Boosting Non-Oil Revenue for Sustainable Development in Nigeria: Does Domestic Resource Mobilisation Matter?

Taofik Mohammed IBRAHIM

Department of Economics, Ahmadu Bello University, Zaria, Nigeria
E-mail: imohfik@gmail.com

Abstract

This paper examines the determinants of non-oil revenue in Nigeria in the context of sustainability, with a view to assessing the crucial role of domestic resource mobilization. To determine the short and long run drivers, the auto-regressive distributed lag (ARDL) bound test technique for co-integration was utilised. Also, the Strength, Weakness, Opportunities and Threat (SWOT) analysis was used to analyse the major sources of domestic resource mobilization available to the Nigerian government. Empirical results indicate that summation of non-oil real output, annual average effective exchange rate, infrastructure, lagged value of the ratio of the total oil exports to GDP and government policy were significant in determining the levels of actual non-oil revenue. The SWOT analysis reveals that sustained growth in real GDP, domestic savings, tax, capital market, foreign direct investment, remittance, diaspora funds, sovereign wealth funds, pension funds, and infrastructure bond are important sources of domestic resource mobilization and thus, vital to Nigeria's quest for sustained inclusive development.

Keywords: Non-oil revenue drivers, domestic resource mobilization, ARDL, SWOT analysis

JEL classification: H2, H3, O1, O4

Introduction

The quest for Nigeria to leverage its oil resources to promote sustained inclusive growth, reduce poverty, inequality and unemployment is faced with key challenges due to the susceptibility of the country's foreign exchange earnings to international crude oil price fluctuations. Thus, the need to diversify the economy to achieve development and growth in a sustainable manner becomes imperative. This requires the structural transformation of the economy by mobilizing stable and reliable non-oil revenue to address fundamental challenges such as infrastructural gaps, low savings capacity and limited capital formation. This strategic shift from over-reliance on oil revenue is expected to increase the share of manufacturing value-added ahead of agriculture, raw minerals and services. The mobilization of resources for developmental purposes can either be domestic or external. The external sources are foreign direct investment (private foreign investment inclusive); foreign aid and loans; export earnings from international trade; and the proceeds of debts forgiven by international creditors. Domestic sources stem from households, firms, and governments, that is, households generate savings; firms generate profits and net earnings; and governments generate taxes and other public revenues. This can further be classified as traditional (public and private resource mobilization) and emerging, inclusive, and innovative sources of finance.

The choice of domestic resource mobilization ahead of external assistance to meet the medium to long-term transformation needs of African countries is well documented. The Monterrey consensus on financing for development, which accompanied the MDGs, recognized domestic resource mobilization as a top priority for African countries because it reduces their dependence on external capital inflows and their associated conditions (Bhushan, 2013). This will allow African countries to have more policy space to control their development process and pursue truly nationally-owned development strategies that will respond to their genuine priorities. In addition, more reliance on domestic resources, particularly non-oil revenue, can lead to a better system of governance. Thus, there is need for effective co-ordination of the different agencies within and among the three levels of government that mobilize resources; between the public and private sectors; and among the various components of the private sector. Enhancing

domestic resource mobilization therefore requires critical policy initiatives and adequate institutions.

Despite Nigeria's enormous resource mobilization potential, government has not given adequate attention to the numerous opportunities in terms of actionable funding policies that can address its sustainable development funding deficit. As pointed out by Mafusire et al. (2010), the total asset of the biggest financial institutions in Africa is about $200 billion while $93 billion is estimated as the required annual expenditure to close Africa's infrastructure gap by 2020. Furthermore, a recent report by Price waterhouse Coopers (PwC) revealed that Nigeria's infrastructural financing need is likely to grow from $23 billion in 2013 to an estimated $77 billion by 2025 (Aremu, 2016). This suggests that for any meaningful development to take place in Nigeria, the needed infrastructure that will create the enabling environment for private sector participation has to be in place. Nonetheless, Nigeria's expenditure on infrastructure has been fluctuating due to instability in the world crude oil market. Based on the foregoing, this study seeks to examine the major drivers of non-oil revenue in Nigeria with emphasis on the role of domestic resource mobilization in Nigeria.

In determining the short and long-run drivers of non-oil revenue, this study utilizes the Auto-regressive Distributed Lag (ARDL) bound test technique proposed by Pesaran, Shin and Smith (2001) that allows a co-integration relationship to be estimated by OLS once the lag order of the model is identified. Also, the long-run and short-run parameters of the models can be simultaneously estimated. To analyse the major sources of domestic resource mobilization, the SWOT analysis that takes into account the strength, weakness, opportunities and threat of different sources of domestic resource mobilization was adopted. The rest of the paper is organized as follows: the next section presents a review of the literature on determinants of non-oil revenue. It is followed by the methodology which comprises model specification, estimation technique and data used for the study. A discussion of the empirical results follows, while the last section concludes with policy implications.

