International Journal of
Development Strategies in Humanities, Management and Social Sciences | IJDSHMSS
ISSN Print: 2360-9036 | ISSN Online: 2360-9044 | Volume7, Number 2 August, 2017

Economic Diversification and Public Sector Management in Nigeria: Challenges and New Opportunities

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Abstract

This study examined the extent to which public sector management can and has galvanized the efforts of all sectors of the Nigerian economy in the course of economic diversification through innovation. Specifically, it seeks to ascertain the effectiveness of measures undertaken by the up-and-downstream public sector management sub-sectors at achieving economic diversification in Nigeria. While the Chain-Linked Innovation Model by Kline and Rosenberg (1968), constitutes its theoretical framework, the data is obtained from secondary sources like – journals, periodicals, books, the internet, etc. Its mode of analysis is largely qualitative and follows the content analytic approach. The findings reveal that public sector management policies are yet to achieve significant positive impacts on the process of economic diversification in Nigeria. The study recommends far-reaching reforms in the area of public sector management which are result-oriented.

Keywords: *New opportunities, Innovation, Economic diversification, Public sector management and Reforms*

http://internationalpolicybrief.org/journals/international-scientific-research-consortium-journals/intl-jrnl-of-development-strategies-in-humanities-vol7-no2-aug-2017

Background to the Study

Economic diversification is a process of widening the range of economic activities both in the production and distribution of goods and services. It does not necessarily entail increase in output but rather enhances stabilization of economies by diversifying their economic base. The issue of economic diversification should be viewed from the perspective of sustainable development to ensure long term stability of the economy. Given such a perspective, it has the capacity to strengthen an economy's adaptive capacity and safeguards its long term prospects in the face of depletion of the basic natural resources and vagaries of economic fluctuations under the pressure of competition in globalization. The phenomenon has the propensity to meet the basic requirement for sustainable development like meeting the basic needs of the poor which revolves around job provision, food, health, clothing and shelter by opening diverse avenues of economic activity which accommodates broad spectrum of people. It also facilitates the expansion of environmental ability to meet people's needs by improving the technology, social organization, diversity of areas of economic activity and not over-exploiting natural resources to a point of extinction and environmental degradation. Also, "economic diversification creates a broad-based economy that has the ability to secure equity both within and between generations"(Zhang, n.d).Some economic theories support the view that " developing countries at early stages of development have small stock of capital and are likely to have investment opportunities with high rates of return" (Matiti,2013). Catherine (2002) however, warns that "such growth dividend may not be realistic since such economies are often severely affected by other macro-economic and structural shocks". These views are evident in the case of African countries where for over a decade (1970-80), many experienced high levels of economic growth, human and political development. Today, some of these countries have recorded negative growth rates for over two quarters and therefore, in recession. Nigeria and South Africa are good examples. The point to underscore is that whether in recession or otherwise, there is the need for these countries to find ways of diversifying their economies. This can be achieved namely, by boosting non-traditional sectors, expanding their range of products and exports, and engaging with new economic and development partners.

In the last three to four years, Africa has witnessed an upsurge in new investment in non-resource based sectors such as tourism, manufacturing, financial services, telecommunications and construction. The largest opportunity lies in consumer-related sectors which are growing two-to-three times faster than those of developed countries. This group which alone, consists of consumer goods, banking and telecommunications among others-- could generate as much as USD 104 trillion in consumer spending by 2020 – compared to Africa's combined GDP of USD 1.8 trillion in 2008 and projected USD 2.6 trillion in 2020. The growth in consumer-related sectors will be driven by the rising rates of urbanization, with 40% of Africans living in urban cities, which is higher than what obtains in India and to close to China's levels. Also, the number of households with disposable income is expected to rise by 50% in the next ten years. These factors offer the opportunity for economies to become more varied, as they adjust to the needs of the consumer class. Moreover, the rate of return on investment is higher in Africa than in any other developing region and governments have implemented macro-economic policies to create stable and conducive environments for doing business. All the same, some significant risks remain and African countries need to put in place, more reforms to facilitate economic activities.

