



Non Oil Export and Non Tradables: A Tool for Rural Empowerment, Poverty Reduction and Sustainable Development in Nigeria

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ABSTRACT

This study examined the role of Non Oil Exports and Non Tradables as a tool for rural empowerment, poverty reduction and sustainable development in Nigeria. The study was necessitated by the increase in real poverty rate in Nigeria despite various developmental policies formulated over the years. The data for the study are secondary data sourced from Central Bank of Nigeria and World Bank. Ordinary Least Square was employed to analyze the data. The result revealed that macro economic variables that should positively affect non oil exports have not been effective in Nigeria. The study, therefore, recommends that Nigeria should embark on real reforms that will stimulate non oil export for large scale firms and non tradable for rural and small scale enterprises. Sustained infrastructural development by government to create incentives to encourage local production and non export is sine qua non.

Keywords: Non oil export, non tradable, rural empowerment, poverty reduction, sustainable development

INTRODUCTION

Non-oil exports are important sources of growth for developing countries. This means that there is a positive correlation between the growth of a country's non-oil exports and the overall growth of such an economy. This is so because non oil export has many linkages with the entire structure of the economy and has the ability to overhaul even a dwindling economy.

According CBN (2010), total non-oil export earnings in 1997 amounted to \$150.312 million. This compares with \$159.776 million recorded in 1996, representing a drop of 5.9 percent. The drop in performance was accounted for by a decline in primary agriculture export, which fell from \$100.478 million in 1996 to \$85.741 million in 1997.

However, exports (excluding semi-manufactured goods) rose from N10.59m in 1996 to N13.347 million representing an increase of 22.5%. As a share of total non-oil export, manufacturing export accounted for 6.8% in 1996 and 8.9% in 1997; in 2000 it was 11%. The manufacturing association of Nigeria (MAN) outlined the major causes of these problems as follows:

1. Continuing problem of poor and inadequate utility services.
2. Escalation in cost of operation arising from the combination of high bank lending and naira devaluation.
3. Cash-flow problem, as poor sales heightened dependence on bank credit for working capital even as such credit was extremely difficult to assess; and
4. Weak domestic demand.

The pertinent research question that this study seeks to answer is: has non oil export and non tradable helped in rural empowerment, poverty reduction and sustainable development in Nigeria?

Sustainable development goals as an upshot of millennium Development goals is a developmental strategy initiative of The United Nations Development Programme (UNDP) that emphasizes that development plan that meets the present need of the present generation without compromising the ability of the future generation to meet their needs, which aims at poverty reduction.

Meanwhile the Millennium Development Goals (MDGs) have ended in 2015, yet poverty is still on the increase. The fact that poverty continues to grow in some regions of the world shows that the objectives of MDGs have not been fully achieved; hence the introduction of Sustainable Development Goal (SDGs) which increase its objectives from eight to seventeen. The SDGs is a new agenda adopted at the United Nations Sustainable Development Summit on 25th September 2015 and set 17 Sustainable Development Goals to end poverty and hunger, fight inequality and injustice, improve access to health and education, build strong institutions and partnerships and tackle climate change, build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation among other 17 goals by the year 2030. Englama and Bamidele (1997:143) opined that poverty is a state where an individual is not able to cater adequately for his/her basic needs of food, clothing and shelter; is unable to meet social and economic obligations, lacks gainful employment, skills, assets and self-esteem; and has limited access to social and economic infrastructures such as education, health, potable water, and sanitation, and as a result has limited chance of advancing his/her welfare to the limit of his/her capabilities.

However, the main objective of this paper is to understand the linkages between Non oil export and non tradables, rural empowerment, poverty reduction and sustainable development in Nigeria and to understudy the variables that affect non oil export and non tradables in Nigeria and use these tools to make policies to fight and reduce poverty in Nigeria. The hypothesis to be tested is that independent and other conditional independents variables have been relatively ineffective in influencing non oil export in Nigeria.

The rest of the paper is divided into three sections. In section 2 we review some related literature through grouping them into conceptual, theoretical and empirical reviews. Section 3 takes a look at the methodology. Section 4 looks at the analysis while in section 5, we conclude and make some policy recommendations.

