

## BEYOND OIL DEPENDENCY: EVALUATING REVENUE DIVERSIFICATION STRATEGIES FOR POVERTY REDUCTION IN NIGERIA.

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### Abstract

Nigeria's economic development over the past six decades has been largely driven by heavy reliance on crude oil, which determines export income and government revenue. This dependence on a single resource has created structural vulnerabilities, such as exposure to distortions from global oil price fluctuations, weak industrial infrastructure, widespread unemployment and poverty. Using the Structural Transformation Theory and a time series research approach, this study examines the link between poverty reduction and revenue diversification policies in Nigeria, particularly in agriculture, tourism, and technology sectors. The research methods included qualitative documentary and content analysis of secondary data from both national and international sources. Results show that while oil revenues have historically funded fiscal needs, sectors like agriculture and technology have significant potential to generate jobs, increase incomes, and promote national development when properly supported. The research also identifies gaps in governance, infrastructure, and financing as major barriers to successful diversification. The study underscores the importance of strategic investment in non-oil industries, maintaining macroeconomic stability, and implementing institutional reforms for fostering inclusive and sustainable growth.

**Keywords:** Oil dependency, revenue diversification, poverty reduction, agriculture, technology, tourism, structural transformation, economic policy.

## **1. Introduction**

For over six decades, Nigeria's economic fortunes have been intricately tied to the exploitation of crude oil, following its discovery in commercial quantity in 1956 and the subsequent oil boom of the 1970s. Oil rapidly became the cornerstone of national revenue, accounting for more than 90 percent of foreign exchange earnings and over half of government revenues (Duruji & Dibia, 2017; Ugwukah & Ohaja, 2016). While this resource boom generated enormous revenues, it reinforced a mono-product economic model that exposed Nigeria to the volatility of international oil market forces. The consequences have been long and cyclical: economic recessions, currency devaluation, inflationary trends, rising unemployment, and extreme poverty. Structural dependence on oil revenue has diverted focus from other productive sectors and constrained the country's capacity for inclusive and adaptive growth. Thus, the imperative of economic diversification has moved from being an academic issue to a policy necessity, most notably in the face of increasing uncertainty of hydrocarbon markets and the world trend towards renewable energy.

In the beginning, Nigeria was never truly oil-dependent. Before independence, agriculture was the dominant sector, contributing over 55 percent to Gross Domestic Product (GDP) and employing more than 70 percent of the labour force (Sekumade, 2009; Onakoya & Alayande, 2020). Foreign exchange earnings, rural livelihoods, and export commodities such as cocoa, palm oil, groundnuts, and cotton were the main pillars. Not only did the agricultural sector sustain household livelihoods, but it also laid the foundation for socio-economic stability. However, the discovery of oil prompted a policy shift away from manufacturing and agriculture towards a rentier economy centred on oil. Neglect of agriculture has consequently led to the sector's underdevelopment, rural unemployment, food insecurity, and a decline in non-oil exports. The oil boom, rather than providing a platform for balanced growth, contributed to the Dutch disease, which eroded the competitiveness of other tradable sectors and hindered efforts at economic self-reliance.

Despite the abundance of natural and human resources, poverty has remained endemic in Nigeria. The country has one of the highest rates of poverty in the world, with millions surviving on less than two dollars a day. In 2018, oil contributed merely 8.6 percent to GDP, while agriculture contributed approximately 25 percent and generated livelihood for nearly 37 percent of the population (PWC, 2019). Yet, less than half of Nigeria's arable land is under-cultivated, and agriculture remains predominantly at the subsistence stage (Abomaye-Nimenibo, Usanga & Ikpe, 2019). The provision of access to finance, mechanisation, and modern infrastructure remains limited. As highlighted by several empirical studies, high interest rates, weak rural credit systems, weak public investment, and corruption are some of the factors that continue to hamper agricultural productivity and broader revenue diversification efforts (Udoinyang, Udoinyang & Umoh, 2024; Ikenga, Oyita, & Gbigbi 2024; Balana & Oyeyemi, 2022; Kofarmata & Danlami, 2019; Adeleke & Arawomo, 2014). Consequences of lost opportunities and unrealized potentials in agriculture

highlight the need for refocusing Nigeria's economic policy strategy towards sustainable and equitable development.

In reaction to these structural imbalances. Attention has been focused on revenue diversification as a policy imperative. It is believed that diversification of revenue will lead to growth of sources of income beyond oil to other sectors, such as agriculture, manufacturing, solid minerals, tourism, technology, and services. Ammani and Hassan (2021) demonstrated that revenue from oil has had a statistically significant negative effect on agricultural sub-sectors such as livestock and forestry. The reverse relationship indicates that reliance on oil has not only shut out other sectors but also biased fiscal priorities and public investment. A diversified economy, however, promotes resilience, employment generation, innovation, and improved balance of payments. Daniel and Rita (2022) also argued that macroeconomic determinants such as exchange rate, inflation, and money supply positively influenced agricultural production, while poor credit access, elevated interest rates, and paltry government expenditure on agriculture produced negative impacts. These inferences mean that macroeconomic stability and effective policy coordination are the *sine qua non* for unlocking the diversification dividends.

Financing agriculture is a strategic priority on the diversification agenda. Based on the argument presented by Ikenga, Oyita, and Gbigbi (2024), most rural farmers are in the informal financial system but hold the key to unlocking Nigeria's agricultural potential. Efficient financing of farms is capable of reducing poverty, strengthening rural communities, propelling rural development, and enhancing food security. However, there are several bottlenecks that include, among other things, weak banking in rural regions, the lack of collateral, high risk perception, and weak institutional conditions. Targeted reforms in terms of establishing rural financial institutions, promoting agricultural insurance, and better extension services are needed to overcome them. Balancing the possibility of the agricultural economy can be a point of departure for sustainable poverty reduction and inclusive growth.

Despite this, diversification efforts in Nigeria have often been unsuccessful due to difficulty in implementation. Failure of governance, policy inconsistency, bureaucracy, insecurity, and low infrastructural capacity have prejudiced the majority of the diversification attempts. Furthermore, diversification policies have at times failed to consider the diversity of the socio-economic conditions of rural areas in Nigeria. For instance, the needs of northern pastoralist communities are very different from those of southern fishing communities or west cocoa farmers. Without inclusive and context-driven planning, diversification can be another top-down agenda with minimal local input. Thus, the proof of diversification lies not in policy pronouncements but in implementation effectiveness and demonstrable impacts on poverty reduction.

This study, therefore, seeks to evaluate Nigeria's revenue diversification policy within the context of poverty reduction. It is particularly interested in the way agricultural renewal and other sector-based programs can become a means of exiting poverty. In an increasingly changing world

economy where the relevance of fossil fuels is decreasing, Nigeria stands at a crossroads. Apart from dependence on oil, what is required is to rethink and remake the economic space in terms that build resilience, reduce inequality, and bring real value to citizens. The issue is not whether to diversify, but how to channel the efforts of diversification into meaningful socio-economic transformation.