Diversification hardly occurs in a vacuum. There has to be an enabling climate/environment to make it possible. The 2007 UNECA Economic Report on Africa, has identified a handful of drivers which include –investment, trade and industrial polices, a dynamic growth performance; macro-economic stability, a competitive expansionary but responsible fiscal policy, as well as institutional variables like good governance and absence of conflict. Private sector participation in conjunction with government, must not be over sighted. Also, the role of regional economic institutions such as regional economic communities (REC),must be borne in mind. These and other international partners help contribute to African economic priorities which include boosting the capacities of public sectors to implement policies and reforms conducive to diversification. Nevertheless, diversification remains limited in most African countries where there are only a few success stories. The point to underscore is that a lot of challenges are associated with diversification which most African nations may not be able to grapple with. Nigeria is a typical example.

Statement of the Problem

Nigeria is a mono-product economy that is heavily dependent on petroleum which accounts for about 80% of government revenue and 90% of foreign exchange earnings. The growth of the industry brought about dramatic change in the nature of the nation's economy, a situation that has led to the abandonment of other sectors like exploitation of solid minerals, agriculture, manufacturing and service industries. The end result is the exposure of the country to economic instability underpinned by vagaries of international oil markets, gross unemployment, poverty in the midst of plenty, and a passive political leadership that is like worm to the articulation of viable economic policies. The table below (table 1) reveals that the economy is mixed and driven by both government,(public)and private sectors while government embarks on basic enterprises which constitute hubs of socio-economic activities such as transport, electricity, portable water and primary industries. The private sector is a mixture of subsistent small, medium and large scale industries. Structurally, the economy may be classified into three major sectors: primary sector- agriculture and natural resources extraction; secondary sector, processing and manufacturing; tertiary-trade and services. Both government and private sectors operate on these major sectors of the economy.

Table 1. Economic sectors' contribution to Nigerian GDP in percentage (Source: national bureau of statistics as contained in Sanusi, Lamido Sanusi, "Growth prospects for the Nigerian Economy").

Economic Sectors	Activity Sector	1960-70	1971-80	1981-90	1991-2000	2001-09
Primary Sector	Agriculture	55.8	28.4	32.3	34.2	40.3
	Extraction Industry	4.7	21.8	34.9	33.7	24.5
Secondary Sector	Manufacturing	6.6	7.3	6.1	4.9	3.9
	Building and Construction	4.8	8.3	2.3	1.8	1.8
Tertiary Sector	Trade	12.8	17.6	14.5	13.8	14.0
	Services	15.3	16.5	9.8	11.5	15.5
	Total Value	**100**	**100**	**100**	**100**	**100**
	Diversification Index	**0.2**	**0.4**	**0.4**	**0.4**	**0.3**

The primary sector dominates the nation's economy as shown in table 2. Between 1960 and 2009, it contributed 62.1 percent of her GDP while the secondary sector contributes an average of 28.3 to the nation's GDP (Sanusi,2010). This sector needs a boost to achieve its role for optimal utilization of the nation's resources and integration of the economy.

Table 2. Economic sectors' contribution to Nigerian export in percentage (Source: CBN annual report and account statement on various issues in Sanusi, Lamido Sanusi, "Growth prospects for the Nigerian Economy").

Component	2004	2005	2006	2007	2008	2009
Oil Export	97.5	98.3	97.8	97.9	99.0	95.8
Total Non Oil Export	2.5	1.7	2.2	2.1	1.0	4.2
Total	**100**	**100**	**100**	**100**	**100**	**100**
Non Oil						
Agriculture	33.0	41.7	37.8	39.7	58.3	46.9
Minerals	2.0	4.0	8.5	6.3	7.7	6.7
Semi Manufactured	48.8	40.6	37.9	39.4	17.0	29.2
Manufactured	5.0	9.8	11.1	10.3	8.7	9.1
Other Exports	11.2	3.9	4.7	4.3	8.3	8.1
Total	**100**	**100**	**100**	**100**	**100**	**100**

The high hope of rapid development and industrialization which accompanied her independence has been dashed. The only way to rekindle such hope is through an economic diversification strategy articulated by effective public policies and implementation. Against his background, it behoves the curiosity of the current investigation (researchers) to, not only examine the successes and failures of existing public polices, but also identify the nature/goals of emergent polices that will transform the economy through innovations and diversification.