Literature Review

Trends in Non-oil exports

The significance of non-oil export to Nigerian economy can be first appreciated from the perspective of export and economic development, as discussed by Opara (2010). Export has also been seen as the bed-rock of any economic development which is meaningfully centered on non-oil export in most countries of the world. Therefore, the current deliberate efforts to enhance Nigeria's non-oil export is derived from the failure of oil export (oil boom), which has not been meaningfully managed to positively reflect on the socio-economic well-being of the people.

Nigeria's export involvement before the discovery of crude petroleum (oil) in the early 1950's was centered on the country's traditional agriculture, mining and other related products. The products constituted Nigerian main export products then, and provided about 85% of total export earnings and accounted for not less than 63% of the country's gross domestic products as at 1960 according to Opara (2010). From the Nigerian economic perspective, promoting non-oil exports products will bring about reduction on the nation's level of dependence on the dominance of crude oil or what can be described as, mono-cultural foreign trade product" that averagely raked in over 80% foreign earnings since 1970's. This can be a thing of the past if the exports-economic potentials of Nigeria are sincerely and usefully harnessed. It is in recognition of the significance of non-oil export to a nation that Nigeria government made exporting of the country's non-oil products a major key element of its Structural Adjustment Programme (SAP) in 1986.

Problem of Non Oil Export in Nigeria

There are a number of factors which have been identified by a number of studies that have contributed to the poor performance of non oil export in Nigeria. Such factors range from political and ethnic conflicts, natural disasters, external market shocks, debt, poor macroeconomic management, to inadequate infrastructure. Others are poor economic condition, disillusionment with past strategies, rent-seeking, political interference, limited managerial and technological capabilities (UNCTAD 2011). The same problem that befalls African continent is similar to Nigeria because Nigeria is a prominent member of African continent. The problems of Nigeria's industrialization are itemized by Aderoju and Machama (2011) as:

- Poor business environment
- Weak global competitive index
- Poor and inadequate infrastructure
- Technological backwardness
- Low inflow of foreign investment into the manufacturing sector
- Inadequate domestic demand
- Overdependence on imported manufacturing input.

However, the way these problems will affect each firm depends on whether the firm is a small scale or large firm or multinational firm. According to the Manufacturing Association of Nigeria (MAN), many firms are working on an average of 30% installed capacity. The monetary policy in the country had made the cost of locally produced goods to be costlier when compared with imported goods leading to low demand of locally produced goods, and poor purchasing power due to inflation and no new investment due to weak domestic demand.

The Manufacturing Association of Nigeria (MAN) outlined the major causes of capacity under-utilization as follows:

1. Continuing problem of poor and inadequate utility services.
2. Escalation in cost of operation arising from the combination of high bank lending and naira devaluation.
3. Cash-flow problem, as poor sales heightened dependence on bank credit for working capital even as such credit was extremely difficult to assess; and
4. Weak domestic demand.

Highlighting on the low level of infrastructure in Africa and the negative impact on the industrial sector, UNIDO (2011) observed that the interesting feature of manufacturing in Africa is that domestic firms have weak technological capabilities and are embedded in fragmented learning and innovation systems. Oyelaran (2006) observes that African countries have weak capabilities in mechanical or engineering industries, are trade-based commodity economies, and are largely users rather than developers of new technologies. Lall (2004b) attributes the weak technological capability of African firms to lack of technological support and infrastructure for domestic enterprises. Furthermore, he argues that most African enterprises do not make significant investments in technology. Consequently, they have difficulties entering into, as well as competing in, export markets for medium and high technology manufacturers.

Overview of Exchange Rate Management and Non Oil Export in Nigeria

One cannot make any headway in the analysis of non oil export and non tradables without a detailed understanding of exchange rate. Exchange rate is the price of one currency against another country's currency. Nigeria, since independence, has had different exchange rate policies. In Nigeria before the establishment of Central Bank of Nigeria in 1958, and the enactment of the Exchange Rate Control Act of 1962, foreign exchange was earned by the private sector and held in balances abroad by commercial banks which acted as agents for local exporters. However, due to oil boom in the 1970s and shortages in

late 1970 and 1980, this made it possible for the Nigeria Government through the CBN to introduce certain measures to manage the exchange rate, such measure include: A transitory dual-exchange rate system in 1996 and was changed to foreign exchange market (FEM) in (1987); Bureau de change was introduced in 1989 to enlarge the scope (FEM). In 1995 we had the guided deregulation and later gave way to Autonomous Foreign Exchange Market (AFEM) and later changed to daily, two way quote inter-Bank Foreign Exchange Market (IFEM) in 1999. The Dutch Auction system (DAS) was reintroduced in 2002 as a result of the intensification of the demand pressure in the foreign exchange market and the persistence in the depletion of the country's external reserve (CBN Briefs, 2007).