Review of Existing Literature

The theories linking non-oil revenue and development can be explained using the Dutch Disease theory and the Unbalanced Growth theory proposed by Hirschman, Rostow, Flemimg and Singer. Given the size

of oil wealth relative to non-oil revenue, the oil-producing countries are natural candidates to suffer from the "resource curse" phenomenon. The literature has documented that oil discoveries and oil price spikes lead to higher government spending, real exchange rate appreciation and a loss of competitiveness in the non-oil tradable sector (see for example Everhart and Duval-Hernández, 2001). This link of oil revenue to economic growth and development of oil-dependent states is referred to as the Dutch disease.

The enormous influx of foreign earnings from oil tends to nurture wasteful, overzealous and impulsive expenditure. High oil revenue raises exchange rate and promotes adverse balance of payments as the cost of imports rises. Non-oil sectors such as agriculture and manufacturing industries are crowded out with respect to competitiveness because there are no incentives to risk investment in these sectors. This brings about the exchange of employment of both labour and other resources for unemployment since government and private expenditure multipliers have been exported abroad. The combination of these forces is what is widely known in the literature as the rentier effect. The rentier state theory argues that countries dependent on external rent like oil, develop a different bond of relationship between government and their citizens from those that rely primarily on taxation. Such states are less likely to be democratic than those that are tax reliant (Ross, 2001).

Furthermore, the theory of unbalanced growth stresses the need to invest in key sectors of the economy according to a predesigned strategy in order to achieve growth and development instead of all the sectors simultaneously. The theory emphasises that "linkage effect" ensures that other sectors automatically develop too. However, the Nigerian situation where oil is solely depended on for revenue has not translated to growth in key, non-oil sectors thereby creating a disincentive to invest in these sectors. Therefore, considering the fact that oil is exhaustible in nature, it is evident that government needs to mitigate the effect of the Dutch disease by actively encouraging the growth of non-oil revenue particularly domestic resources (both traditional and innovative and emerging).

Empirical evidence from studies of the determinants of non-oil revenue growth for less-developed resource-rich countries that took account of structural problems that were present before the discovery of the natural resource and that persist long after the start of its exploitation abound in the

literature. In this vein, a large body of literature has been devoted to how the wider institutional framework and how its quality affect the growth outcomes of investment in non-oil sectors. Theoretical and empirical work in this area has traditionally focused on investment quality, with more recent work incorporating the impact of institutional weakness and market inefficiency on growth (Barro, 1990; Barro and Sala-i- Martin, 2004; Rodrik, 2008; and Chakraborty and Dabla-Norris (2009).

Rodrik (2008) and Chakraborty and Dabla-Norris (2009) incorporate market inefficiencies and institutional weaknesses in standard growth models and stress their growth deterring impact. Both studies show how inefficient and corrupt bureaucracies interact with the provision of public investment, thus diminishing the quality of public capital and private agents' incentives to invest. Rodrik's (2008) growth model allows for the study of the impact of market imperfections and institutional quality on non-oil GDP growth by incorporating in a standard growth model an effective tax rate on private investment and earnings. The assumption is that private investors and producers can retain only a share of their investment return and the value of producing the goods.

Moreover, studies on the link between non-oil export (as a measure of non-oil revenue) and macroeconomic fundamentals have also been documented in the literature. For instance, Bernardina (2004) investigated the impacts of real exchange rate, real non-oil GDPs, and the world income on Russian non-oil revenue (measured by non-oil export) by using an error correction model over the period (1994-2001). He found that there is a robust and negative long run co-integration relationship between real exchange rate and Russian non-oil export. Furthermore, the world income has positive effect on Russian non-oil export while real non-oil GDP causes a decline in non-oil export.

Using Static OLS and Fixed Effect based on 2SLS Masoud and Rastegari (2008) estimated the effects of certain factors as well as real exchange rate on non-oil exports over the period 1995-2005. The study concluded that Iran's non-oil exports positively related to increase in population, per capita income and consumer price index but negatively depended on appreciation of real exchange rate. Another study by Monir, Ebrahim and Hamed (2012) examined the effects of oil and non-oil exports on economic growth in Iran for the period 1973-2007. The study adopted

VAR (vector autoregressive) analysis to predict the impact of real oil export and real non-oil export on real GDP. The result of the study shows that real non-oil export and real oil export have positive impact on economic growth in Iran though real oil export impacts more.