## **2. Literature Review**

Nigeria's prolonged overreliance on crude oil as the primary national source of revenue has been highly debated in policy forums and development economics, most significantly due to its influence on poverty and economic vulnerability. From the 1970s oil boom era to the present day, oil has accounted for over 90 percent of export earnings and a significant proportion of federally derived income, but its dominance has also made Nigeria's economy grossly vulnerable to price fluctuations in the global oil market. Researchers such as Ayeni (1987) point out that specialization in fields of plenty is not necessarily evil, but excessive dependence on a single commodity typically prevents economic resilience, restricts innovation, and lessens widespread development. This has been the case especially in Nigeria, where petroleum resources has not yet resulted in poverty alleviation for the masses, but instead promoted rent-seeking, elite capture of state assets, as well as intergenerational inequalities.

Iyoha and Oriakhi (2008) posit that diversification is not merely a strategy for development, but also for economic survival of natural resource-dependent economies. A diversified revenue rebase insulates a country against external shocks and macroeconomic uncertainty. For Nigeria, this strategy is particularly relevant given the endemic fiscal crises resulting from oil price collapses as well as limited trickle-down gains from oil prosperity. Agriculture, which has long been a major contributor to the national economy, has consistently been referred to as being the brightest source of hopes for poverty reduction. As stated by Oluwatayo (2019), the sector has strengths such as intensity in labor, rural penetration, and food security that naturally make it most favorable for inclusive development. This is echoed by Ammani and Hassan (2021), who found a strong negative correlation between oil revenues and performance in the agricultural sector, which suggests a structural crowding-out effect where increased oil earnings mean decreased support for agriculture and its related sub-sectors.

The historical contribution of agriculture to Nigeria's development trajectory also helps to amplify calls for its revival as part of diversification plans. According to Sekumade (2009), agriculture occupied over 55 percent of GDP and over 70 percent of the labor force in the 1960s. Onakoya and Alayande (2020) further stated that the industry brought nearly 88 percent of the foreign exchange before the oil boom. Regional economies thrived around agro-export crops such as cocoa in the southwest, palm oil in the southeast, and groundnuts in the north. But the deluge of oil money changed government priorities, reducing expenditure on farm infrastructure, research, and farm

credit. This extent of neglect hastened the sector's decline and exacerbated poverty, particularly rural poverty where farming was the main source of income. Therefore, despite Nigeria's vast arable land and agro-ecological diversity, agricultural production is low and only less than 50 percent of arable land is cultivated (Abomaye-Nimenibo, Usanga, & Ikpe, 2019).

Akinlo (2012) and Akinyemi (2017) broaden the discussion of diversification by pointing to the potential of the manufacturing and digital industries. They see manufacturing as offering the potential for quality employment, value addition, and export diversification. This is similar to where the digital economy promises to unlock financial inclusion, employment generation, and service exportation with global reach. Increasing non-oil revenues from taxes, through expanded efforts such as increasing the Tax Identification Number (TIN) enrolment profile and expanding the bases for the Value Added Tax (VAT), have also been praised as having potentials to strengthen fiscal space. Nwabueze (2019) observed that telecommunication and financial technology (FinTech) have added government revenue streams while opening up new paths for entrepreneurship and inclusion. Nevertheless, the sustainability of these gains depends on robust regulatory institutions, human capital, and investment in infrastructure—areas where Nigeria has remained behind.

Daniel and Rita (2022) studied the influence of macroeconomic factors on agricultural production and found that money supply, exchange rates, and inflation positively influenced output, while high interest rates, inadequate access to credit, and low government expenditure on agriculture negatively affected it. According to their research, without an effective macroeconomic policy, diversification into agriculture will never be effective. Ikenga, Oyita, and Gbigbi (2024) also presented significant barriers to agricultural finance in Nigeria, including rural banking services inaccessibility, expensive administration, and poor collateral arrangements. Such structural constraints limit the smallholder farmers and rural entrepreneurs from contributing meaningfully to diversification initiatives. Rural poverty remains pervasive, and agriculture's growth potential as a driver of inclusive growth is not exploited.

Empirical accounts offer mixed evidence on the actual effects of the diversification policy of Nigeria. While policies such as the Nigerian Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL) and the Agricultural Transformation Agenda (ATA) have seen localized success in the growth of productivity in rural areas and improved market access (Olayemi, 2014), such effects have not spilled over to realize national declines in poverty. Onodugo (2013), Baghebo (2012), and Ekaette (2009) cite a reality of "jobless growth," whereby macroeconomic growth does not produce satisfactory levels of employment or reduce earnings inequality. They think that Nigeria's diversification path has been largely followed by elite interests and has not been connected to inclusive planning or people-oriented implementation schemes. As Bawa and Mohammed (2007) note, the capital-intensive nature of the oil and gas sector continues to limit labor absorption, thereby undermining poverty-reduction.

Governance and institutional quality are also significant drags on successful revenue diversification. Ojiabor (2014) and Durodola (2014) note that corruption, inadequate regulatory oversight, and policy inconsistency derail diversification. Projects come poorly conceptualized, underfunded, or hijacked by special interests. Additionally, the absence of robust monitoring and evaluation mechanisms renders it difficult to discern whether specific diversification initiatives are being successful. Hammouda (2007) supports that diversification must be more than mere sectoral investment; it also requires an enabling business climate, political will, and long-term institutional commitment. In Nigeria, diversification strategies are frequently announced but never implemented, resulting in policy fatigue and disillusionment among the populace.

While the academic literature acknowledges the central role of revenue diversification in fostering economic resilience and poverty reduction, there is an observable empirical and conceptual gap in the literature. A large portion of the literature discusses the potential of agriculture, manufacturing, and the digital economy but does not link these diversification stories to concrete poverty outcomes such as income growth, job creation, access to health and education services, or reduction in multidimensional poverty. Previous literature would typically fail to segment the impacts of diversification at subnational levels, where state and local governments implement much of the public spending in agriculture and small business enterprise. Moreover, the literature also discounts gendered and intersectional aspects of poverty, failing to explore how revenue diversification programs affect women, young people, and other marginalized groups in different ways.

The digital and creative economies that are some of the most important characteristics of modern diversification strategies have also remained under-researched in the Nigerian context. Although very useful, Nwabueze (2019) mentioned the contribution of digital platforms to entrepreneurship, better service delivery, and remote work ecosystems, but this contribution remains understudied. Similarly, there is scant discussion on how diversification can translate to local strengths, such as riding on stable mineral endowment in North Central Nigeria or powering tourism and entertainment industries in the South. Without such specificity, national diversification policies are generic and ineffective.