Objectives of the Study

This study examines the successes and failures of previous/existing polices and attempts to evolve new public policies that can usher an era of economic diversification in Africa's most populous nation - Nigeria.

Specifically, the study seeks to:

1. Examine the successes/failures of current public polices in their effort to widen Nigeria's economic base
2. Identify new opportunities for economic diversification in Nigeria.

Research Questions

Two questions will guide this investigation; they include:

1. What success/ failure have been recorded through public polices in the effort to boost the nations economic base for the purpose of economic diversification/
2. What efforts/ public polices would enhance the identification of new strategies for the nation's economic diversification?

Literature Review

Conceptual Literature

Economic diversification: Nourse (1968), posits that "the objective of economic diversification has always been to improve economic performance for achieving sustainable growth" The concept incorporates the "concept of economic complexity" as proposed by Hidalgo and Hansman (2009). Generally, economic diversification underscores self-economic destination. Hence, Hess (2008), Leiderman and Maloney (2007), support the argument that diversified economies perform better over the long term.

Economic Development. The earliest concept of development was interpreted in terms of growth of output over time and later in terms of per capita output. The terms growth and development were used interchangeably. Literally, economic development may be defined as "passage from lower to higher stage which implies change". Kindleberger and Herrick (1958,11), posit that

> *"economic development is generally defined to include improvements in material welfare especially for persons with the lowest incomes, the eradication of mass poverty with its correlates of illiteracy, disease and early death, changes in the composition of inputs and outputs that generally include shifts in the underlying structures of production away from agriculture towards industrial activities, the organization of the economy in such a way that the situations of the privileged minority, and the correspondingly greater participation of broad- based groups in making decision about the direction, economic and otherwise, in which they should move their welfare."*

Meier (1964), believes "economic development is a process whereby an economy's real national income increases over a long period of time". Whatever the definition, economic development has as its general underpinning, the provision of the greatest welfare for the largest number of people.

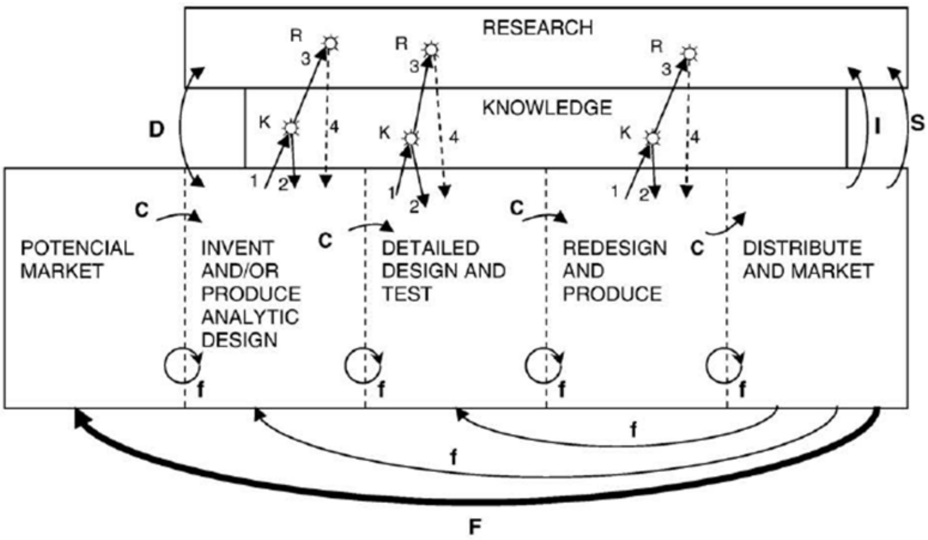
Economic Growth: A steady process by which the productive capacity of an economy is increased over time to bring about rising levels of national income and output. kuznet argues that "a definition of economic growth must reflect common experience". Such common experience is that a sustained increase in per capita product combined with secular stagnation or decline in population "rarely" occurs. Hess interprets the increase in per capita product as indicative of an increase in economic welfare. In his view, Clark (1947), presents the argument that "the primary measure of economic growth must be real income obtained per hour worked". Investopedia (n.d), views economic growth as " an increase in the capacity of an economy to produce goods and services compared from one period of time to another". This can best be measured in nominal or real terms, the latter of which is adjusted for inflation. Traditionally, aggregate economic growth is measured in terms of gross national product (GNP) or gross domestic product (GDP), although alternative metrics are sometimes used. Kimberly (2007), defines economic growth as "how much more the economy produces than it did before". This definition is premised on the rationale that if an economy is producing more, businesses are more profitable, and stock prices rise. This gives companies capital to invest and hire more employees. As more jobs are created, incomes rise, consumers have more money to buy additional products and services, which drives higher economic growth. This makes economic growth the most watched economic indicator.