Olurankinse and Fatukasi (2012) examined the impact of non-oil exports on economic growth in Nigeria. The study employed an ordinary least squares (OLS) technique and observed that non-oil export has positive impact on economic growth. The study recommended the need to increase production in both the agricultural and manufacturing sectors to ensure product availability for both local and export purposes. The study also recommended urgent completion of the export processing zones to promote the establishment of export-oriented firms that will produce solely for the export market.

Ningi (2013) examined the effect of bank financing on non-oil export in Nigeria. The study employed questionnaires which were distributed to 120 non-oil exporting firms. Tools used for data analysis and hypotheses testing included mean and standard deviation and multiple regression. The multiple regression estimate indicated that non-oil export financing by banks significantly accounts for about 16 percent of variance in non-oil export performance. Similarly, the beta coefficient revealed that firms' perception of banks' attitude to risk of financing non-oil exports had the highest beta value followed by cost of bank finance. Also, the study observed that exchange rate fluctuation and access to credit facility had insignificant relationships with non-oil export performance in Nigeria.

Raheem and Busari (2013) examined the impact of non-oil export on economic growth in Nigeria for the period 1970-2010. The study employed the simultaneous equation model (SEM) and a single equation model. The growth equation in the SEM showed that non-oil export and agricultural performance negatively impacted on economic growth, while the single equation model showed that industrial sector performance and population growth are good determinants of economic growth. The study recommended the need for increase in government participation and patronage as well as creating a friendly environment for investment for the investors in the sector.

Ozurumba and Chigbu (2013) examined the effect of non-oil export credits on economic growth in Nigeria for the period 1984-2009. The study

utilized a multiple linear regression technique to examine the effect of non-oil export credits on economic growth and Granger causality tests to determine the direction of causation between the variables. The study observed that bank credit for agriculture and forestry, mining and construction, and nominal effective exchange rates have negative impact on non-oil gross domestic products in Nigeria while bank credit for merchandise export, import and domestic trade, public utilities and services impacted positively on non-oil gross domestic product. The study recommended the need for a sustainable programme towards the diversification of the economy by developing the non-oil sectors, which will in turn enhance the revenue accruing to the country.

Research Methodology

Model specification and estimation technique

This study employs the Dutch disease and the unbalanced growth theories to explain the determinants of non-oil export since it constitutes the major component of non-oil revenue. The low level of Nigeria's non-oil revenue implies that the country is considered a price-taker in the international market of non-oil export. Thus, non-oil revenue is hypothesized as the function of real gross domestic product, price index, exchange rate, infrastructure, trade openness, lagged ratio of oil export relative to GDP and policy. This is expressed as:

$$NOR = f(rgdp, pr, ex, \inf ra, op, oexgdp, pol) \quad (1)$$

where:

NOR	=	actual value of real non-oil revenue
rgdp	=	sum of non-oil real output
pr	=	weighted price index of non-oil products with based year being 2000 and an index of 100
ex	=	annual average effective exchange rate (measured as the number of weighted index of currencies of major destinations for Nigeria's non-oil exports) (CBN, 2013)

infra = proxy by total government capital expenditure[1]

op = trade openness measuring the sum of exports and imports on gross domestic product (GDP)

oexgdp = the lagged value of the ratio of total oil export to GDP. This variable can indicate whether very high levels of oil export in the previous year dampen the supply of non-oil exports in the current year

pol = a dummy variable taking a value of 0 for the years before government's adoption of policy that promotes non-oil exports and 1 for years after the adoption of the policy. This variable represents full implementation of government policies related to export promotion such as granting of tax-free holidays and other incentives for manufacturers and foreign investors and it represents efforts at achieving dynamic comparative advantage.

The ARDL co-integration test (which is popularly known as the bound test) was utilised to determine the long and short-run determinants of non-oil revenue. Three reasons inform the decision to adopt this approach. These are: (i) compared to other co-integration methods like Johansen, and Engle and Granger, the bounds test allows the co-integration relationship to be estimated by OLS once the lag order of the model is identified; (ii) there is no need to conduct a unit root test implying that the regressors can be either I(0), purely I(1) or mutually co-integrated; and (iii) the long-run and short-run parameters of the models are simultaneously determined.