Overall, the literature strongly supports the necessity of Nigeria ending oil dependence through revenue diversification. Agriculture, manufacturing, digital services, and solid minerals are some of the sectors that offer viable options for poverty alleviation and economic growth that is inclusive. Nevertheless, there are still significant knowledge gaps when it comes to understanding the impacts of some diversification initiatives, both at the household and community levels, on poverty. More evidence-based, bottom-up research that connects diversification initiatives with improved human welfare outcomes is needed. This study bridges that gap by evaluating the effect of Nigeria's diversification of revenues on poverty alleviation, particularly for the poor. It brings

to the fore how diversification has influenced income distribution, employment, rural development, and access to basic services—vital determinants of sustainable and inclusive growth.

### **3. Research Methodology**

#### Theoretical Framework

This study draws on the Structural Transformation Theory, which was originally formulated by Sir W. Arthur Lewis in his seminal 1954 work *Economic Development with Unlimited Supplies of Labour*. As per the theory, economic development is caused by a permanent shifting of labour and resources from an unproductive, traditional subsistence sector (largely agriculture) to a productive, industrial sector with more productivity, capital usage, and superior economic rewards (Lewis, 1954).

Central to Lewis's theory is the dual-sector theory, which assumes that the traditional agricultural sector is characterised by surplus labour with marginal productivity being nearly zero, while the new capitalist sector offers employment opportunities based on wages and capital accumulation. Growth is driven by the utilization of surplus labour in the modern sector, resulting in increased national income, industrial growth, and poverty reduction. Capital generated in the new sector is again invested, boosting industrial production and further encouraging the transformation process (Lewis, 1954).

The underlying assumption of the theory is that economically sustainable growth requires a structural transformation of a country's production system away from low-productivity, labour-intensive industries to high-productivity, capital-intensive industries. Structural change is thus viewed not merely as a consequence, but as a condition for inclusive growth and persistent poverty reduction (Chenery & Syrquin, 1975; Kuznets, 1966).

For the situation in Nigeria, the theory fits perfectly. Nigeria's oil economy, though a core source of income, is capital-intensive and offers employment to a fraction of the population. Thus, dependence on oil has not resulted in inclusive growth nor witnessed an end to mass poverty. Rodrik (2013) contends that economic growth, in the absence of linked structural change, will result in jobless growth and increased inequality.

With the use of Structural Transformation Theory, this study is able to determine whether or not Nigeria's revenue diversification policy, specifically into agriculture, manufacturing, and ICT services, is capable of triggering structural transformation and poverty reduction across board. It also enables analysis of the potential for improving sectoral linkages and labour absorption in non-oil industries through policy, investment, and institutional reforms.

#### **Research Design**

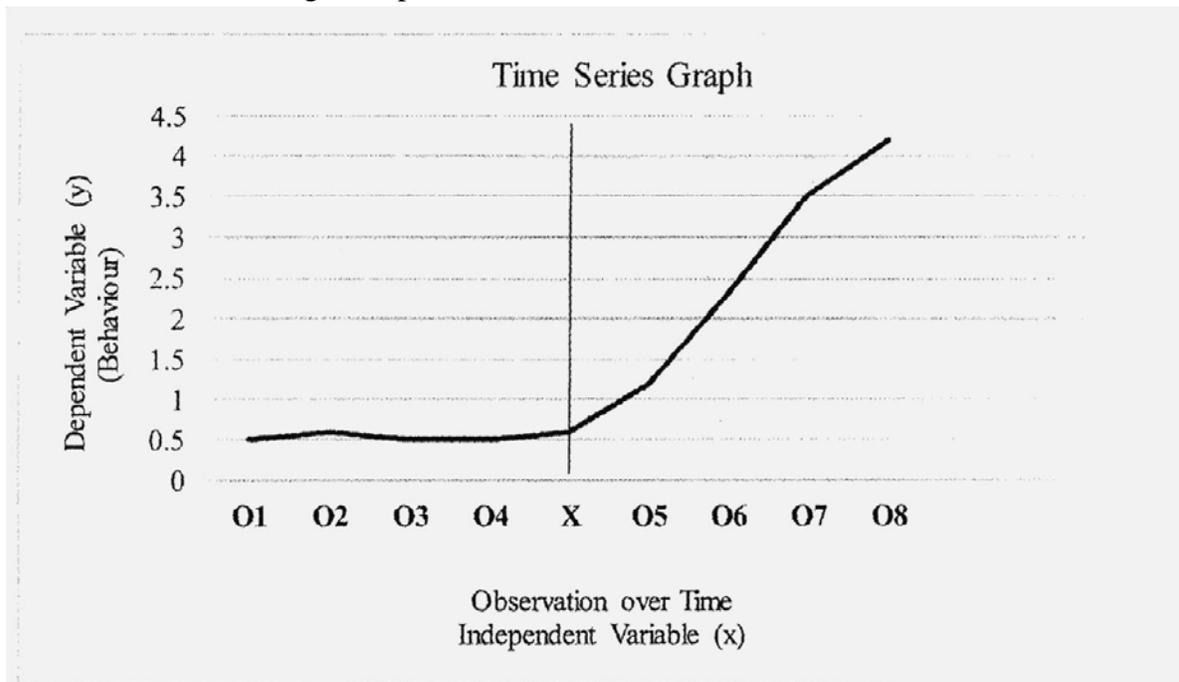
This study employs the time series research design to evaluate the relationship between revenue diversification policies and poverty reduction in Nigeria. Time series design involves the systematic collection of data on the same variables at the same intervals over a long duration so

that social, political, or economic patterns can be investigated. In this current work, the dependent variable is poverty reduction, while the independent variable is the implementation of revenue diversification policies.

The research design involves gathering multiple observations and measurements of the dependent variable before implementing the hypothesized causal intervention. This is followed by another set of measurements taken after the intervention. The central focus is on how the last pre-intervention measurement will differ from the first post-intervention measurement in order to ascertain the effect. Measurements are made at the same spaced points, allowing consistent observation of trends before, during, and after the intervention (Leege & Francis, 1974).

Time series analysis gives valuable information concerning the trend, level, and variability of the dependent variable over time. Data interpretation is reliant on visual as well as statistical examination to identify changes accountable for the intervention (Glass, Wilson, & Gottman, 1975). It is particularly helpful in the evaluation of long-term effects of policy since it minimizes bias, enhances reliability, and helps determine the cause and effect precisely (Goldman, McFall, & Barnett, 1969).

This design is affordable since it has the ability to utilize existing data from national and international statistical agencies. With the explicit demarcation of the analytical boundaries between the independent and dependent variables, this design produces robust evidence on how long-term revenue diversification can contribute to poverty reduction in Nigeria. These successive observations and repeated measurements of target variables are carried out at equally spaced intervals of time. The design is represented as follows:



Where:

‘x’ Axis = independent variable/ observation over time (01-08)

‘y’ Axis = dependent variable/ change in behaviour over time (0.5-

4.5)X =Point of change

**O1-O4** = Baseline phase before the intervention demonstrates the normal state of behaviour of the independent variable (**x**). The change between **O4** and **O5** is the principal focus for measuring the effect of the experimental treatment. Observed changes in the trend line after **X** are attributed to the intervention.