Economic transformation: Transformation in economics refers to along-term change in dominant economic activity in terms of prevailing relative engagement or employment of able individuals. Human economic systems undergo a number of deviations and departures from the "normal" state, trend or development. Dirk (2013), views economic transformation as that which "involves moving labour from low to higher productive activities"

Innovation: Merriam-Webster Dictionary (N.D) defines innovation as "the introduction of something new; a new idea, method, or device", the emphasis is on NOVELTY. Business Dictionary (n.d) defines innovation as "the process of translating an idea or invention into a good or service that creates value or for which customers will pay. Shapiro (n.d), defines innovation simply as "staying relevant". This stems from the fact we are in a time of unprecedented change.

Public Sector Management: As defined by Pollitte (1994), Public Sector management (NPM), is " an ideology or (more prosaically), bundle of particular management approaches and techniques (many of them borrowed from the private, for profit sake. Hood (1991) believes such thought should be "based on ideas in the private sector and brought into public sector". For Grindle, (2004), many of these reforms have similarities with the modernization component of good governance.

Theoretical Framework
Fig. 1.The chain-linked model. Source: Kline and Rosenberg (1986).



Chain-linked model showing flow paths of information and cooperation.
Symbols on arrows: **C** = central-chain-of-innovation; **f** = feedback loops; **F** = particularly important feedback.

K-R: Links through knowledge to research and return paths. If problems solved at node K, link 3 to R not activated. Return from research (link 4) is problematic - therefore dashed line.

D: Direct link to and from research from problems in invention and design.

I: Support of scientific research by instruments, machines, tools, and procedures of technology.

S: Support of research in sciences underlying product area to gain information directly and by monitoring outside work. The information obtained may apply anywhere along the chain.

As state-led economic intervention lost political favour, governments increasingly became hard-pressed to justify the allocation of scarce financial resources to a science system that seemed to largely govern and evaluate itself. And the innovation outcomes that did not reflect the investments in science that appeared at the national and the international levels were designated as " paradoxes " . In time, the model opened the door to the more recent pressure for science to demonstrate its economic value and even to engage directly in commercial activities such as patenting. The positive assertion about causality from science to industry has in effect been reversed to a normative imperative of social legitimization from market to academia. The queen is being asked to serve as a maid. The linear perspective has been challenged not least by modern innovation theorizing and empirical research. In the words of Kline and Rosenberg , " innovation is neither smooth nor linear, nor often well behaved. " Their chain-linked model is an influential and widely-cited focusing device for making sense of the complex structure and diversity of patterns of the innovation process. Kline and Rosenberg provide us with an important and influential theoretical standard for understanding the nature of continuous innovation, that is, the new application of either old or new knowledge to satisfy individual and collective demands. According to them a realistic conceptualization of the innovation process must take it to be a series of changes resulting from the interplay of two forces, leading way to a highly uncertain process: an ongoing and ultimately uncertain transformation process intertwining commercial and technological opportunities and constraints. Thus, " in a complete picture we must recognize not only that innovation draws on science, but also that the demands of innovation often force the creation of science ". The chain-linked model, shows the flow paths of technical development that do not start with research, but with a broad idea of potential market use that is translated into a design or prototype initiating a cycle of feedback loops (f) eventually connecting back to users needs. Along any stage of this central process (C) accumulated scientific knowledge needed for innovation can be drawn upon (K) or new knowledge can be created in response (R). Sometimes new science can give rise to radical applications (D), while at other times science can benefit from innovations (I,S).