From equation (1), the ARDL model specifications for this study are expressed as:

$$\Delta \ln nor_t = a_0 + a_1 \ln nor_{t-1} + a_2 \ln rgdp_{t-1} + a_3 \ln pr_{t-1} + a_4 \ln ex_{t-1} + a_5 \ln \inf ra_{t-1} + a_6 \ln op_{t-1}$$

$$+ a_7 \ln oexgdp_{t-1} + a_8 \ln pol_{t-1} + \sum_{i=1}^{j} \alpha_{1i} \Delta \ln nor_{t-i} + \sum_{i=1}^{j} \alpha_{2i} \Delta \ln rgdp_{t-i} + \sum_{i=1}^{j} \alpha_{3i} \Delta \ln pr_{t-i}$$

[1] Although there are other measures of infrastructure in the literature, the choice of total capital expenditure stems from the fact that growth in non-oil revenue increases total capital expenditure which has a direct link to growth and development.

$$+\sum_{i=1}^{j}\alpha_{4i}\Delta\ln ex_{t-i}+\sum_{i=1}^{j}\alpha_{5i}\Delta\ln\inf rt_{t-i}+\sum_{i=1}^{j}\alpha_{6i}\Delta\ln op_{t-i}+\sum_{i=1}^{j}\alpha_{7i}\Delta\ln oexgdp_{t-i}+\sum_{i=1}^{j}\alpha_{8i}\Delta\ln pol_{t-i}+\varepsilon_t \quad (2)$$

where:

Δ denotes a first difference operator; ln represents natural logarithmic transformation; a_0 is the intercept; εis white noise error term

The bound test approach is based on the Wald test (F statistic); it imposes restrictions on the long-run estimated coefficients of one period lagged level of equation 2 to be equal to zero, that is, H_o: $a_1 = a_2 = a_3 = a_4 = a_5 = a_6 = a_7 = a_8 = 0$. The calculated F-statistic is compared to the tabulated critical value (Pesaran, Shin and Smith, 2001). The decision rule is that if the computed F-statistic falls below the lower bound value, the null hypothesis (no co-integration) cannot be rejected. Contrarily, if the computed F-statistic exceeds the upper bound value, then it is concluded that the variables in equation 2 are co-integrated.

Sources of data

This study employed annual data that covered the period 1980-2014. The data were sourced from the *Central Bank of Nigeria Statistical Bulletin*, National Bureau of Statistics Annual Abstracts and the IMF International Financial Statistics.

Empirical Results

Determinants of non-oil revenue

The bounds test result presented in Table 1 reveals that the computed F-statistic was 8.13. This value exceeds the upper bounds critical values for 5% significance level (3.50) and 1% significance level (4.26). This suggests that real non-oil revenue, summation of non-oil real output, weighted price index of non-oil products, annual average effective exchange rate, infrastructure, trade openness, lagged value of the ratio of the total oil export to GDP, and policy are co-integrated. Based on this, the study inferred that long-run relationships exist between the variables in Nigeria.

Table 1: ARDL Bound Test Result, SIC Lags = 1

Computed F-Statistic:	1% critical bound value		5% critical bound value	
8.13	Lower	Upper	Lower	Upper
	2.96	4.26	2.32	3.50

Note: Asymptotic critical value bounds are obtained from Table C1. iii: Case III: unrestricted intercept and no trend for k=7 (Pesaran, Shin and Smith, 2001: 300).

Furthermore, the estimated parameters of the ARDL non-oil revenue function presented in Table 2 indicates that the sum of non-oil real output (rgdp), annual average effective exchange rate (ex), infrastructure (infra), lagged value of the ratio of the total oil export to GDP (oexgdp) and government policy (pol) were significant in determining the levels of actual non-oil revenue in the long run. This implies that an increase in rgdp and ex improve non-oil revenue. Further, if oil export increased as a proportion of the GDP in the previous year, production of non-oil revenue in the current year would decline, possibly due to less need to generate foreign exchange by business firms.

Table 2: Estimated UECM for the Non-oil Revenue Function

Variables	Coefficient	t-Statistic	Variables	Coefficient	t-Statistic
Constant	0.416	4.745*	$\Delta\ln pr_t$	0.602	1.265
$\ln NOR_{t-1}$	0.753	2.353**	$\Delta\ln pr_{t-1}$	0.049	0.104
$\ln rgdp_{t-1}$	0.502	5.528*	$\Delta\ln ex_t$	0.101	4.232*
$\ln pr_{t-1}$	1.971	1.567	$\Delta\ln ex_{t-1}$	0.262	0.431
$\ln ex_{t-1}$	0.602	4.433*	$\ln\text{inf}ra_t$	-0.217	-3.678*
$\ln\text{inf}ra_{t-1}$	0.347	3.801*	$\ln\text{inf}ra_{t-1}$	0.356	1.249
$\ln op_{t-1}$	-0.066	-0.812	$\ln op_t$	0.562	0.179
$\ln oexgdp_{t-1}$	-0.339	-4.322*	$\ln op_{t-1}$	-0.234	1.173
$\ln pol_{t-1}$	-0.450	-2.808**	$\ln oexgdp_t$	0.219	6.152*
$\ln NOR_{t-1}$	0.029	1.104	$\ln oexgdp_{t-1}$	0.154	2.149***
$\ln rgdp_t$	-0.685	-0.998	$\ln pol_t$	-0.090	-2.923**
$\ln rgdp_{t-1}$	0.539	1.844***	$\ln pol_{t-1}$	0.033	1.223

Note: *, ** and *** indicates 1%, 5% and 10% significance levels respectively. R^2: 0.78, Adjusted R^2: 0.74, Durbin Watson Statistics: 3.321 and Prob (F-Statistic): 0.0011.

