze cited in Joshua *et al* (2016), discovered that oil prices are positively related to inflation. Furthermore, the author disclosed that the entire economy would witness shocks as long as there are shocks associated with oil prices, making the economy extremely vulnerable. A call was made for the conscious diversification and the expansion of the non-oil sectors in Nigeria. A study found that poor management of human capital/resources encouraged migration as many talented citizens sought for greener pastures in other countries (Uzonwanne, 2015) <sup>[28]</sup>.

In their paper, Esu and Udonwa (2015) <sup>[10]</sup> obtained time series data covering 1980 – 2011, with the econometric result based on error correction modelling framework. It was suggested that the way to go in maximizing gains from trade is conscious and honest efforts at diversifying the economy. Thus, targeted efforts should, therefore, be directed towards industrialization, which should be done through the creation of necessary infrastructures and opening up to investment opportunities that are technologically driven, with a heavy industrial base. Through a study, Evbuomwan (2016) <sup>[11]</sup> noted that despite the suboptimal performance of the agricultural and solid minerals sectors in Nigeria due to their neglect since the discovery of oil in the 1970s, these sectors still possess the capacity to put the country on a sustainable path of growth and development in view of the abundance of enormous resources yet to be tapped. According to her, a critical examination of available statistics reveals that in recent years agricultural sector contribution to GDP has improved (from 15.5 per cent of total GDP in 1981 to 23.1 per cent in 2015), while more agricultural commodities have entered the non-oil export list. Since the discovery of oil in commercial quantities, the performance of the Nigerian economy has been dismal; with very little success from several attempts at reversing the trend. Thus, in concluding, they recommended the repositioning of the two sectors (agriculture and tourism) if optimum performance must be recorded for desired economic growth and development. Tourism has a significant effect on sustainable development through the creation of income multiplier effect, employment, infrastructure and environmental development (Eneji, *et al.*, 2016). Income earned by locals from tourists is spent in the local/domestic economy thereby boosting its growth. They also noted that \$10billion annual projected income could be generated by Nigeria from the tourism industry. Such funds could be used to push the economy towards growth, considering the current GDP of the country. The authors recommended that it is reasonable for the government to derive income from other non-oil industries for improved GDP, making an investment in tourism a plausible option due to its multiplier consequences.

In another study, Ayodele, *et al.* (2013) <sup>[2]</sup> identified the failure of past government solid mineral policy as well as previous government involvement in solid mineral exploration, as major setbacks in the growth and development of the solid mineral sector. He, therefore, suggested government action in the form of creating a conducive and socioeconomic environment which would facilitate both domestic and foreign investment in the solid

minerals sector. Also, for Nigeria to attract investors in its solid minerals sector, the government must have correct geosciences data on the country's minerals which would include availability and quality of minerals (Olure-Bank & Salako, 2016) <sup>[21]</sup>. Agriculture and tourism are imperatives for diversification (Eko *et al.*, 2013). Using a Granger Casualty Test, Olaleye, *et al.* (2013) <sup>[20]</sup>, studied export diversification and economic growth in Nigeria. The study disclosed that an increase in outputs of the agricultural sector will lead to a significant improvement in the welfare of the populace. A finding which aligns with the Rostow Stages of growth, which stipulated that increase in the agricultural sector is the first stage in every country's development path. The author detailed that the cause of this ugly situation is the over-reliance on oil as the major export commodity of the country. Furthermore, constant GDP depreciation in the country was attributed to the relegation of the agricultural sector making it plausible to diversify the Nigerian economy. Thus it was suggested that in order to stem the tide of the loss in human capital/resources as well as GDP depreciation, the government must create an enabling environment for diversification to thrive; institute a functional agricultural bank or a microfinance bank dedicated exclusively for farmers to access soft loans; subsidize agriculture; introduce mechanized systems of agriculture at all levels, and de-politicize the implementation of agricultural projects.

#### **Diversification of Nigeria's Economy: The Way Forward**

So much more can be said of other sectors and sub-sectors. However, it suffices here to conclude by stating that the benefits of economic diversification transcend merely cushioning the country against the hiccups in the international oil market. It creates private sector jobs, stimulates business development, strengthens the economy's adaptive capacity and safeguards its long-term prospects against depletion of basic natural resources. In the face of pressure from competition in globalization, economic diversification provides a strong buffer against the vagaries of economic fluctuation. It meets the basic needs of the poor in terms of shelter, food, job, clothing, health etc., and opens diverse avenues for economic activity to accommodate a broad spectrum of people. By improving local technology and promoting private sector development of pre-existing economic activities like agriculture and small-scale businesses, it propels the expansion of environmental capacity to meet the people's needs. As a veritable instrument of sustainable development, it secures equity within and between generations, reduces, checks, and averts unidirectional exploitation or over-exploitation of natural resources onto extinction or environmental degradation. Thus, it improves environmental condition, reduces poverty, and creates and strengthens wider latitude for opportunities in comparative advantage. It is a means of coping with population growth. Linking economic diversification to a policy of optimizing. The following recommendations are relevant in stimulating economic diversification and economic growth in Nigeria.

1. The government of Nigeria should go into partnership with private investors either domestic or foreign to bring in their technological know-how and financial capability to develop these sub-sector for a diversified economy as against the current mono-economy. This is because, over the years, the government has made a lot

of effort to finance and bring to limelight the potentials in the sub-sectors unfortunately; such effort never saw the light of day. Hence, time to think outside the box by sourcing for private investors. The likes of China, Malaysia, Indonesia, has done it and were able to revive their ailing economies, as such Nigeria can take a leaf from them and resuscitate their ailing and crumbling economy.

2. Existing policies and incentives should be reviewed and strengthened to facilitate the rapid economic growth of non-oil sectors. The current state of infrastructure such as electricity, transport, ports, financial services infrastructure should be improved because the survival of SMEs (which constitute the bulk of the non-oil sector) depends to a reasonable extent on this.
3. Government should channel efforts towards creating international awareness on the business and investment opportunities available in Nigeria in non-oil areas such as agriculture, manufacturing and solid mineral. Currently, investments efforts in Nigeria is directed mainly at oil- and energy-related sectors. It is also important to note that large-scale solid mineral exploration can best be financed by foreign investors, who have both the finance and expertise.
4. Targeted efforts should be directed towards industrialization. This should be done through the creation of necessary infrastructures (such as good and durable road network; standard railway lines for passenger and cargo especially in large commercial cities and between large sources of raw materials and production centres as well as between production centres and the seaports; construction of seaports along the coastlines as well as inland ports for onward transfer of cargo inland; passenger and cargo airports; modern communication infrastructure, among others), and opening up to investment opportunities that are technologically driven, with a heavy industrial base.
5. The right macroeconomic environment should also be created to encourage sustained investment. The progress made in developing a working and activity-driven agricultural, manufacturing and solid mineral sub-sectors, should be progressive and sustainable. In addition, the right political and social environment that symbolizes a committed and total battle against corruption and insecurity should be ensured.
6. The government should use infrastructural support driven by efficiency, enhanced technology and a strong institutional/economic reform to enhance the human capital stock of Nigeria for increased production capacity.

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