**Impact of Non-oil Revenue on Budget Implementation in Nigeria: An Econometric Approach**

Yerima Gimba Alhassan

 Department of Economics and Development Studies,

 Federal University, Kashere, P.M.B. 0182, Gombe State.

 ygalhassan@gmail.com 08036329326

ABSTRACT

 *Over the years, dwindling oil prices coupled with corruption have impacted negatively on budget implementation. This raised public concern on Nigeria’s economic growth. The challenge is to reverse this trend. This study therefore examined the impact of non oil revenue on budget implementation. The study adopted* *a revised measure of Hirschman-Herfindahl Index (HHI) and Ordinary Least Square technique of estimation was used in order to investigate the impact of non-oil revenue on budget implementation in Nigeria.. Also, augmented Dickey-Fuller unit root test was employed to ascertain the order of integration of the series. The study covered the period 1981-2014 and the time series data were sourced from Central Bank of Nigeria, National Bureau of Statistics and World Development Indicators. Consequently, the study found that oil revenue, exchange rate, inflation and domestic debt impact significantly and positively on budget implementation in Nigeria while non oil revenue and foreign debt impacted negatively on the budget. Thus, this study recommends that the non-oil sector should be given top priority in order to make budget outcomes effective, efficient and functional.* *Government should engage in target-based expenditure proposals. The Eurobond* *market should be enhanced in order to fast track the growth and performance of the non –oil exports since the sector is growth enhancing. T*he *National Assembly should strengthen the mechanism for oversight to ensure sustainable implementation of the appropriation* Act. *Finally, the fight against corruption should be intensified.*

**Keywords: Budgets, Nigeria Non-oil Revenue, Oil Revenue, Revenue Diversification.**

**JEL CLASSIFICATION: ECOD 011**

1. **Introduction.**

The need to diversify the Nigerian economy away from oil revenue continues to be an essential goal of public policy. The diversification is clearly aimed at creating jobs and reducing unemployment. This informed several of the supportive fiscal measures in the 2012 and 2013 Budgets aimed at developing the entire value chain in key areas of the real sector including agriculture, manufacturing, solid minerals, among others. However, government acknowledges the importance of these non-oil sectors, particularly, the solid minerals sector in its economic diversification strategy including in the areas of revenue and job creation. Given the revelation that resulted from the rebasing, the country’s economy is presently driven by the non-oil sector which recorded real Gross Domestic Product (GDP) growth of 5.4 per cent, 8.3 per cent and 7.8 per cent in 2011, 2012 and 2013, respectively. Unlike what it used to be. The oil sector growth was not relatively encouraging as it had 3.4 per cent, -2.3 per cent and 5.3 per cent respectively in 2011, 2012 and 2013(Kolawale and Odubunmi, 2015). Following the rebasing, Nigeria’s GDP recorded a quantum leap by 88.9 per cent for 2013 relative to the old base. Consequently, the economy was valued at N80.1 trillion in 2013,compared with N42.4 trillion hitherto. Working backwards for earlier years indicated GDP increases of 60.7, 68.4, 76.9 per cent over the old base period, representing N54.6 trillion, N63.0 trillion and N71.7 trillion for 2010, 2011 and 2012, respectively. The rebasing revealed significant structural shifts in terms of sectoral contributions. For instance, while agriculture maintained its overall dominance, its contribution to total GDP was reduced from 40.9, 40.2, 39.2, and 38.5 per cent to 24.0, 23.4, 23.9 and 23.3 per cent in 2010, 2011, 2012 and 2013, respectively. Similarly, the share of services fell to 34.7, 34.3, 34.6 and 35.9 per cent, from 36.8, 38.4, 40.3 and 41.7 per cent, respectively, over the same period. Overall, post-rebasing real GDP growth was 5.31 per cent in 2011, 4.21 per cent in 2012 and 5.49 per cent in 2013. Over the three-year period, the economy grew by an average of 5.00 per cent, and sectorally, services grew by an average of 6.20 per cent, industry by 5.42 per cent and agriculture by 4.20 per cent. The implication of this is that there is need for greater effort at enhancing financial deepening and credit access, in tune with the current size and structure of the economy. The fiscal operations of Nigerian government have been affected by the uncertainty of oil price leading to boom and bust budgeting.