The demand for exchange rate in Nigeria mostly comes from imports and the Nigeria industrial sector is mostly import dependent. The supply of exchange rate on the other hand is determined by the Central Bank of Nigeria which is mostly based on the demand pressure as well as current and future economic outlook. According to Jamaladeen and Umar (2013), the Central Bank determines the quantity of foreign exchange to supply in the foreign exchange market.

Foreign exchange management could be defined as the art of ensuring that the country's available foreign exchange resources are adequate and optimally utilized. Following the introduction of SAP in 1986, naira was said to be over-valued and was left for the forces of demand and supply to determine its price, this led to the depreciation of the naira and indirect devaluation of the naira. However, attention should be drawn to the thinking in some quarters that devaluation of the naira is the answer to the Nigeria problems. Nothing can be more erroneous than this. While the perils of fixed exchange rate are obvious, it must be understood that devaluation provides a route to growth for economies that have strong and diversified export base and low import dependence. At present, Nigeria has high import-dependence with characteristic inelastic demand for import.

Devaluation can therefore trigger inflation, high cost of plant and machinery, cost of imported raw materials while doing nothing to reduce the country's import bills. It affects both non oil export and non tradables for it alters the relative price of tradable that is import and export to non-tradables that is goods produced and consumed domestically.

The Concept of Sustainable Development Goals

What are the Sustainable Development Goals?

The Sustainable Development Goals, otherwise known as the Global Goals, build on the Millennium Development Goals (MDGs), eight anti-poverty targets that the world committed to achieving by 2015. The MDGs, adopted in 2000, aimed at an array of issues that included slashing poverty, hunger, disease, gender inequality, and access to water and sanitation. Enormous progress has been made on the MDGs, showing the value of a unifying agenda underpinned by goals and targets. Despite this success, the indignity of poverty has not been ended for all. The new SDGs and the broader sustainability agenda go much further than the MDGs, addressing the root causes of poverty and the universal need for development that works for all people.

UNDP Administrator, Helen Clark noted as follows: "This agreement marks an important milestone in putting our world on an inclusive and sustainable course. If we all work together, we have a chance of meeting citizens' aspirations for peace, prosperity, and wellbeing, and to preserve our planet."

According to Wikipedia, the free encyclopedia (2015), the history of the SDGs can be traced to 1972 when governments met under the auspices of the United Nations Human and Environment Conference to consider the rights of the human family to a healthy and productive environment. It was not until 1983 that the United Nations agreed to create the World Commission on Environment and Development as an independent body of the UN. In 1992 the first UN conference on Environment and Development was held in Rio. It was here that the first agenda for Environment and Development was developed and adopted, also known as Agenda 21. Twenty years later, a resolution, known as The Future We Want was reached by member states. Among the key themes agreed on were on poverty eradication, energy, water and sanitation, health, and human settlement. Paragraph 246 of The Future We Want outcome document forms the link between The Rio +20 agreement and the Millennium Development Goals: "We recognize that the development of goals could also be useful for pursuing focused and coherent action on

sustainable development." The goals should address and incorporate in a balanced way all three dimensions of sustainable development (environment, economics, and society) and their inter-linkages. The development of these goals should not divert focus or effort from the achievement of the Millennium Development Goals" Paragraph 249 states that, "the process needs to be coordinated and coherent with the processes to consider the post-2015 development agenda." Taken together, these two paragraphs paved the way to bring together the development agenda centered on the *Millennium Development Goals* (MDGs), which were officially established following the Millennium Summit of the United Nations in 2000, and the agreement under the Future We Want outcome document. The Rio+20 summit also agreed that the process of designing sustainable development goals, should be "action-oriented, concise and easy to communicate, limited in number, inspirational, global in nature and universally applicable to all countries while taking into account different national realities, capacities and levels of development and respecting national policies and priorities".