In the short run, change in one lagged value of sum of non-oil real output ($\Delta rgdp_{t-1}$), change in the current value of annual average effective exchange rate (Δex_{t-1}), change in the current and one lagged value of the ratio of the total oil export to GDP ($\Delta oexgdp_{t-1}$) are positive significant determinants of non-oil revenue. However, changes in the current values of infrastructure ($\Delta infra_{t-1}$) and government policy (Δpol_{t-1}) are negative determinants of non-oil revenue in the short run. These imply that in the short run, lack of infrastructure impacted negatively on the growth of non-oil revenue. Also government policy to promote non-oil revenue growth in the short run was not effective enough to have positive effect on non-oil revenue in Nigeria. In addition to the above results, the CUSUM and CUSUM square parameter stability test was conducted. The test reveals that the estimated parameters were stable during the sample period 1980-2014 (see Figures 1 & 2).

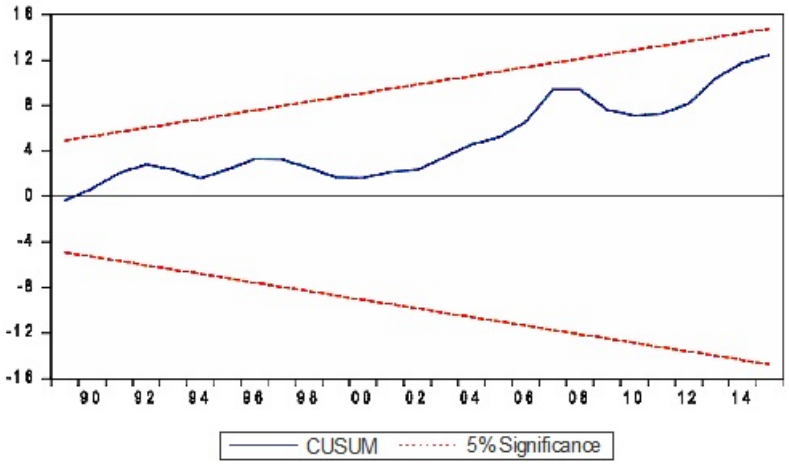

Figure 1. CUSUM.

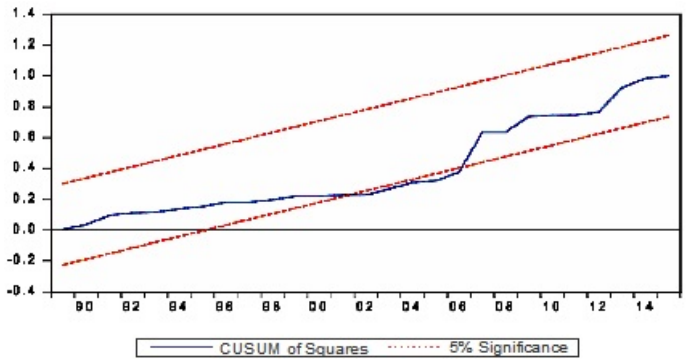

Figure 2. CUSUM Square.

SWOT Analyses of Sources of Domestic Resource Mobilization

The SWOT analysis is one of several strategic planning tools that can be used by organizations or government to ensure that there is a clear objective defined for a proposed project or venture, and that all factors related to the effort, both positive and negative, are identified and addressed. For government or an organization to accomplish a task, the process involves four areas of consideration: strengths, weaknesses, opportunities, and threats. In other words, SWOT is the foundation for evaluating the internal potential and limitations and the likely opportunities and threats from the external environment. The SWOT analysis is adopted in this study to provide a good foundation for the strategy, planning proposition and the position of the different sources of domestic resources in order to discover which of these are worth pursuing by government.

The available sources of domestic resource mobilization in Nigeria can be classified as traditional (public and private sources) and emerging, inclusive, and innovative sources of resources. These are sustained growth in real GDP, domestic savings, tax, capital market, foreign direct investment, remittance, diaspora funds, sovereign wealth funds, pension funds, and infrastructure bond. Table 3 presents the SWOT analysis of these sources of domestic resource mobilization. This analysis reveals the strengths, weaknesses, opportunities and threats of each of these sources available to promote sustainable growth and development in Nigeria.