Recently, the president presented the 2016 budget proposal of ~~N~~ 6.08trillion to the joint session of the national assembly. The zero-based budgeting is made up of projected non-oil revenue of ~~N~~ 1.45trillion, oil revenue of ~~N~~ 820 million, with projected growth rate of 4.83 percent, oil benchmark of $38 per barrel and crude oil production put at 2.2 million bpd. The $38 crude oil price benchmark on the budget is on the high side looking at the decision of the last meeting of the Organization of Petroleum Exporting Countries (Ojowu, 2015). Though the demand for higher public expenditure is ever present in a developing economy, where the level of poverty is so pervading and basic physical and social infrastructure lacking; but the trend of persistent budget deficit in Nigeria has not impacted much on the real sectors of the economy and there are still doubts on their effect on growth. Equally, the level of implementation of budget in the past has been hampered by slow releases of funds and inadequate cash backing of releases.

A budget is essentially a document encapsulating the intensions of government of its fiscal operational proposals within a given year. It amounts to making policy and programme decisions under conditions of uncertainty. A budget with an ex-post minimal variance is realistic, while one with a large variance is often adjudged as unrealistic.

Historically, a major challenge confronting Nigeria with respect to its revenue budget is the volatility in the price of petroleum oil and gas, the sub-sector that accounts for a significant proportion of national revenue and foreign exchange earnings. The underlying assumptions for non-oil revenue are guided by the expected growth in non-oil GDP. Available data indicated that intra-regional trade between Nigeria and other countries in the ECOWAS sub-region improved, as the total value of non-oil exports rose by 20.1 per cent, from US$312.50 million in 2012 to US$375.34 million in 2013(CBN, 2013). On the other hand, the analysis of debt indicators revealed that, at 10.5 per cent, the debt stock/GDP ratio remained low relative to the international threshold of 30.0 per cent in 2013. The debt service/revenue ratio rose from 21.1 per cent in 2012 to 23.2 per cent in 2013, implying that a higher proportion of the total revenue was devoted to debt service during the year than in the previous year.

However, non-oil revenue projection has its own set of challenges. Faseyi (2015) explained that Nigeria losses about ~~N~~ 4trillion yearly through local and foreign illegal miners. But Okoro (2015) is optimistic that Nigeria can make ~~N~~ 4trillion annually but cautioned against calling the locals in the various mining sites as illegal miners. It is against this backdrop that this paper seeks to investigate the impact of non-oil revenue on budget implementation in Nigeria. We intend to contribute to the body of literature that explores changing facets of budgeting in Nigeria. Therefore, this paper is structured into five sections. A review of related literature will be next after this introduction. This will be followed by methodology in section III. Interpretation of results and discussion is in section IV while summary and recommendations conclude this paper.

**II. LITERATURE REVIEW**

**2.1 Theoretical Literature Review.**

The term budget relating to papers containing Walpole’s financial plans was used for the first time in 1733 by a member of the House of Commons of England (Jhingan, 2012).Taylor (1957)defines budget as the master financial plan of government. It brings together estimates of anticipated revenues and proposed expenditure employing the schedule of activities to be undertaken and the means of financing these activities. Similarly, Steiss (1989) defines budgeting as a cyclical decision making process involving the allocation of limited financial resources to meet organizational goals and objectives. It is one of the most important economic policy instruments of governments. The government budget is used to allocate resources to strategic priorities and to prevent misallocation of resources. It is also used to ensure macroeconomic stability and managerial efficiency. As a fundamental instrument of resource mobilization and allocation, the budget facilitates the realization of the vision and goals of the government in a particular fiscal year. Further, the public budget determines the allocation of resources to finance both capital and recurrent expenditures.

The budget process is an interconnected set of activities that ensure the delivery of a budget plan. In Nigeria, the public budget system begins with the preparation and approval of a Medium Term Expenditure Framework (MTEF)/Fiscal Strategy Paper (FSP) by the executive and the legislative arms of the government, respectively. The key stages in Nigeria’s annual budget process include budget preparation, budget approval, budget implementation, and budget appraisal. Budget Incidence also called ‘balanced-budget-incidence’ (Musgrave, 1959) analyzes the effects on the distribution of income of a particular increase in government expenditure accompanied by increases in taxes. Even if the tax system as a whole is regressive, the overall impact of the budget may still be progressive when the distribution of expenditure benefits is sufficiently progressive. As such, the last step in incidence analysis is the simultaneous consideration of tax and expenditure benefit incidence, which is often known as Net fiscal incidence analysis or fiscal incidence analysis (Martinez-Vazquez, 2004).