The MDGs were supposed to be achieved by 2015. A further process was needed to agree and develop development goals from 2015-2030. It identified four dimensions as part of a global vision for sustainable development: *Inclusive Social Development*, Environmental Sustainability, Inclusive Economic Development, and Peace and Security.

Description and agenda

According to Wikipedia (the free encyclopedia, the Official Agenda for Sustainable Development adopted on 25 September 2015 has 92 paragraphs), with the main paragraph (51) outlining the 17 Sustainable Development Goals and its associated 169 targets. This included the following goals:

- 1 **Poverty** - End poverty in all its forms everywhere
- 2 **Food** - End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- 3 **Health** - Ensure healthy lives and promote well-being for all at all ages
- 4 **Education** - Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- 5 **Women** - Achieve gender equality and empower all women and girls
- 6 **Water** - Ensure availability and sustainable management of water and sanitation for all
- 7 **Energy** - Ensure access to affordable, reliable, sustainable and modern energy for all
- 8 **Economy** - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- 9 **Infrastructure** - Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- 10 **Inequality** - Reduce inequality within and among countries
- 11 **Habitation** - Make cities and human settlements inclusive, safe, resilient and sustainable
- 12 **Consumption** - Ensure sustainable consumption and production patterns
- 13 **Climate** - Take urgent action to combat climate change and its impacts
- 14 **Marine-ecosystems** - Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- 15 **Ecosystems** - Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
- 16 **Institutions** - Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
- 17 **Sustainability** - Strengthen the means of implementation and revitalize the global partnership for sustainable development

Theoretical Literature

The technology-gap theory

The theory is also known as diffusion of innovation theory. It is a theory of how, why and at what rate new technological ideas spread through cultures. According to Lionel (2011), the basic premise in dealing with and analyzing the gap theory of industrialization and growth is the Schumpeterian growth theory of creative destruction. This theory believes that addition to the stock of knowledge generated in one country would have positive externalities for firms located in that country first, and those international spillovers to, and imitations by firms in other countries would occur over time. Hence, it is argued that countries with relatively high technological advantage should innovate while technological weak countries should imitate. Uwem (2004) opined that global specialization along such lines would ensure long-term development for all countries. Economies of scale and differences in technological capabilities now determine comparative advantages. Difference in factor endowments along the lines of Hecksher-Ohlin – Samuelson model has been negated. The theory believes that countries should specialize in terms of technology advantage. Following the theory, the North should be the innovator, while the South imitator. The implication of the theory is that the less-developed South should concentrate first on labor-intensive, agro-allied activities and later to the manufacturing of consumer goods that need simple technologies. The North should specialize on the production of capital intensive product and also engage in research and development. With this development, they can exchange, technology transfer is facilitated by capital flow from the North to the South. The major problem with technology gap theory according to Uwem (2004) is the erroneous assumption that all people are heading to the same destination despite different starting points and intermediate routes.

Theory of Exchange Rate

The theory tries to explain the factors that affect and determine exchange rate. It also tries to explain short run movement and long run exchange movement. These theories include:

- i. The balance of payment approach to exchange rate determination. This emphasizes the flow of goods services and investment capital that respond gradually to real economic factors. It predicts that exchange rate depreciates the countries with deficits in their current accounts and appreciates for countries with surplus other determinants of the involvement of exchange rate are technological change, consumer taste, resource accumulation, harvest conditions, strike , market structure and commercial policy. (Anyanwu, 2012)
- ii. The monetary approach exchange rate determination. The theory believes that money supply and money demand at home and abroad is the major determination in exchange rate. Movements increase in the domestic money supply causes the domestic currency to depreciate while an increase in domestic money demand causes it to appreciate. The aggregate money supply is a function of real income, prices and interest rate while the aggregate money supply is controlled by the Central Bank. However, as money supply increases this leads to depreciation of home currency, and as money supply increases domestic spending and income uses report increase, demand the foreign exchange goes up as this expand interest rate, goes down, the demand for foreign exchange increase, this result on the depreciate of the currency in question, this implies that increase in money demand will lead to an appreciation of home currency. The theory believes that if we can predict money demand and supply, we can predict long run movement in exchange rates.
- iii. Expectation and exchange rate: This theory believes that the movement of exchange depends on the people's expectation.
- iv. The asset market (Portfolio Balance) Approach: It is an extension of the monetary approach in that it includes domestic currencies citizens desire to be one among many financial assets that a nation holds, for example domestic currency, domestic scurrilities , f- o r e i g n securities denominated in foreign currency etc. (Anyanwu, 2012). It believes that stock adjustments among financial assets are key determinant of short term movement in exchange rate. It is through the medium of market expectations of future return that exchange rates are affected in the short run.