### **Method of data collection**

This study employs the documentary method of data collection that is entirely dependent on secondary sources and falls under qualitative research methods. The approach is such that all the required information come from available material and not created through direct contact with respondents. Data for the study are sourced from textbooks, peer-reviewed journal articles on revenue diversification and poverty reduction in Nigeria, newspapers, and credible online publications. Official publications and papers by institutions such as the World Bank, UNDP, and African Union, which discuss economic diversification and poverty reduction, are also employed. Thorough records in archives provide the advantage of being able to access data that could be inaccessible or impractical to access in person due to geographical or historical obstacles. This method enables trends over time to be identified, facilitates the examination of the impact of policies, and is cheap. The use of qualitative documentary resources ensures a level of understanding of the study subject, in terms of evidence at hand and history.

### **Method of data analysis**

This study employs content analysis as the primary method of data analysis. Content analysis is a systematic research technique applied to the process of making valid inferences by objectively isolating and categorizing unique features within textual or image messages (Elo & Kyngäs, 2008). The approach in this study is applied to organize, interpret, and synthesize significant qualitative data accessed from secondary sources. The research approach involves a methodical scanning of pertinent documents, reports, academic publications, and institutional reports to identify recurring patterns, trends, and themes on revenue diversification and poverty reduction in Nigeria. By classifying data into thematic areas, content analysis enables the researcher to condense complex information into structured and meaningful themes that respond to the study objectives. This approach facilitates the unravelling of relevant findings, helps to connect variables, and provides a steady basis for drawing conclusions and policy recommendations.

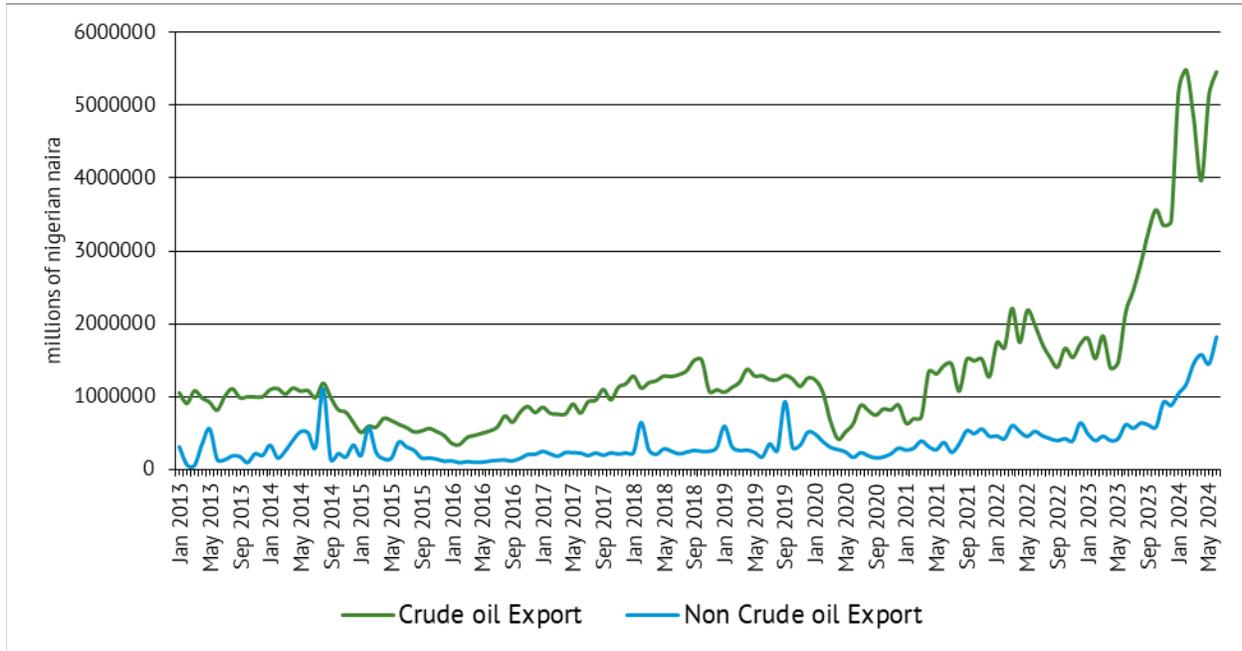
#### **4. Results/Discussion of findings**

##### **The Oil Dependency Paradox: Fiscal Reliance on Petroleum and Its Implications for Poverty**

Between 1970 and 1999, the Nigerian petroleum industry generated approximately \$231 billion in rents, equivalent to around \$1,900 for every man, woman, and child. Yet, during the same period, Nigeria's real income per capita declined from \$264 to \$250 annually (World Bank, 2001). Several important studies have examined how oil has shaped Nigeria's economic and political life. Given that oil accounts for more than 80% of Nigeria's foreign exchange earnings and over 50% of its gross domestic product (GDP), petroleum revenue remains the backbone of the nation's economy (National Bureau of Statistics [NBS], 2022). Consequently, the country's annual budget is largely financed by oil income. Despite this situation, the South-South region, which hosts most of Nigeria's oil resources, continues to experience high incidence of poverty. Using a descriptive methodology and data from the World Bank and NBS, the study found an independent correlation between oil revenue and the region's poverty rate.

The importance of oil to Nigeria's economy cannot be overstated. Since the first oil price shock in 1974, over 90% of the country's export revenue has been derived from petroleum. In 2000, Nigeria was the most oil-dependent nation in the world, with 99.6% of its export revenue coming from oil (The Global Economy, 2023). Oil production has also significantly influenced the domestic sector. One way to characterize this influence is by looking at the rents, returns above production costs, generated by oil in the Nigerian economy. In constant 1999 currency values, oil brought in around \$231 billion in rents between 1970 and 1999, representing between 21% and 48% of GDP over the period (World Bank, 2001). Figure one below clearly shown Nigeria's over reliance on oil export.

**Figure 1:** Nigeria Trade - Millions of Nigerian Naira



**Source:** <https://nigeria.opendataforafrica.org/NBSNFRS2016Q1/foreign-trade-in-goods-statistics>  
 Nigeria's total merchandise trade was N31,810.59 billion in 2024. This represents an improvement of 46.27% above the previous quarter value and grew by 145.58% above the value covered in the corresponding quarter of 2023. Data showed that exports accounted for 60.25% of the total trade under review at N19,167.36 billion, representing an increment of 51.00% above the recorded value in Q4 2023 (N12,693.62) and by 195.47% above the value recorded in the first quarter of 2023 (N6,487.04). Exports commerce for the first quarter of 2024 was dominated by exports of crude oil worth N15,486.63 billion, which represents 80.80% of total exports and non-crude oil exports worth N3,680.73 billion, which represents 19.20% of total exports; of which non-oil products represented N1,778.85 billion or 9.28% of total exports. Even with crude oil dominating the Nigerian foreign trade space, poverty remained on the increase.