The term “diversification” refers to the process of changing the level of revenue diversity and selecting assets to minimize risk (Siegel & Johnson, 1995), thus, a diversified revenue structure avoids the imbalanced use of a given revenue source at the cost of other revenue sources (Suyderhoud, 1994). However, the greatest advantage of revenue diversification is its stability and predictability of revenue flow from various revenue sources (Yan, 2012). Fluctuations in revenue flows can cause disruption in service delivery and other long-term inefficiencies (Hendrick, 2002). In this case, revenue diversification can act as a remedy. It is noted that government budgets are usually made before actual revenues are realized. So, governments are expected to maintain a balanced budget (if possible). Therefore, stability plays a critical role in fulfilling both the long-term and short-term commitments of a government entity. With the expansion of non-oil revenue sources, government have greater capacity to accommodate the increased demands of spending as a result of economic cycles (Suyderhoud, 1994). A position supported by White (1983). Hence, expanding revenue sources may also help achieve greater stability in cash management and more flexibility in budgetary planning (Bartle, Ebdon, & Krane, 2003).

The primary objective of fiscal policy is to balance the use of resources of the public and private sectors and, by so doing, to avoid inflation, unemployment, balance of payment pressures, and income inequity (Anyanwu, 1997). To attain these objectives, budget must be seen as exhibiting certain features. It is a plan (a financial plan of operation), it is for a fixed period, it must be an authorisation to collect revenue and incur expenditure, it must be a mechanism of control of both revenue and expenditure, and it must be objective-oriented.

On a broader basis, the budget is not only an instrument of economic and social policies but also as planning tool, instrument for coordination, and an instrument for communication. However, several studies examined the impact of exchange rate, inflation, public debts on non-oil export. Therefore, the review of these literatures becomes absolutely necessary since these variables are included in our model.

**2.2 Empirical Literature Review.**

Previous empirical studies have focused majorly on the impact of non-oil export on economic growth. Others focused on economic diversification and economic growth. The few studies on non- oil revenue also paid no attention to the impact of non-oil revenue on budget implementation in Nigeria. The absence of indigenous studies on the impact of non-oil revenue on budget implementation informed the need of this research.

Ayuba (2014) used the ordinary least square (OLS) technique to investigate the impact of non-oil revenue on economic growth between the periods 1993-2012. The result shows that there exists a positive impact of non-oil tax revenue on economic growth. In their study which covered the periods 1970-2011, Nwosa and Ogunlowore (2013) attempted to answer a pertinent question in their paper titled “Has oil revenue enhanced non-oil export in Nigeria? Using Johansen co-integration approach, the result revealed that oil revenue has a significant negative impact on non-oil revenue in Nigeria. Ozurumba and Chigbu (2013) examined the effect of non-oil export credits on economic growth in Nigeria for the period 1984 to 2009, using a multiple linear regression technique and Granger causality tests. The study observed that banks credits for agriculture and forestry, mining and construction, and nominal effective exchange rates have negative impact on non-oil gross domestic product in Nigeria while banks credits for merchandise export, import and domestic trade, public utilities and services impacted positively on non-oil gross domestic product. The causality estimate revealed uni-directional causality from GDP to public utilities and services, and agriculture and forestry. The study recommended the need for a sustainable programme towards the diversification of the economy by developing the non-oil sector, which will in turn enhance the revenue accruing to the country.

Riman, et al (2013) used Vector Error Correction Mechanism (VECM) to examined the nexus among oil revenue shock, nonoil export and industrial output in Nigeria for the period 1970 to 2010. The VECM estimate showed that the speed at which industrial output converges towards long-run equilibrium after experiencing shock from oil revenue was very slow. The long run estimate showed that oil revenue shock and policy/regime shift had negative impact on industrial output and non-oil export. Also, the impulse response function and variance decomposition analysis suggested that the major drivers of industrial development in Nigeria are non-oil export, regime shift and oil revenue.