Table 3: SWOT Analysis of the Major Sources of Domestic Resource Mobilization in Nigeria

Sources	Strengths	Weaknesses	Opportunities	Threats
Sustained Growth in Real GDP	Sustained growth in real GDP serves as catalyst that spurs per capita income and reduces absolute poverty through job creation, increases in capital investment and tax revenue to finance public spending on merit goods and services.	Sustained growth without structural transformation will bring about negative externalities to the economy. Most countries in Africa are resource-based economies with little emphasis on secondary and tertiary sectors of the economy.	The low diversification index and huge export potential of most African economies serve as opportunities to promote sustainable growth.	The over-reliance of the economies on the primary sector may lead to environmental damage, price and weather shocks, inflationary pressure and high level of inequality which lower sustainable rate of growth.
Domestic Savings	Savings lead to increased investment via monetary policy such as interest rate, money supply, credit expansion, etc. Unlike the emerging economies, savings rate has been fluctuating in Nigeria. However, the bequest syndrome of an average Nigerian can serve as a major factor encouraging families to save in order to secure	The ability to mobilize savings to finance investment is a function of sound financial institutions and appropriate monetary policy. These, to a large extent, are deficient. Nigerian financial institutions do not have good financial products that would attract savings deposits. Hidden charges on service	In the absence of accessible credit and insurance services, government should develop strategies and mechanisms that would attract rural household savings from more volatile informal arrangements to a formal system in order to strengthen the link between savings and investment, thus	Poor savingsculture, high poverty incidence, high marginal propensity to consume and threat of war have mitigated against the mobilization of savings in Africa.

Sources	Strengths	Weaknesses	Opportunities	Threats
	the future of their heirs.	delivery are common in most banks. Also, the dominance of fiscal policy has not allowed monetary policy to have meaningful impact on the economy.	consolidating on the gains from economic diversification.	
Tax	Nigeria has a good potential to raise more domestic resources from efficient tax administration systems. Tax revenue in Nigeria as a percentage of GDP has been increasing. For instance it stood at 3.88% in 2011, increased to 4.37% and 4.86% in 2012 and 2013 respectively. Although a comparison with developed countries like France and the United Kingdom with tax/GDP ratio of 44.6% and 39% respectively as at 2012, indicates that Nigeria still needs to	Tax administration in Nigeria has been very poor due mainly to low compliance and lack of institutional framework to bring to book tax evaders.	The relative safe means of tax as a domestic resource mobilization option and the low tax-GDP ratio of African countries suggest the possibility of meaningful development in the sector.	The poor tax system in Nigeria has brought more threats than it desired. A situation where the rich in the society and their companies are on tax holidays while the poor are compelled to pay more signifies poor management.

Sources	Strengths	Weaknesses	Opportunities	Threats
	work harder on its effort to increase tax revenue.			
Capital Market	The facilitation and diversification of firms' access to medium and long-term finance is one of the key roles of a deep and transparent capital market in promoting economic growth and development.	Stringent entry rules and regulations; lack of liquidity; political instability; policy inconsistency; poor trading system; unstandardized trading rules; non-integrated settlement system; poor savings culture; low per capita income; underdeveloped financial institutions; lack of competitive trading pricing; poor financial reporting and assurance among others have been the major issues hindering the development and growth of the capital market as an alternative source of resource mobilization in Nigeria (Peterside, 2012).	Faced with the recent crash of oil prices, the non-oil sector could take advantage of government effort to diversify the economy beyond oil. The largely non-existent corporate debt market in Nigeria is also an investment opportunity for prospective investors (Peterside, 2012).	Political instability, falling price of crude oil and the sudden surge of terrorism in Nigeria has affected the perception of potential investors. Fraud and corrupt practices of both regulators and stock brokers are also a challenge.