According to NBS (2022), the South-South region's poverty rate stood at 52.06% in 2011, when oil earnings reached \$68.44 billion. Due to volatility in the global oil market, oil revenue declined to \$24.79 billion in 2015, yet the poverty rate in the region fell to 36.69%. By 2017, when Nigeria entered an economic recession, oil revenue dropped to \$20.98 billion and the poverty rate decreased further to 29%. In 2019, oil revenue increased, and poverty fell to 21.32%. However, in 2020, the COVID-19 pandemic caused oil earnings to fall to \$20.43 billion, and poverty rose to 26.78% (Chijioko & Olisah, 2023). This indicates that the relationship between oil revenue and poverty in the South-South region is inconsistent, especially in 2020 with the inverse movement

of oil revenue and poverty curves occasioned by economic recessions that followed the global lockdown.

Figures further show that, due to the global decline in oil prices, the contribution of oil to GDP fell sharply from 10.74% in 2013 to 2.8% in 2016. During this period, the South-South region still experienced a decrease in poverty. Oil revenue recovered in 2017 and 2018, increasing its share of GDP from 6.05% to 8.85%, while poverty continued its downward trend from 29.0% to 25.16%. In 2020, oil revenue fell again to 4.41% due to the pandemic, and poverty rose to 26.78% (The Global Economy, 2023). This decline in the proportion of oil revenue to GDP during the same period cannot be directly linked to the rise in poverty in 2020.

The South-South region also experiences high unemployment rates. In the third quarter of 2018, it recorded the highest unemployment rate nationally at 32%, with Rivers State at 36.4% and Akwa Ibom at 37.7% (Adesoji, 2019). In August 2020, unemployment rates stood at 37.0% for the South-South, 18.0% for the South-West, 29.1% for the South-East, 27.9% for the North-East, 27.9% for the North-Central, and 26.3% for the North-West (Ekekwe, 2020). During COVID-19, unemployment in Rivers and Akwa Ibom rose to 45.2% and 43.7%, respectively (MyJobMag, 2022). Nationally, unemployment reached 33.3% in 2020, compared to 6.40% in December 2014 (CEIC, 2021). The high poverty rate in the South-South can thus be linked to unemployment levels in the region.

Nigeria's overreliance on oil as its main source of income is insufficient to eradicate poverty for several reasons. First, the volatility of global oil prices exposes the economy to external shocks, creating instability and unpredictability in revenue streams. This unpredictability can hinder long-term planning and sustainable development initiatives that are crucial for poverty reduction. Second, the capital-intensive nature of the oil industry offers limited employment opportunities, failing to meet the job demands of the largely unskilled and semi-skilled workforce. Third, environmental degradation caused by oil exploration, such as oil spills and gas flaring- negatively impacts agriculture and fisheries, reducing productivity and threatening rural livelihoods. Fourth, persistent governance challenges, including corruption and mismanagement of oil revenues, have resulted in the diversion of resources away from essential infrastructure, healthcare, and education, reflecting the "resource curse" phenomenon. Lastly, regional disparities created by the concentration of oil wealth have fueled social unrest. National stability and long-term poverty reduction require equitable economic development that includes marginalized communities. In conclusion, the complexity of poverty in Nigeria cannot be adequately addressed through dependence on oil revenue alone.

Figure 2: Unemployment rate between 2022 and 2024



Source: <https://nigeria.opendataforafrica.org/wdidshd/nigeria-labour-force-survey?accesskey=tfuaib>

The chart's varying unemployment rates highlight the erratic nature of Nigeria's oil-dependent economy and support the claim that petroleum profits, especially in oil-producing areas, have not resulted in long-term job creation or poverty alleviation.

#### **IV. Beyond Crude: Evaluating Alternative Revenue Sources (Agriculture, Tourism, Technology) for Inclusive Growth**

To enhance economic resilience and reduce dependence on conventional sectors, economies worldwide are increasingly exploring alternative revenue sources. Among the most promising sectors are agriculture, tourism, and technology. Agriculture fosters food security and rural development through value-added products and sustainable practices. Tourism generates employment and foreign exchange earnings by leveraging cultural, historical, and ecological assets. Technology, with its potential for digital transformation and rapid innovation, drives efficiency and new business models across diverse industries. This study highlights the importance and potential of these sectors in diversifying revenue streams and fostering long-term economic growth.

##### **The Agricultural Sector**

Agriculture remains central to Nigeria's GDP, employment, and food security. Despite its importance, the sector faces significant challenges, including outdated farming methods,

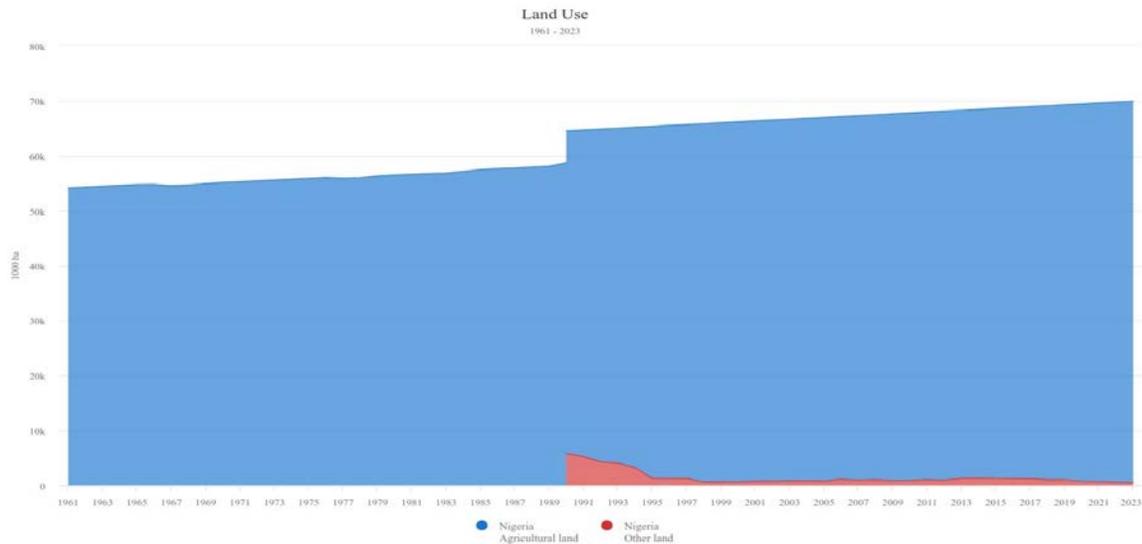
inadequate infrastructure, and limited access to modern technology. Over 70% of Nigeria's workforce is engaged in agriculture, contributing approximately 25% to GDP (Food and Agriculture Organization [FAO], 2022). The sector encompasses crop farming, livestock, forestry, and fisheries, with key crops including cassava, yams, maize, rice, and groundnuts, while major livestock products include poultry, cattle, and goats (Federal Ministry of Agriculture and Rural Development [FMARD], 2021). However, inefficiencies in the value chain have left Nigeria as a net importer of several agricultural products, such as rice and wheat.