Ningi (2013) examined the effect of banks financing on non-oil exports in Nigeria. The study employed questionnaires which were distributed to 120 non-oil exporting firms. The multiple regression estimate indicated that non-oil exports financing by banks significantly accounts for slightly 16% of variance in non-oil exports performance. Also the study observed that exchange rate fluctuation and access to credit facility had insignificant relationships with non-oil exports performance in Nigeria. Olurankinse and Fatukasi (2012) examined the impact of non-oil export on economic growth in Nigerian. The study employed OLS technique and observed that non-oil export has positive impact on the economic growth. The study recommended the need to increase production in both agricultural and manufacturing sectors to ensure product availability for both local and export purposes . Aliyu (2009) examined the impact of exchange rate volatility on non-oil export flows in Nigeria between 1986 and 2006, based on quarterly observation and employing standard deviation measure. The result revealed that exchange rate volatility decreased non-oil exports in Nigeria. But he failed to examine the degree and persistency of exchange rate volatility using standardized econometric. Usman (2010) was of the view that an insignificant non-oil export and exchange rate would slow down economic growth given that non-oil export for previous years positively affects growth. Olayiwola and Okodua (2013) focused on the expansion and robustness of the non-oil sector as the strength to driving export.

 Employing econometric model, Onodugo, et al (2013), found a weak and infinitesimal impact of non-oil export in influencing rate of change in level of economic growth in Nigeria. In an independent study, while Arinze (2011) noted that the shocks associated with oil prices makes the economy vulnerable, Moses (2011) hold the same assertion in terms of FDI flow into the extractive and non-extractive sectors. On the other hand, Eiya (2010), used OLS for the periods 1999-2008 and found that public debt in Nigeria has a positive and significant impact on total government expenditure while inflation has a negative and significant impact on total government expenditure, hence, economic growth. In his study, Amassoma (2011) used the vector error correction model on Nigeria for the periods 1970-2009. The result show that there is no co integration relationship between domestic debt and economic growth with a bi directional relationship while there is a co integration with external debt and economic growth with uni directional relationship.

In another study by Hendrick (2002) using data from the Chicago metropolitan region on the impacts of revenue diversification on tax effort. The findings suggest that revenue diversification is associated with a lower tax effort. Similar result has been found by Shamsub & Akoto (2004) that revenue diversification was found to lower fiscal stress. In his study, Carroll (2009) argued that revenue diversification does influence revenue stability, but the specific effect depends on the mechanism that governments use to diversify their revenue structures.

There are numerous models incorporating variables which are capable of yielding predictions of long-run, arising from changes and which will affect the social welfare of the people. Most of such models have focused on policy while neglecting the non-oil sources of the government budget. Therefore, the scope of this study covered the underlying gap.

1. **Methodology**

This study adopted a revised measure of Hirschman-Herfindahl Index (HHI) which has been widely accepted as a measure for risk-reducing revenue diversification (Yan, 2012). This measure indicate how diversified a particular revenue structure is relative to a theoretical maximum (Suyderhoud, 1994). This measure considers the revenue categories and all other revenues and is defined as:

**RD = 1-**$\sum\_{i=1}^{n}Ri2 $**/0.8.**................................................... (1)

Where Ri2 is the share of revenue (especially tax category) and

RD is revenue diversification.

The value of the index ranges from zero to one with increasing values of RD implying more balanced government total revenue among the designated revenue categories or higher levels of diversification.

However, Hirschman-Herfindahl excluded the influence of oil revenue, non-oil revenue, domestic debt, foreign debt, inflation and exchange rate. Investigating the impact of non-oil revenue is necessary in view of the importance of the non-oil sector on the budget. This is the major strength of this paper.

In this study, time series data of selected macroeconomic variables will be used to examine the impact of non-oil revenue on the budget implementation for 1981-2014 periods. Also, the OLS technique of estimation will be employed. Therefore, this study hypothesizes that budget implementation will depend on oil revenue, non-oil revenue, domestic debt, foreign debt, inflation and exchange rate. Following Hirschman-Herfindahl (2012), we specified our model as follow:

TGEX t = f (OLR t, NORt, DDBTt, FDBTt, INFt, EXRt, μ t).......................................... (2)

Where;

TGEX = total Government Expenditure as proxy for budget implementation

OLR = oil revenue,

NOR = non-oil revenue,

FDBT = foreign debt,

DDBT = domestic debt,

INF = Inflation and

EXR = Exchange rate

μ refers to the error term.