Sources	Strengths	Weaknesses	Opportunities	Threats
Foreign Direct Investment	The resource endowment, large market, location and cheap labour in Nigeria have made it a major destination for FDI.	Huge capital outlay, quality infrastructure and stable political environment have been the major setbacks of Nigeria to attract FDI. Other major factors include: inconsistent government policy, low purchasing power, and tariff regime (i.e. common external tariffs).	The awakening campaign for export diversification, trade liberalization, privatization and building of labour intensive sectors are core issues that can encourage FDI into Nigeria.	The right political economy that promotes a friendly investment climate and a transparent legal framework is the major concern of foreign investors. The import substitution effect and increasing competitors in the local market due to globalization is also a core issue in attracting FDI as an alternative source of resource mobilization in Nigeria.
Remittance	Remittance serves as a financial booster to receiving families in areas of health, education and gender equality. Its countercyclical nature makes it growth prone compared to other traditional sources such as FDI and ODAs.	The difficulties in tracking the exact amount of remittance transferred into a country have been one of the major criticisms of remittance as a source of resource mobilization in Nigeria. There is also the issue of what receiving households do with these transfers. Critics of	There is no gainsaying that remittance is the most tangible and least controversial link between migration and economic development. Therefore, there is need for policymakers to reduce the cost of remittance and also put in place adequate incentives and	The financial crunch of 2009 and the recent fluctuation in oil prices have bitten harder on most European countries, which are the main destinations of Nigerian migrants. The general rise in unemployment around Europe has also created tougher migration laws in these countries.

Sources	Strengths	Weaknesses	Opportunities	Threats
		remittance have argued that remittance is not sustainable because most receiving households spend more of it on frivolous consumption than on growth-inducing human capital building areas like education and health.	mechanisms for making remittance more productive to the receiving households and the country at large.	
Diaspora Bond	Considering the number of Nigerian migrants across Europe, Asia and America, diaspora bond can serve as a flexible and less stringent source open to government to bridge structural budget deficit. In order to turn the brain drain syndrome to brain gain, conscious effort should be made to integrate diaspora fund into meaningful sustainable non-oil revenue. The home sick	The success of this scheme has been attributed to the following factors: size and wealth of diaspora; dispersion of diaspora; level of patriotism; stable and trusted legal system amongst others. Perhaps the most challenging of these factors is patriotism. It is very difficult to convince diasporans who left Nigeria because of war, economic hardship and	The conscious integration of diaspora by the Nigerian government is a major boost. The upper and lower chambers of the Nigerian parliament have a committee on diaspora to encourage them to participate in the development process. The relatively safe bond market with government as the active player is also a plus.	The tight immigration policy adopted by most European countries lately due to financial crunch has affected the rate at which legitimate migrants get paid jobs.

Sources	Strengths	Weaknesses	Opportunities	Threats
	syndrome of yearning to come home and emotional attachment of most diasporans can also be seen as a great benefit.	or political instability to invest in bonds issued by the Nigerian government.		
Sovereign Wealth Funds	Sovereign wealth funds are basically funded through three major sources, namely revenue from the export of natural resources, transfer of assets from foreign exchange reserves, and disbursement of sovereign debt on the international market. The rich resource endowments of Nigeria imply that the country can take advantage of this platform to serve as cushion effect and intergenerational transfer when these resources are exhausted.	High revenue leakage caused by corruption; high cost of governance; infrastructural deficit; and lack of sincerity on the part of government amongst others are major factors militating against the growth of sovereign wealth funds.	The conscious effort by the Nigerian government to diversify the economy beyond resources is critical in transforming sovereign wealth to meaningful growth and development.	The susceptibility of the Nigerian economy to external shock is a major setback in developing sovereign wealth funds. For instance, the failing oil price has affected Nigeria's revenue and spending pattern.

Sources	Strengths	Weaknesses	Opportunities	Threats
Pension Fund	Pension fund provides a promising resource mobilization alternative in Nigeria. The country's pension fund assets increased by 20% from ₦2.03 trillion in 2010 to ₦2.45 trillion in 2011, ₦3.4 trillion in 2013 and stood at ₦5.9 trillion in 2016. The growth in this sector can spur the needed development in the country.	The empowerment of the pension commission to deal decisively with employers that default in their contribution is good, however, the fiat subjection to the Attorney General of the Federation is a big constraint. Another issue is the bureaucratic challenges of implementing the provision of the new act on contribution from small businesses because most of them are in the informal sector. Most pension administrators view service delivery to these set of customers as cost inefficient due to their low compliance level.	Contributory pension funds huge potential in Nigeria serves as prospect for new investors and the government.	Lack of institutional capacity to deal with financial crime-related issues is important because fraudulent investors can just make away with savers' money. The right infrastructure to bring efficiency in this sector is also lacking.
Infrastructure Bond	Unlike the short-term maturity loans advanced by conventional	The financial institutions needed to facilitate the issuance of this type of	The huge infrastructural deficits in Nigeria and the widespread agitation for	The influx of foreign firms and their financial institutions to facilitate

Sources	Strengths	Weaknesses	Opportunities	Threats
	commercial banks, infrastructure bond takes longer time to mature, thereby making it easier to spread the payment over a longer period	bond are lacking in Nigeria. The legal framework needed to pull banks together is also lacking, thus creating doubt whether African banks can actually participate and make fortune from this opportunity.	public-private partnership (PPP) as an alternative method for infrastructural delivery have continued to attract investment opportunities for both local and foreign investors. Three core infrastructure stand out for investors to take advantage. These are electricity, transportation and ICT.	this process suggests the possibility of Nigeria being subjected to the dictates of the mother countries of these firms. This can have significant impact on Nigeria's economic and political policy direction, leading to a master-servant relationship.