A major constraint on the sector's growth is the predominance of subsistence farming using crude implements, which results in low productivity and limited revenue generation (Oluwaseun & Babajide, 2020). In response, the government has introduced frameworks such as the Agricultural Promotion Policy (APP) and the National Agricultural Transformation Plan (NATP), aimed at encouraging private sector investment, upgrading infrastructure, and promoting modern farming technologies (FMARD, 2021).

Emerging innovations hold promise for transforming Nigerian agriculture. Technologies such as drones, precision farming, and artificial intelligence can optimize resource use, monitor crop conditions, and increase yields (Sims, 2023). Mechanized farming and smart irrigation systems can address irregular rainfall and water scarcity (Abubakar et al., 2021). Climate-smart practices, including the adoption of drought-resistant crops, efficient irrigation, and improved soil management, can mitigate the impacts of climate change (Adegboye & Oladele, 2020). Sustainable approaches such as organic farming and agroforestry will be critical in reducing environmental degradation while improving food security.

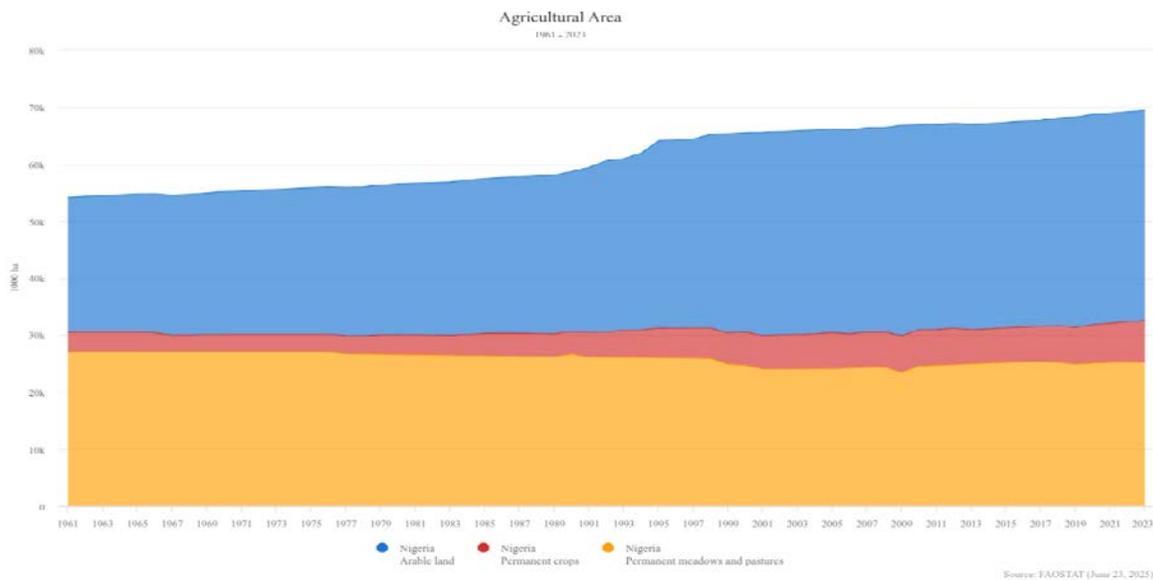
Agribusiness will play a pivotal role in this transformation, as growing youth interest signals a shift from subsistence farming to profitable commercial ventures (Ogunyinka et al., 2021). Realizing the sector's full potential will require sustained investment, effective policy execution, and active youth engagement in modern agricultural practices.

**Figure 3: Nigerian Land Use from 1961 -2023**



**Source:** <https://www.fao.org/faostat/en/#country/159>

**Figure 4: Agricultural Area in Nigeria**



**Source:** <https://www.fao.org/faostat/en/#country/159>

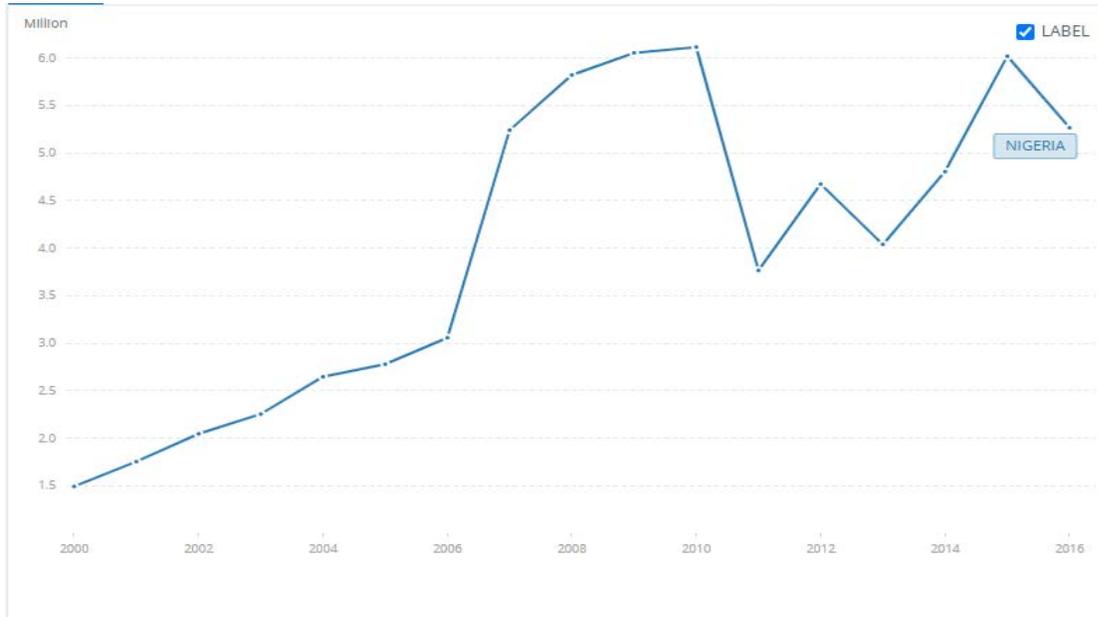
A rise in arable land and a decline in pastures are shown in the breakdown of agricultural area, which supports the narrative of crop-focused expansion, declining traditional livestock farming, and the urgent need for modernization, investment, and sustainable practices to address the sector's structural limitations. The graphs visually demonstrate that agriculture dominates land use in

Nigeria, with a steady increase in agricultural land over time, reflecting the sector's central role in employment and GDP.