The model is formulated based on reviewed empirical and theoretical studies. For instance, the 2016 budget will be finance with the non-oil revenue, oil revenue and borrowing. Also, the budget is premised on ~~N~~ 197 to $1. Finally, a budget of over ~~N~~ 6 trillion is capable of fuelling inflation. All these variables are capable of impacting either positively or negatively on budget implementation. This provides the justification for the inclusion of these variables in our model.

On *a priori* expectations, oil revenue, non-oil revenue, foreign debt and domestic debt are expected to have positive impact on the budget while inflation and exchange rate (due to oil price volatility) to have negative impact on the budget. Therefore, ά1, ά2, ά3, ά4 > 0 while ά5, ά6 ˂ 0. Equation (2) is expressed in a log linear function. The reasons for this include;

* To allow the researcher to interpret the coefficient of the dependent variable directly as elasticity in relation to the explanatory variables (Upender, 2003)
* To minimize the problem of heteroscedasticity and multicolinearity (Gafar, 1988; Doroodia, 1994; Adenikinju and Busari, 2009), and
* To bring the numerical values of the different variables to a common base. On the strength of the foregoing, equation (2) is expressed thus:

Log TGEX= ά 0+ ά 1 log OLR + ά 2 log NOR + ά 3 log FDBT+ ά 4 logDDBT + ά 5logINF +

ά 6logEXR + μ........................................................ (3)

1. **Results and Discussion.**

We begin with unit root test to ascertain the order of integration since time series data are non stationary. The result of the unit root test using Augmented Dickey-Fuller (ADF) and Phillips-Perron are presented in the table below.

**Table 4.1: Results of Unit Root Test**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Variables** |  | **Augmented Dickey-Fuller** | **Order of Integration** |  **Phillips-Perron**  | **Order of Integration** |
| **Test** **Statistic** | **Critical Value** | **Test Statistic** | **Critical** **Value** |  |  |
| **TGEX****OLR****NOR** |  |  -6.511565\*\* -2.126737\*-7.875693\*\*  | -4.296729-1.955681-4.273277 | *I(0)**I(1)**I(1)* | -5.840800\*\*-15.74955\*\* -7.749428\*\*  | -4.284580-4.273277-4.273277  | I(2)I(1)I(1) |  |
| **FDBT** |  | -5.776637\*\* | -4.296729 | *I(2)* | -13.19823\*\* | -4.284580 | I(2) |  |
| **DDBT****INF****EXR**  |  | -5.569955\*\*-3.70229\*-5.327770\*\* | -4.284580-3.653730-4.273277 | *I(2)**I(0)**I(1)* | -8.731646\*\*-9.741709\*\*-5.327770\*\* | -4.284580-4.273277-4.273277 | I(2)I(1)I(1) |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |

Note: \*\* and \* denotes level of significance at 1% and 5 % respectively

Source: Author’s computation using Eviews 7

**Table 4.2 OLS Result**

|  |  |  |
| --- | --- | --- |
| Dependent Variable: LOGTGEX |  |  |
| Method: Least Squares |  |  |
| Date: 03/14/16 Time: 11:16 |  |  |
| Sample: 1981 2014 |  |  |
| Included observations: 34 |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| Variable | Coefficient | Std. Error | t-Statistic | Prob.   |
|  |  |  |  |  |
|  |  |  |  |  |
| C | -26.98886 | 293.4512 | -0.091971 | 0.9274 |
| LOGDDBT | 0.138285 | 0.425946 | 0.324655 | 0.7479 |
| LOGEXR | 19.88297 | 8.318789 | 2.390129 | 0.0241 |
| LOGFDBT | -0.415000 | 0.186425 | -2.226096 | 0.0345 |
| LOGINF | 0.982921 | 7.958281 | 0.123509 | 0.9026 |
| LOGNOR | -0.492254 | 1.120729 | -0.439226 | 0.6640 |
| LOGOLR | 0.199799 | 0.153831 | 1.298822 | 0.2050 |
|  |  |  |  |  |
|  |  |  |  |  |
| R-squared | 0.814174 |     Mean dependent var | 1195.070 |
| Adjusted R-squared | 0.772880 |     S.D. dependent var | 1583.373 |
| S.E. of regression | 754.5905 |     Akaike info criterion | 16.27147 |
| Sum squared resid | 15373985 |     Schwarz criterion | 16.58572 |
| Log likelihood | -269.6150 |     Hannan-Quinn criter. | 16.37864 |
| F-statistic | 19.71622 |     Durbin-Watson stat | 1.651096 |
| Prob(F-statistic) | 0.000000 |  |  |  |