- v. Purchasing power parity theory states that the equilibrium value of an exchange rate is determined by the changes in the relative national price levels.

Empirical Literature

A lot of studies have been carried out on the effects of export performance in general and non oil export in particular. Babatunde (2009) studies the determinants of export performance in Sub-Saharan Africa using export demand and export supply and two dependent variables and employed regression analysis. He found out empirically that export demand in Sub-Saharan Africa (SSA) is dependent on the economic prosperity of the trading partners of SSA countries and their ability to compete in the foreign market on the basis of price. Ogunleye (2009) investigated exchange rate volatility and foreign direct investment in Sub-Saharan African: evidence from Nigeria and South Africa using two stage least square. The study finds out that in Nigeria there is a statistically significant relationship between the variables, with exchange rate volatility retarding foreign direct investment (FDI) inflows and foreign inflows increasing exchange rate volatility while in South Africa the relationship is weak as a significant impact of exchange rate volatility on FDI is established at the first lag while the impact of FDI inflows on exchange rate volatility is not significant.

Odiro (2013) empirically investigated the impact of macroeconomic factors on manufacturing productivity in Nigeria over the period 1975 to 2011. The study showed that credit to the manufacturing sector in the form of loans and advances and foreign direct investment have the capacity to sharply increase the level of manufacturing productivity in Nigeria, while broad money supply has less impact, and concluded that expansionary policies are vital for the growth of the manufacturing sector in Nigeria which in turn would lead to economic growth.

Egert, *et. al.* (2005) analyzed the direct impact of exchange rate volatility on the export performance of ten Central and Eastern European transition economies as well as its indirect impact via changes in exchange rate regimes. The results revealed that the size and the direction of the impact of foreign exchange volatility and of regime changes on exports vary considerably across sectors and countries and that they may be related to specific periods.

Duane, C., Philip R. Lane & Tara McIndoe (2006) investigated the impact of currency unions (OCA exchange rates arrangements) on Irish trade patterns. In contrast to most of the multi-country panel studies, they did not find any impact of EMU on trade. This, they argued, is qualitatively consistent with the pattern noted by Baldwin (2006) that EMU has had a bigger impact on the 'core' member countries than on the peripheral member countries that have weaker economic linkages with the rest of the currency union.

Interestingly, Fontaigne and Freudenberg (1999) showed that exchange rate volatility has a negative impact on intra-industry trade. This last assertion seemed to be supported by Doroodian (1999), Chou (2000), Achy and Sekkat (2001), Siregar and Rajan (2002), Arize et al. (2004) and Baak (2004), which showed that for less developed countries, exchange rate volatility has negative effects on multilateral, bilateral and sectoral export data. Generally speaking, these papers unanimously support the hypothesis that exchange rate volatility has a negative effect on exports flows. In other words, an increase in volatility appears to depress exports in less developed countries.

METHODOLOGY

Sources of Data

The study employs annual time series data covering the period 1992-2012. Data were obtained from CBN statistical bulletin, World Bank data and National Bureau of Statistics. The variables are Output of Non Oil Export (OPNOE), Gross National Income (GNI), Infrastructural development Level (IFR), Commercial Bank Loan to Small and Medium Enterprise (CRSME), Credit to the Manufacturing Sector (CRMAN), Interest Rate (INT) and Exchange Rate (EXR) in Nigeria.