The Classical Trade Theory

The classical trade theory holds that the "basis for international trade and sustainable development is traceable to the differences in production characteristics and resource endowment which is founded on domestic differences in national and acquired economic advantage"(Morgan and Katsikeas (1997). Specifically, the theory is based on the principles of comparative cost advantage and specialization which "lead to gain by trading partners" (Umo, 2007). A weakness of this theory is that investment resources are not internationally mobile, i.e"only commodities can move and investment decision investments are taken on national basis" (Caballero, n.d). Currently, the global trend is "a highly mobile capital across national boundaries as is the case with technology" (Caballero n.d). This is itself may be considered as an additional advantage in trade.

The Product Lifecycle Theory

This theory suggests that trade cycles emerge in situations of changing commercial realities like the role played by multinational enterprises in trade and technological progress. It adds that such a cycle emerges where a "product is produced by a parent firm, then by its foreign subsidiaries and finally anywhere in the world where costs are at their lowest possible terms" (Vernon, 1966; Wells, 1968, 1969; Morgan and Katskeas, 1997).

Again, it explains how a product may emerge as a country's export and work through the life cycle to ultimately become an import (Morgan and katsikeas, 1997). According to this theory, technological innovation and market size are very critical for gaining in international trade and of course sustainable development. All things being equal, it is clear that given Nigeria's vast size in terms of population and geographical spread, the nation has the potentials of providing a huge market size which could translate to a good measure of advantage to enhance gains in trade

Empirical Literature

Quite a number of studies have been conducted to buttress the need for a diversified Nigerian economy. In this vein, Olayiwola and Okodua (2013), within the framework of export-led growth (ELG) hypothesis, found a unidirectional causality running from FDI to non-oil exports, employing causality analysis in their work titled, foreign direct investment, non-oil export and economic growth in Nigeria, a causality analysis". This agrees with numerous evidences in the literature which lend credence to the fact that within Nigeria, the bulk of FDI inflow into the country, goes to the oil sector. Some of these evidences include--Adedokun (2012),Bagbebo (2011), and Dominic (1999).

In a related development, Onodugo, Marius and Anowor (2013), found a weak and insignificant impact of non-oil export on the rate of change in level of economic growth in Nigeria.Employing time series econometric model, the study argues that the situation reflects neglect of the non-oil sector and its capacity to increase viable international trade windows. They blame the situation on the lean on the fragile leg of crude oil for several decades. The fallout of the situation is the fact that the economy was growing without job creation and poverty reduction for several decades" (Onodogo, 2013). This assertion agrees with the behaviour reflected in the trend analysis of data in Onodugo Marius and Anowor (2013). These facts reveal that the dynamics of the economy is at the mercy of oil price, which most of the time has remained volatile (Enoma and Mustafa, 2011).
The evidence provided in the our review above (theoretical and empirical) expose the adverse consequences of over-dependence on oil. This supports the urgent need for economic diversification in Nigeria.

Onwualu (2012), maintains that the value chain approach to agriculture has potentials to open up the economy and generate various activities capable of job creation, industrialization, trade boost, thus reducing the vulnerability of the economy to external shocks and other macro-economic impulses.

Gap in literature

Several studies have been conducted in the area of the diversification of the Nigerian economy. None however, recognized the need to identify new opportunities for purposes of diversification. Also, the studies failed to identify the role of public sector management in such identification process in respect of Nigeria.It is an obvious gap which needs to be addressed. This paper intends to bridge the gap.