Given the ADF and PP test above, inflation and total government expenditure are stationary at level while some are stationary at first and second differenced. This implies that estimating the equations would require the use of methodology that would ensure simultaneity bias is eliminated. From the OLS result above, about 77% variation in budget implementation (proxied by total government expenditure) is explained by the combined effects of the variables we used in our model. There is no serial correlation and the F-statistics confirmed the goodness of fit of the regression. However, all the variables maintained the a priori expectation except non-oil revenue (which is the main focus of this study) and foreign debt. Domestic debt, exchange rate, inflation and oil revenue have positive relationship with total government expenditure while foreign debt and non-oil revenue impacted negatively on budget implementation in Nigeria. A 1% increase in non-oil revenue, decreases budget implementation (proxied by total government expenditure) by 49%. This may not be unconnected to the fact that allocated funds are mismanaged due to lack of capacity and/or corruption resulting in low quality outcomes. For the goals of the budget to be achieved, the budget must be credible and the sanctity and integrity of the national budget enhanced. Apart from the quality of the implementation mechanism, the integrity of the budget depends also in part on timely release of funds to implementing units. The greatest challenge, however, is the translation of released funds into quantifiable progress in the socio-economic conditions of the Nigerian people. Ultimately, budgeting is not about spending but about changing people’s life, transforming them from lower to higher levels of material existence. A faulty implementation mechanism cannot deliver such transformation. Further, data problems continue to exact pressure on the budgetary process. Adequate information makes for a pro-active budget process. It also ensures effective budget implementation. Likewise, over-estimation result in under implementation of the budget.

If the budget is appropriately formulated and has the features of comprehensiveness, transparency, probity and accountability, and it is effectively implemented, it can help to achieve national development objectives. In this case, a result-oriented budget requires a clear definition of implementation indicators to measure budget outcomes.

**V. Summary, Recommendations and Conclusion.**

In this study, both theoretical and empirical literatures were reviewed and the OLS technique of estimation was used to empirically investigate the impact of non-oil revenue on budget implementation in Nigeria. The study covered the period 1981-2014. The empirical results show that all the variables are significant at 5% level except the non-oil revenue (which is the main focus of this study) and inflation. The reason is that the non-oil sector has been neglected making Nigeria a mono economy because of her over dependence on oil as the main contributor to the budget, and hence the GDP. It has not been feasible to establish the employment generating capacity and poverty reduction of budgets in Nigeria. In view of the adverse effect of poor budget implementation, we recommend that the National Assembly should strengthen the mechanism for oversight to ensure sustainable implementation of the appropriation Act. Given the level of implementation of previous budgets, it is imperative to call for caution in expanding expenditure over budget proposals. Rearranging public capital expenditure or streamlining the recurrent budget is possible without affecting the integrity of the proposals. Also, the focus of subsequent budgets should be inducing a pro-poor growth in Nigeria. The Ministries, Departments and agencies should account for how allocations will promote employment, gender equality, and enhance the environment. Further, Data and information needed for budget analysis and monitoring should be provided on a continuous and regular basis. And public sector reforms should result in an effective well-structured and strengthen mechanism for budget implementation. The capacity to effectively utilize budget funds has to be enhanced. Government should engage in target-based expenditure proposals.

On public debts, there is the need to look at the domestic debt stock with a view of reducing rather than increasing it in subsequent budgets. Since the successful exit from the Paris club debts, the structure of our external debts has changed significantly. So, there is the need to redirect expenditure away from debt service payments to capital spending.