Source: Author's compilation.

Concluding Remarks

This study examines the short-run and long-run major drivers of non-oil revenue and analyses the major sources of domestic resource mobilization in Nigeria, utilizing data from 1980-2014. The auto-regressive distributed lag (ARDL) bound test technique proposed by Pesaran, Shin and Smith (2001) was utilized to investigate the long-run and short-run drivers of non-oil revenue, while the SWOT method was utilized to analyse the strengths, weaknesses, opportunities and threats of the major sources of domestic resource mobilization in Nigeria. The empirical results suggest that real non-oil revenue, sum of non-oil real output, weighted price index of non-oil products, annual average effective exchange rate, infrastructure, trade openness, lagged value of the ratio of total oil export to GDP and government policy are co-integrated. Also, the results indicate that sum of non-oil real output, annual average effective exchange rate, infrastructure, lagged value of the ratio of the total oil exports to GDPs and government policy were significant in determining the levels of actual non-oil revenue in the long run while change in one lagged value of sum of non-oil real output, change in the current value of annual average effective exchange rate, change in the current and one lagged value of the ratio of the total oil export to GDP are positive significant determinants of nonoil revenue in the short run.

Further, sustained growth in real GDP, domestic savings, tax, capital market, foreign direct investment, remittance, diaspora funds, sovereign wealth funds, pension funds, and infrastructure bond are the major sources of domestic resource mobilization with high potentials in Nigeria. Going by these results, the study concluded that the core strength of Nigeria in taking advantage of these sources lies in its population (home and abroad), substantial natural resources, conscious economic and political reforms, and the recent high economic growth recorded. Thus, government should be encouraged to look inward and take advantage of these opportunities.

References

Aremu, K. (2016). Leveraging Nigeria's pension assets to bridge infrastructural gap. *Zenith Economic Quarterly* 12(4): 35-42.

Barro, R.J. (1990). Government spending in a simple endogenous growth model. *Journal of Political Economy* 98: 103–125.

Barro, R.J. and X. Sala-i-Martin. (2004). *Economic Growth.* Second Edition. New York: McGraw-Hill.

Bernardina, A. (2004). Price and income elasticities of Russian exports. *The European Journal of Comparative Economics* 1(2): 175-193.

Bhushan, A. (2013). Domestic resource mobilization and the post-2015 Agenda. *The North South Institute.* Policy Brief.

Chakraborty S. and E. Dabla-Norris. (2009). The quality of public investment. IMF Working Paper: 09/154. (Washington: International Monetary Fund.

Everhart S. and R. Duval-Hernández (2001). Management of oil windfalls in Mexico: historical experience and policy options for the future. Policy Research *Working Paper Series*: 2592. The World Bank.

Mafusire A., J. Anyanwu, Z. Brixiova and M. Mubila (2010). Infrastructure deficit and opportunities in Africa. *The African Development Bank Group Economic Brief* 1 (Issue September).

Masoud H. and F. Rastegari (2008). Analysis of economic-political factors affecting non-oil export of Iran, *IDOSI Publications*.

Monir S.M.M., N. Ebrahim and E.M. Hamed (2012). Survey of oil and non-oil Export Effects on economic growth in Iran, *Greener Journal of Economics and Accountancy* 1(1): 8-18.

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.

Olurankinse F. and B. Fatukasi (2012). Analysis of the impact of non-oil sector on economic growth. *Canadian Social Science* 8(4): 244-248.

Ozurumba B.A and E.E. Chigbu (2013). Non-oil export financing and Nigeria's economic growth. *Interdisciplinary Journal of Contemporary Research in Business* 4(10): 133-148.

Pesaran M.H., Y. Shin and J.R Smith (2001). Bounds testing approaches to the analysis of level relationships. *Journal of Applied Econometrics* 16, 289- 326.

Peterside, T. (2012). Assessing the importance of Nigeria's national stock sxchange for economic growth and capital market development. A Paper Delivered At the Bonds and Loans Africa Conference, Cape Town, South Africa.

Raheem I. and A. Busari (2013). Non-oil export and economic growth in Nigeria: does methodology matter? *Journal of Asian Development Studies* 2(2): 21-34.

Rodrik D. (2008). The Real Exchange Rate and Economic Growth. Brookings Papers on Economic Activity.