Model Specification

We will specify the model output non oil export depends to a large extent on the amount of credit facilities made available to the firms and the exchange rate, interest rate, the level of infrastructural development, gross national income and net inflow. Therefore, we can specify as follows that output of

non oil export is a function of gross national income, loans to small and medium scale firms and manufacturing firms, exchange rate, interest rate, the level of infrastructural development and net inflow as follows:

$$OPNOE = b_0 + b_1GNI + b_2NIF + b_3IFR + b_4INT + b_5EXR + b_6CRSME + b_7CRMAN + e$$

Where;

OPNOE = Non-oil Export Output

GNI = Gross National Income

NIF = Net Inflows

IFR = Level of Infrastructural development

INT = Interest rate

EXR = Exchange rate

CRSME = Commercial bank credit to small and medium scale enterprise

CRMAN = Credit to manufacturing firms

b's are parameters to be estimated and e = Error term

However, the parameters of this model will be estimated using Ordinary Least Square, making use of multiple regression model due to the fact that many independent variables affect non oil exports.

DATA PRESENTATION AND INTERPRETATION

Table 4.1: Data Showing Gross National Income, Net Inflows, Level of Infrastructural Development, Interest Rate, Exchange rate, Commercial Bank Credit to Small and Medium Scale Enterprises and Credit to Manufacturing Firms for the period 1992 to 2012

| YEAR | GNI | NIF | IFR | INT | EXR | CRSME | CRMAN | NOEXP |
|------|------|------|-------|------|--------|----------|-----------|------------|
| 1992 | 270 | 8.97 | 90 | 24.8 | 17.3 | 20400 | 15,403.9 | 4,227.80 |
| 1993 | 190 | 1.35 | 100 | 31.7 | 22.07 | 15462.9 | 23,110.6 | 4,991.30 |
| 1994 | 170 | 1.96 | 95 | 20.5 | 22.1 | 20552.5 | 34,823.2 | 5,349.00 |
| 1995 | 170 | 1.08 | 91 | 20.2 | 21.9 | 32374.5 | 58,090.7 | 23,096.10 |
| 1996 | 230 | 1.59 | 86 | 19.8 | 21.88 | 42302.1 | 72,238.1 | 23,327.50 |
| 1997 | 280 | 1.54 | 82 | 17.8 | 21.89 | 40844.3 | 82,823.1 | 29,163.30 |
| 1998 | 270 | 1.05 | 77 | 18.2 | 92.34 | 42280.7 | 96,732.7 | 34,070.20 |
| 1999 | 265 | 3.88 | 75 | 20.3 | 101.7 | 46824 | 115,759.9 | 19,492.90 |
| 2000 | 270 | 3.84 | 74 | 21.3 | 101.7 | 44452.3 | 141,294.8 | 24,822.90 |
| 2001 | 310 | 4.42 | 75 | 23.4 | 111.23 | 52428.4 | 206,889.0 | 28,008.60 |
| 2002 | 350 | 4.93 | 104 | 24.8 | 120.58 | 82368.4 | 233,474.7 | 94,731.80 |
| 2003 | 410 | 4.95 | 101 | 20.7 | 129.22 | 90176.5 | 294,309.6 | 94,776.40 |
| 2004 | 610 | 6.21 | 123 | 19.2 | 132.89 | 54981.2 | 332,113.7 | 113,309.40 |
| 2005 | 660 | 1.11 | 129 | 17.9 | 131.27 | 50672.6 | 352,038.3 | 105,955.90 |
| 2006 | 840 | 1.33 | 111 | 16.9 | 128.65 | 25713.7 | 445,792.6 | 133,595.00 |
| 2007 | 970 | 1.69 | 138 | 16.9 | 125.81 | 41100.4 | 487,576.0 | 199,257.90 |
| 2008 | 1160 | 1.87 | 126 | 15.9 | 118.55 | 13512.2 | 932,799.5 | 252903.7 |
| 2009 | 1160 | 8.55 | 120 | 18.4 | 148.9 | 15825.2 | 993500 | 296696.1 |
| 2010 | 1460 | 6.05 | 135 | 17.6 | 150.3 | 15106.2 | 987600 | 405856.1 |
| 2011 | 1710 | 8.84 | 149 | 16 | 154.74 | 15,611.7 | 1053200 | 497608.6 |
| 2012 | 2460 | 7.18 | 132.5 | 16.8 | 157.5 | 13,863.4 | 10873500 | 476110.7 |