Expanding various sources of government revenue should be enhanced. There are projections that the daily total number of direct cash lodgements in various accounts in banks, the transfer of cash arising from point of sale, automated teller machines and mobile money transaction may hit 50 millions in volume per day. Government can make ~~N~~50 only per transaction, translating to an estimated value of about ~~N~~2.5 billion daily.

However, the major challenge to the Nigerian economy is the issue of economic diversification. Therefore, developing the Eurobond market could serve as a means of raising adequate financial resources to tackle the challenges of growth–enhancing, socio–economic infrastructure required to fast track the growth and performance of the non –oil exports in the global market arena. Within the exports sub–sector, crude oil exports have dominated and accounted for 83.9 and 84.2 percent, in 2012 and 2013, respectively, while non–oil exports accounted for 3.2 and 3.4 per cent, respectively. Against this backdrop, there is the need to enhance the performance of non–oil exports through trade facilitation by strengthening the automation of clearing procedures at the ports, capacity building, destination inspection and the promotion of domestically-produced goods in the global markets as well as improving efficient coordination between the various government agencies and the sensitization of all stakeholders. Finally, the fight against corruption by the current administration should be intensified and sustained by subsequent government.

**References**

Adenikinju, A &Busari, D (2009) (eds.) *Overview of macroeconometrics modeling in Nigeria.*Ibadan:

University press, 11-15.

Aliyu, S. U. R. (2009b). “Impact of Oil Price Shock and Exchange Rate Volatility on

Economic Growth in Nigeria: An Empirical Investigation”. *MPRA Paper No. 16319*. Retrieved fromhttp://mpra.ub.uni-muenchen.de/16319/

Amassona, D., et al (2011) An Appraisal of Monetary Policy and Its Effect on Macro Economic Stabilization in Nigeria. Journal of Emerging Trends in Economics and Management Sciences (JETEMS), 2(3), pp. 232-237.

Anyanwu, J. C. (1997), Nigeria Public Finance, Anambra: Joanee Educational Publishers Ltd.

Arinze, P.E, (2011). The Impact of oil price on the Nigerian Economy, JORIND (9) 1.

Bartle, J., R. , et al (2003). “Beyond the Property Tax: Local Government Revenue

Diversification.” Journal of Public Budgeting, Accounting & Financial Management, 15(4): 622-648.

Buhari, M. (2015). The Budget of change. Being speech delivered on the presentation of 2016 appropriation

 bill to the joint session of the national assembly, December

 22.

Carroll, D. A. (2009). “Diversifying Municipal Government Revenue Structures: Fiscal

 Illusion or Instability?” Public Budgeting & Finance, 29 (1):27-48

CBN, (2013) *CBN Annual Reports and Statement of Accounts*. CBN Publication

Dickey, D.A. and Fuller, W.A. (1981) ‘Likelihood Ratio Statistics for Autoregressive

 Time Series with a Unit Root’, Econometrica, Vol.49, p.1063.

Doroodia, K (1994). An examination of traditional aggregate import demand function for

 Saudi-Arabia.*Applied Economics Review,* 26, 909-915.

Faseyi, D. (2015). Solid Minerals, Nigeria’s next cash cow”. Leadership weekend, December, 23

Fischer, S. and Easterly, W. (1990). “The economics of the government budget Constraint”,

 the World Bank Research Observer, Vol. 5, No. 2, July, 127-142.

Gafar, J.S. (1988). The determinants of import demand in Trinidad and Tobago 1960-1984.

Gujarati, D. N. (2004), “Basic Econometrics”, Tata McGraw-Hill Publishing Company

 Limited: New Delhi, 3rd Edition

Hendrick, R. (2002). “Revenue Diversification: Fiscal Illusion Or Flexible Financial

 Management.” Public Budgeting & Finance, 22

Jhingan, M.L. (2012). Priciples of Economics. Vrinda publication(P) Limited, 4th edition.

Johansen, S. and Juselius, K. (1990) ‘Maximum Likelihood Estimation and Inference on

 Cointegration, with Applications for the Demand for Money’, Oxford

 Bulletin of Economics and Statistics, Vol.52, pp.169-210.