### **Tourism Sector**

Nigeria's varied cultural legacy, natural beauty, and rising interest in ecotourism and domestic travel make it a country with enormous tourist potential. The future of Nigeria's tourism industry, which has the potential to make a substantial contribution to economic growth, depends on calculated investments, improved infrastructure, and sustainability-focused projects. Opportunities for heritage tourism expansion are presented by Nigeria's rich cultural diversity. The country's lively culture is exemplified by events like the Argungu Fishing Festival, Osun Osogbo Festival, and Calabar Carnival, which draw both domestic and foreign tourists. Globally significant yet underutilized in the tourism industry, Nigeria is home to UNESCO World Heritage Sites, including the Sukur Cultural Landscape and the Osun Osogbo Sacred Grove (UNESCO, 2023). Nigeria is also home to several distinctive natural landmarks, including the Afi Mountain Wildlife Sanctuary, Obudu Mountain Resort, and Yankari Game Reserve. These places are perfect for adventure and ecotourism, two developing worldwide trends (United Nations World Tourism Organization [UNWTO], 2022). However, because of a lack of infrastructure and conservation measures, their full potential has not yet been realized. Nigeria can draw eco-aware tourists while protecting its biodiversity by creating eco-friendly infrastructure and implementing laws that protect wildlife. A lack of proper infrastructure and ongoing security issues severely hampers Nigeria's tourism industry. To make the nation accessible and comfortable for tourists, modern airports, better road networks, and the development of first-rate hospitality facilities are crucial (Akinola & Aluko, 2021). The adoption of digital technology has the potential to revolutionise Nigeria's travel and tourism industry. E-ticketing platforms, virtual reality tours, and social media can all be used to highlight attractions and enhance the visitor experience (Adesina, 2023). Nigeria's competitiveness in the global tourism market will be improved by digital marketing tactics, especially those aimed at overseas audiences. Due to initiatives like "Tour Nigeria" by the Nigerian Tourism Development Corporation (NTDC), domestic travel is expanding as more Nigerians explore their own country. In addition to boosting the economy, promoting domestic tourism also increases pride in the country and awareness of its rich cultural legacy (Ajayi et al., 2023).

**Figure 5: International Tourism, number of arrivals- Nigeria**



**Source:** <https://data.worldbank.org/share/widget?indicators=ST.INT.ARVL&locations=NG>

The graph shows a general upward trend in foreign visitor arrivals to Nigeria, providing empirical support for the claim that the nation has substantial tourism potential due to its rich cultural heritage and natural attractions, even in the face of fluctuations related to infrastructure and security issues.

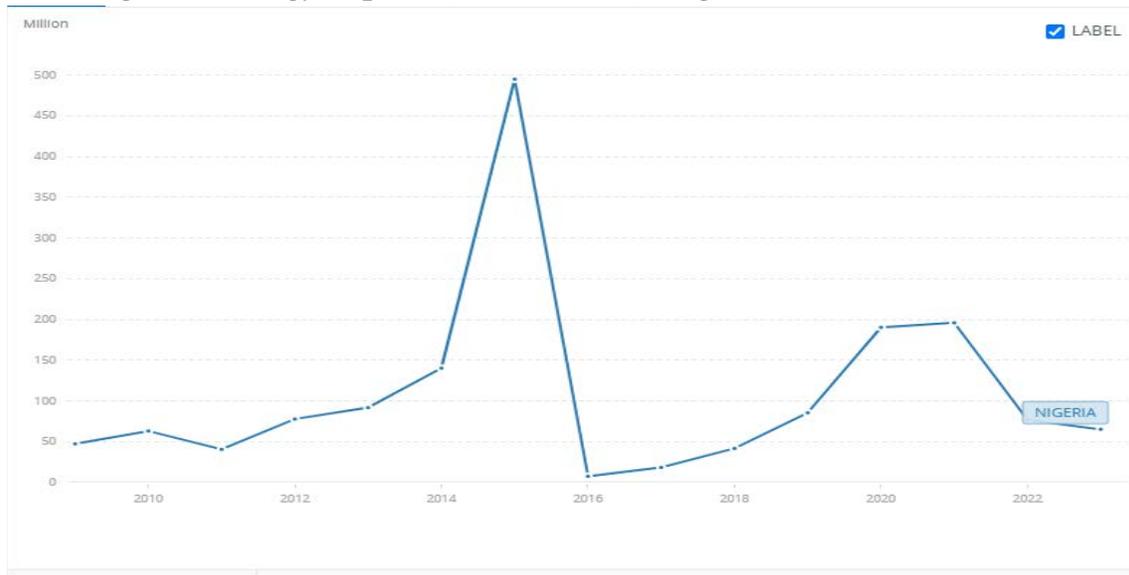
### **Technology sector**

The increased availability of affordable mobile phones and the expansion of broadband infrastructure have significantly boosted internet connectivity in Nigeria. By 2023, the country had more than 122 million internet users, establishing itself as a major contributor to Africa's digital economy (Statista, 2023). This growth has driven fintech innovations, digital services, and e-commerce, creating a thriving ecosystem of online consumers and businesses. With companies like *Flutterwave*, *Paystack*, and *Opay* advancing financial inclusion and innovation, Nigeria has become Africa's leading fintech hub. These firms utilize technology to assist underbanked communities with savings, lending, and payments. The Nigerian fintech sector attracted over \$1 billion in investment in 2021, highlighting its rapid development and potential for further rural expansion (KPMG, 2022).

Technology has been acknowledged by the Nigerian government as a major force for economic diversification. Innovation, entrepreneurship, and the development of digital skills are the goals of policies like the Nigerian Start Up Act (2022) and the National Digital Economy Policy and Strategy (2020–2030) (Federal Ministry of Communications and Digital Economy, 2020). Young people in Nigeria are learning more and more about cloud computing, data analytics, and software

development. Young Nigerians are being prepared for both domestic and international prospects through programs like Andela, Decagon, and Utiya. Nigeria is one of the top African nations exporting tech talent worldwide, a trend that strengthens the country's standing as a centre for digital competence (World Economic Forum, 2023). Often called the "Silicon Valley of Africa," Lagos is home to a booming Nigerian start-up scene. In 2022, the ecosystem brought approximately \$1.2 billion in venture capital funding, making Nigeria Africa's top tech investment destination (Partech, 2023).

**Figure 6: High-Technology Exports (Current US \$)- Nigeria.**



**Source:** <https://data.worldbank.org/share/widget?indicators=TX.VAL.TECH.CD&locations=NG>

According to World Bank data, Nigeria's high-technology exports have been increasing, which empirically supports the claim that the nation's technology industry is expanding and changing significantly. Increased internet usage, the rise of fintech and digital service startups, and ongoing government initiatives to encourage innovation and entrepreneurship through legislative frameworks like the Nigerian Start-Up Act and the National Digital Economy Policy are the main drivers of this expansion. The increase in export numbers is a result of both Nigeria's increasing involvement in the global digital economy and the country's technological advancements.