Methodology

Being a resource-based economy, new opportunities for investments could be exploited through the involvement of local authorities in the various geopolitical zones, states and local councils. Since this study is a descriptive analysis, data from secondary sources is obtained on how to locate unexploited natural resources. Our analysis follows the content analytic approach. The research questions are now addressed.

Research Question One

What successes/failures were recorded by existing polices? Guardian Newspaper (2016),reporting an interaction between manufacturers' Association of Nigeria's (MAN) president Dr. Frank Jacobs with Minister of Industry, Trade and Investment, Dr. Okechukwu Enelemah, quoted the latter as expressing dismay that government policy which is meant to be a catalyst to drive diversification agenda of the present administration was yet to see the light of the day. The Minister further lamented that the present policies of government do not support the diversification of the nation's economy. He said the plan of the federal government to increase Value Added Tax (VAT), the new high lending rate of 26 per cent minimum, scarcity of foreign exchange to procure raw materials and machinery spare parts by existing factories and new machinery for start-ups, constitute dis-incentives to invest in Nigeria. Empirical evidence exists to support the failure of existing economic policies to achieve economic diversification in Nigeria. Ogbole, Amadi and Essi, Conducted a comparative analysis of the impact of fiscal policy on economic growth in Nigeria. The study revealed only a marginal impact and recommended an appropriate policy mix, prudent public spending to achieve economic diversification in the country. This evidence buttresses the assertion by MAN's president earlier cited in this chapter lamenting how government policies tend to frustrate every effort towards the nation's economic diversification drive.

Research Question 2

Osalor (2016), laments that myopic policies pursued by successive military regimes in the final decades of the last century devastated the traditional agrarian economy and crippled growth in the non-oil sectors. There is no doubt that Nigeria is better placed to develop a well-diversified economy than any other country in West Africa. The abundance of natural resources, mineral deposits and fertile land enjoyed by this country is unrivalled. The nation is also endowed with a substantial human resource pool. The fact that the economy saw two-fold growth to 7 percent between 2001 and 2006 is an encouraging pointer as to which areas to start from. In addition, the ecological and geographical location of the country is such that virtually all the 774 local Government Areas and the 36 States and Federal Capital Territory have one or more natural resources/trade to tap into and develop for purposes of export and local consumption. The comparative cost/advantage derivable from the specialization of each local council so endowed could evolve technological innovations and products that are capable of boosting the process of economic diversification. Empirical evidence supports that natural resources can provide the basis for economic growth. Guo (2009), in a study on natural resources and economic growth, revealed that "steady state economic growth and natural resources utilization are positively related".

Furthermore, the study suggests that," conservation cost is minimal, and growth strategies based on greater physical capital formation and trade openness, outperform those relying on more intensive utilization of the environment". Another study by Roderich (2001), submits that," through appropriate responses to the challenges of mining and economic development, the benefits of mining can be sustained, even when a mine or a mining community inevitably declines as the ore runs out". Adeniyi (2013), employing mainly qualitative analysis, did an analysis of the legal regime for exploring solid minerals for economic growth in Nigeria. The study revealed that "the solid mineral sector remains crucial to economic development, wealth creation and poverty alleviation in any nation that is blessed with such mineral deposits and concluded that Nigerian government should adopt best practices and mechanisms that could have been used by different countries to formalize and regulate mining explorations in order to attain sustainable development in the mining sector in Nigeria". In a related development, Akongwale (2013) in a descriptive study, shows that "the solid minerals sector could help combat poverty in Nigeria via job creation, especially given its forward linkage with other sectors". Most importantly, it could help alleviate some of the problems associated with "enclave" nature of the Nigerian economy that has for too long been vulnerable to fluctuations in global oil prices. It concluded that the realization of these potentials need the strengthening of Nigeria's existing solid mineral development policy and creation of an enabling environment by the government for the private sector.