Kolawole, B.O., & Odubunmi, S.A. (2015). Government Capital Expenditure, Foreign Direct

Investment and Economic Growth Relationship in Nigeria, *Mediterranean Journal of Social Sciences, 6*(4S3), 444-453. Doi:10.5901/mjss.2015.v6n4s3p444

Koutsoyiannis, A. (1977). *Theory of Econometrics*, London: Macmillan Press Ltd.

Martinez-Vazquez (2010) ‘The Impact of Fiscal Policy on the Poor: Fiscal Incidence

 Analysis ‘Working Paper Series, International Studies Programme. 01-10.

Moses, E.C. (2011). Oil and Non-oil FDI and Economic Growth in Nigeria. Journal of Emerging Trends in

 Economics and Management Sciences, 2(4): 333-343.

Musgrave R (1959) The Theory of Public Finance, New York, McGraw-Hill.

Ningi, S. I. (2013). An analysis of banks financing of non-oil exports in Nigeria. American International

Journal of Contemporary Research, 3(1), 85-92

Nwosa, P. I, et tal (2013). Has Oil Revenue Enhanced Non-Oil Export in Nigeria? A Co-integration

Approach. Journal Economics and Development studies. Vol.1 No. 3, December, 2013.

Ojowu, O. (2015). On 2016 Budget presentation by the president to the joint session of the

 National assembly. Leadership newspaper, December, 8.

Okoro, P. (2015). ’Solid Minerals, Nigeria’s next cash cow”. Leadership weekend, December, 8

Olayiwola, K. And H. Okodua (2013). Foreign Direct investment, Non-oil Export, and Economic Growth in

 Nigeria: A causality analysis, Asian Economic and financial Review, 3(11): 1479-1496

Onodugo, V.A, et al (2013). Non-oil Export and Economic Growth in Nigeria: a time series Econometric

 Model, International Journal of Business Management & Research, 3(2).

Olurankinse, F., & Fatukasi, B. (2012). Analysis of the impact of non-oil sector on economic growth,

Canadian Social Science, 8(4), 244-248.

Ozurumba, B. A., & Chigbu, E. E. (2013). Non-oil export financing and Nigeria’s economic growth.

Interdisciplinary Journal of Contemporary Research in Business, 4(10), 133-148

Phillips, P.C. and Perron, P. (1988) ‘Testing for a Unit Root in Time Series

 Regression’, Biometrica, Vol.75, No.2, pp.335-346.

Riman, H. B, et al (2013). Nexus between oil revenue, non-oil export and industrial output in Nigeria: an

 application of the VAR model. International Journal

of Financial Economics, 1(2), 48-60.

Romer, D. (2000). The Macroeconomic Effects of Tax Changes: Estimates based on a New Measure of

Fiscal Shocks.

Shamsub, H., & Akoto, J. B. (2004). “State and Local Fiscal Structures

and Fiscal Stress.” Journal of Public Budgeting, Accounting &

Financial Management, 16(1): 40-61.

Siegel, P. B., & Johnson, T. G. (1995). “Regional Economic Diversity and Diversification.”

 Growth & Change, 26(2): 261-284.

Suyderhoud, J. P. (1994). “State-Local Revenue Diversification, Balance, and Fiscal

Performance.” Public Finance Quarterly, 22(2): 168-194.Applied Economics Review, 55, 271-273.

Taylor, P.E. (1957). The Economics of public Finance, In: Jhingan, M.L. (2012). Principles

 Of Economics. Vrinda publications (P) Limited, 4th edition.

UNCTAD (2012) ‘Policies for Inclusive and Balanced Growth’ Trade and Development

 Report, 2012, New York and Geneva.

UNCTAD (2014). Economic Development in Africa Report 2014. Catalysing Investment for

 Transformative Growth in Africa. UN: New York and Geneva.

Upender, M. (2003).*Applied econometrics,* Delhi: Vrinder Publication.

 Usman, A. (2010). Government Expenditure and Economic Growth in Nigeria, 1970-2008:

 A Disaggregated Analysis. *Business Economics Journal*, 4: 1-11.

White, F. C. (1983). “Trade-Off in Growth and Stability in State Taxes.” National Tax

 Journal, 36(1):103-114.

Yan, W. (2012). The Impact of revenue diversification and economic base on state revenue stability. Journal of public budgeting, accounting & financial management, 24 (1), 58-81