## **V. Revenue Diversification and Poverty Reduction: Empirical Evidence from Nigeria**

With oil providing more than 90% of export earnings and more than 80% of government revenues, Nigeria's economy remains heavily reliant on petroleum (National Bureau of Statistics [NBS], 2022). This dependence makes the nation vulnerable to external shocks, such as fluctuations in global oil prices. Revenue diversification involves expanding economic activity by investing in

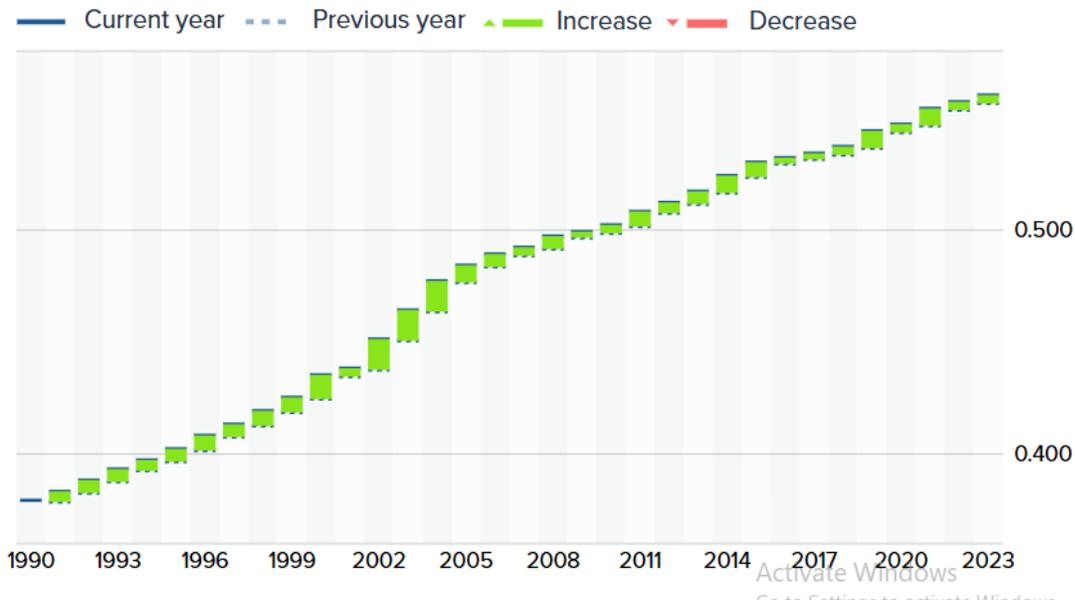
non-oil sectors, including manufacturing, services, and agriculture. Empirical research indicates that countries with diversified revenue streams are better positioned to reduce poverty and achieve economic stability (Okoye et al., 2021).

Poverty in Nigeria is widespread, multifaceted, and characterized by limited access to employment, healthcare, and education (United Nations Development Programme [UNDP], 2021). The effectiveness of poverty reduction initiatives, such as the National Social Investment Programme (NSIP), has been undermined by inadequate funding from diverse sources. A narrow revenue base restricts the government's ability to finance long-term development projects, thereby perpetuating poverty.

The relationship between poverty reduction and revenue diversification is closely interlinked. Diversifying revenue can help reduce poverty in several ways. First, it stabilizes government cash flows, ensuring steady funding for social services and reducing vulnerability to economic shocks. For example, Botswana successfully transitioned from a heavy reliance on diamond mining to developing financial services and tourism, thereby lowering poverty levels (World Bank, 2020). Second, revenue diversification promotes growth in labor-intensive sectors such as manufacturing and agriculture, which in turn creates jobs (Adedokun, 2019). Third, a diversified tax base enhances government investment in healthcare, education, and infrastructure, which are essential for poverty alleviation (Okoye & Onwumere, 2021).

By investing in emerging industries and reducing reliance on a single sector, governments can mitigate the effects of global economic fluctuations. Countries that invest in technology, value-added industries, and renewable energy often create new economic opportunities, particularly for marginalized populations. Moreover, a broader revenue base can lead to more equitable tax systems, ensuring a fairer distribution of the financial burden across economic sectors. This approach reduces income inequality and provides funding for targeted social welfare programs. Additionally, diversification stimulates local economic activity, generates employment, and fosters investment in disadvantaged regions, thereby supporting regional development. A resilient and varied revenue framework enables governments to balance short-term fiscal needs with long-term developmental goals, ensuring resources are channeled toward initiatives that directly impact poverty reduction, such as affordable housing, skills development, and entrepreneurship programs.

**Figure 7: Trends in Nigeria’s HDI 1990 - 2023**



**Source:** <https://hdr.undp.org/data-center/human-development-index#/indicies/HDI>

Nigeria's Human Development Index (HDI), which increased steadily from 0.379 in 1990 to 0.560 in 2023, provides compelling empirical evidence that sustained revenue diversification, achieved through strategic investments in non-oil sectors like manufacturing, education, healthcare, and social infrastructure, is essential for bolstering the government's fiscal capacity, facilitating the implementation of comprehensive strategies to reduce poverty, and promoting long-term improvements in important human development indicators like life expectancy, educational attainment, and population income levels.

### 5. Conclusion

This study confirms again that over-reliance on oil by Nigeria has retarded inclusive economic development and perpetuated high poverty rates. While the oil sector generates huge revenues, its capital-intensive technology and vulnerability to global market price volatility limit its prospects towards job creation and poverty reduction in a sustainable way. Diversification towards agriculture, technology, and tourism is a viable path towards inclusive economic growth, job provision, and better livelihoods. However, effective diversification will depend on addressing systemic governance weaknesses, policy inconsistency, inadequate infrastructure, and financing bottlenecks. Diversification would need to be implemented through inclusive, locally adapted strategies linking sectoral growth with actual welfare gains for the poor and vulnerable.

## **6. Policy Recommendations**

- There is a need to offer focused investment and incentives to agriculture, technology, and tourism with emphasis on value addition, infrastructure, and human capability development to enhance employment and sources of income.
- Nigerian Government should implement reforms in governance to enhance transparency, reduce corruption, and ensure diversified revenues are directed towards poverty reduction programs such as healthcare, education, and social infrastructure.
- There is a need to scale up the rural financial institutions, agricultural credit programs, and venture capital facilities for SMEs in non-oil sectors, and support the adoption of enhanced technologies and climate-resilient techniques.
- The government and other stakeholders should tailor diversification policies to the unique socio-economic conditions of different regions, with participation and distributive equity in gains.
- Financial institutions should work towards maintaining stable exchange rates, reducing interest rates on productive sectors, and maintaining consistent regulatory frameworks to attract domestic and foreign investment into the non-oil sectors.

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