Against the background above, it is economically rational to begin the economic diversification process by harnessing and exploiting the natural resources that are abundant in Nigeria. This will complement the existing economic diversification efforts articulated in Nigeria's Vision 20:2020. This vision is a nationaleffort aimed at growing and developing Nigeria, and bring her to the world's 20 leading economies by year 2020. The abridged version summarizes the focus, objectives, strategies, implementation and expected results of the Vision. It emphasizes maximum use of the available resources and suggests ways of overcoming the challenges of implementation.

Overview of the Desired Economy By 2020

Table 3: Existing/Desired structure of National Output

Activity sector	Projected share of output (%)	Existing share of output (%)
Agriculture	3-15	42.1
Industry	30-50	23.8
Manufacturing	15-30	4.0
Services	45-75	34.1

Note: Projected Figures represent the best and worst sceneries.
Source: NV 20:2020 (Abridged version)

The current structure of production is expected to reverse as the relative contribution of agriculture to national output declines to a maximum of 15 per cent over the long-term as the sector continues to grow as shown in table 3.

Developing Industrial Clusters

The NV20: 2020 aims at pursuing a comprehensive policy towards industrial cluster development. It hopes to promote through private public partnerships, efficient and intensive mechanisms for the processing and manufacture of selected exports. Government intends to facilitate the process by addressing the infrastructural deficit in each zone and will also attract private sector investment through specially targeted funds. This strategy will focus on developing four key facilities: industrial parks and clusters; enterprise zones and incubators.

Table 4: Priority Industries within the Manufacturing Sector

S/No	High priority (up to 2015)	Medium Priority (up to 2020)	Low priority (post 2020)
1	Chemical and pharmaceuticals	Domestic/Industrial plastic and rubber	Electrical and Electronic
2	Non–metallic mineral products sector	Pulp, paper products printing, publishing sector	Motor vehicle & miscellaneous
3	Basic Metal, Iron and steel and fabricated metal	Wood and wood products (including furniture) sector	
4	Food, Beverages and Tobacco		
5	Textiles, wearing app arel, carpets leather/leather		

Source: NV 20:2020 (Abridged version)

Enhancing Domestic and foreign Trade in Value-Added products and services.

The NV20:2020 recognizes that Nigeria's contribution to non-oil global trade is negligible. In particular, non-oil exports account for 2 percent of Nigeria's trade compared with countries having similar demographics and resources. Consequently, the vision envisages diversification from primary commodities and increasing market share in new export marketsespecially higher value processed and refined products. The vision wishes to make the manufacturing, processing and exportation of value added goods the focal point of Nigeria's trade strategy.

Table 5: Targeted Exports: Priority Manufacturing sub-sectors, products and potential markets.

S/N	High priority sub-sectors chemicals and Pharmaceutical	Products	Potential markets
1	a. Chemicals	Refined oil	US, EU, North Africa, Asia (China, India)
		Liquefied Natural Gas	US, EU, North Africa, Asia (China, India)
	b. Pharmaceutical	Over the counter drugs	ECOWAS Region
2	Non Metallic mineral products sector		
3	Basic metal, iron and steel and fabricated metal sector		
	Food, beverages and tobacco sector		
	a. Food	Parboiled Rice	ECOWAS Region
		Processed local beans	EU, Canada, US
		Sesame oil	Asia
		Frozen shrimps and Prawns	ECOWAS Region, US, EU, Japan.
		Cashews	
		a. Processed cashew nuts	India, Brazil, Vietnam
		b. Cashew Kernels	US, UK
	b. Beverages	Fruit Juice	ECOWAS Region
5	Textiles wearing apparel		
	Leather/leather footwear		
	a. Textiles wearing apparel	Ready to-wear garments	ECOWAS Region
		Processed cotton	ECOWAS Region, EU, US
	b. Leather, leather footwear	Leather products	Italy, Asia (China)

Source: NV 20:2020 (Abridged version)

Promoting Export

The NV20:2020 proposes the commissioning of an Inter-Ministerial/Agency Committee to streamline the functions of export/investment promotion agencies within the Cluster Development strategy. It positions economic diplomacy as the main theme of Nigeria's foreign policy and the central point for the active promotion of made-in-Nigeria goods. This will be achieved by nurturing strategic partnerships with other countries.