Sources: Central bank of Nigeria and World Bank Data

Dependent Variable: OPNOE

Method: Least Squares

Date: 02/23/16 Time: 23:43

Sample: 1992 2012

Included observations: 21

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|----------|--------------|------------|-------------|--------|
| C | -123466.76 | 4393.49 | -1.917378 | 0.0774 |
| GNI | 410.461765 | 20915 | 6.294541 | 0.0000 |
| NIF | -3.23E-07 | 3.80E-07 | -0.852265 | 0.4095 |
| IFR | -597.1429679 | 7254 | -0.878506 | 0.3956 |
| INT | 3310.2012117 | 915 | 1.562953 | 0.1421 |
| EXR | -337.9434344 | 5115 | -0.980935 | 0.3445 |
| CRSME | 1.2532520 | 510568 | 2.454623 | 0.0290 |
| CRMAN | -0.0321250 | 007620 | -4.215681 | 0.0010 |

| | | | |
|--------------------|-----------|-----------------------|-----------|
| R-squared | 0.981597 | Mean dependent var | 136540.5 |
| Adjusted R-squared | 0.971688 | S.D. dependent var | 158746.4 |
| S.E. of regression | 26710.92 | Akaike info criterion | 23. 50586 |
| Sum squared resid | 9.28E+09 | Schwarz criterion | 23. 90378 |
| Log likelihood | -238.8116 | Hannan-Quinn criter. | 23.59222 |
| F-statistic | 99.05935 | Durbin-Watson stat | 1.235666 |
| Prob(F-statistic) | 0.000000 | | |

Source: E-views version 7 Output

$$OPNOE = -123466.7 + 410.4617*GNI - 3.230*NIF - 597.143*IFR + 13310.201*INT - 337.943*EXR + 1.253*CRSME - 0.0321*CRMAN$$

The results show that there is a positive relationship between Gross national Income, interest rate, credit to manufacturing firms, and non oil export. This means that as Gross national income, interest rate, credit to manufacturing firms increase, non oil export will also increase. The signs of Gross national income and credit to manufacturing firms are in line with apriori expectation while the sign of interest rate is not in line. There exists an inverse relationship between credit to manufacturing firms, level of infrastructural development, net inflows and non oil export which implies that as credit to manufacturing firms, level of infrastructural development, net inflows increase, non oil export will decrease. The result also shows that exchange rate, infrastructure, and net inflows have negative sign, which are inconsistent with the apriori expectation. The coefficient of this variable is not statistically significant at 0.05significance level. The magnitude of the coefficient are -337.943, -3.230, -597.143, and -0.0321 for Exchange rate, Net Cash flows, Infrastructural Development level, and Credit to manufacturing firms and by implication, one per cent increase in any of EXR, NIF, IFR and CRMAN will lead to 337.943, 3.230, 597.143 and 0.0321 per cents decrease in non-oil export in Nigeria.

The signs of these explanatory variables are not in line with apriori expectation. The test for individual significance shows that only three variables are significant. This is the greatest problem facing the development of non oil export and non tradables in Nigeria. The test for goodness of fit of the model

using adjusted R-squared is 0.971, which shows that about 97.1 percent of the variations experienced in the non-oil export of Nigeria for the period under review are explained by the independent variables included in the model. The F-statistic which measures the joint statistical influence of the explanatory variables in explaining the dependent variable was found to be statistically significant at 0.05 percent level. The F-statistic figure of 99.05 shows that the explanatory variables jointly affect non oil export in Nigeria.

CONCLUSION AND POLICY RECOMMENDATIONS

The study examined non oil export and non tradable, a tool for rural empowerment, poverty reduction and sustainable development in Nigeria. The result shows that non oil export and non tradable have proved unsatisfactory performance over the period of investigation. Clearly, this unsatisfactory performance can improve by a combination of measures that will boost export of non oil through improved infrastructure and reduced cost of doing business in Nigeria. There is need to cultivate a culture of patronage of local products and upgrading the nation's manufacturing export capacity through appropriate policies. This is the only way poverty can be reduced in Nigeria in particular and in the world in general, since poverty is the key objective of Millennium Development Goals (MDGs) which have been transformed to Sustainable Development Goals (SDGs).

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