Promoting Domestic Trade

It is the aim of NV 20:2020 to promote domestic trade in value-added products through sectorial specialization in the regions in line with the Cluster Development strategy. Each region will specialize in the manufacture and processing of targeted value-added products to meet the consumption demand of Nigerians and reduce the volume of value-added imports.

Table 6: Regional Specialization

Regional Specialization		
S/N	Region	Products
1	North East	Processed minerals, ethanol, Biodiesel, Cement, Fruit Juices
2	North West	Processed Meat, Leather goods, Bio-fuels
3	North Central	Cut granite, Furniture, Processed Cotton fabrics
4	South East	Over-the-counter drugs, leather goods, Garments, palm oil.
5	South West	Plastics, Garments, General goods
6	South South	Petrochemicals (refined oil), Fertilizers, Plastics, oil Services.

Source: NV 20:2020 (Abridged version)

Conclusion

Nigeria is a mono-product economy in which oil constitutes the mainstay. The revenue from oil has succeeded in blindfolding both government and the citizenry to the realities of economic vulnerability. It is endowed with immense natural and mineral resources (solid minerals) which could usher her into an era of perpetual boom. The nation can also boast of a large market given its population. In spite of such abundance, the nation is ranked high among poor economies. Several policies had hitherto been enunciated to earn her economy an enviable p lace in the global arena. Such policies have not succeeded in turning the hand of the clock in her favour. Policies like the national development plans 1st , 2nd, 3rd , 4th and fifth have not earned the country her rightful place in the community of nations. Hence, this study makes bold to conclude that the nation, more than any other in the sub-region, has all it takes to position her economy in a better position. All the nation needs is a public sector management system that is capable of articulating plans which will articulate polices that are capable of galvanizing the already existing potentials available in the country to achieve a meaningful diversification of her economy.

Recommendations

Following our analysis, a number of findings have been recorded.

1. Public sector management in Nigeria over the years failed in the area of articulation of polices geared towards the diversification of the nation's economy. This is as a result of the 'Dutch Disease syndrome' emanating from the oil boom of the early 70's and 80's
2. Non-oil sectors such as agriculture, manufacturing, mining, etc., suffered serious neglect.

3. The result of the investigation also revealed that the country has a good measure of solid minerals and natural resources like coal, gold, tin, diamond, etc., spread across different geographical regions which remain unexploited and unharnessed.
4. Existing polices failed to take cognizance of the comparative advantage accruing to various regions in the production of some commodities and trades.
5. It was also revealed that some public polices hinder the process of economic diversification. Examples include the increase on Value Added Tax (VAT), the new high lending rate of 26 percent minimum, etc.
6. An interesting finding of the study is that natural resources can enhance growth of an economy if properly managed.
7. It was only in year 2010 that it dawned on government to evolve policies to articulate strategies aimed at economic diversification – NV20:2020. However, these policies are yet to be on ground.

Suggestion

The findings of this study have prompted a number of suggestion . These include:

1. Government must shun the 'Dutch Disease Syndrome'. This is the first step towards economic diversification as it creates the necessary mind-set to initiate, enhance and implement policies in this direction.
2. Non-oil sectors should begin to take prominence in the course of drawing up the necessary plans for the diversification of the economy.
3. The government should initiate policies to enhance the process of identification of realistic policies concerning natural resources including solid minerals like coal, gold, gypsum, diamond, etc. Such policies must recognize the role of local councils and the traditional institution in Nigeria. Public policies must emphasize the reduction in interest rates from 26% to 5%, Value Added Tax, and even the personal income tax.
4. The comparative advantage of regions and specialization in production, mining, and trade, must reflect in the polices enacted.
5. NV20:2020 should be revisited and incorporated with special recognition for the roles of solid minerals and other natural resources in economic growth and development.

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