Journal of Economic Cooperation and Development, **46**, 4 (2025)

Economic Diversification, Revenue and Economic Growth Sustainability: Insights from Nigeria

Okonta Patrick Onochie[1] and Chekwume Anthony Okolie[2]

ABSTRACT

The government's income influences its expenditures in public finance; its ability to spend is based on its anticipated revenue. That is why, all other things being equal, the government's ability to raise a given amount of money determines how well its economy performs throughout a fiscal year. For this reason, there is a strong emphasis on raising significant revenue to fund other government needs and developmental projects. Any nation's revenue base is key to driving its economic growth. Achieving multiple sources of income will be a mirage in a mono-economy. Therefore, economic diversification is commonly understood to move an economy away from a single source of income towards many sources derived from an expanding array of markets and sectors. The theoretical frameworks used in this study are primarily based on portfolio theory, which views diversification as reducing risk or variability as long as the price changes of the various stocks in an investment portfolio move in different directions or are not perfectly correlated. Herfindahl-Hirschman Index (HHI) model was adopted for the analysis. The findings indicate that revenues from the agricultural, industrial, and services sectors significantly and positively influence Nigeria's economic growth beyond the oil sector's contributions. The Nigerian government should implement policies that stimulate various sectors of the economy to enhance revenue generation for the nation

Keywords: Economic Diversification,Revenue, Economic Growth Sustainability Insights,Nigeria

JEL Classification: O47, O44, O57

[1]Department of Economics University of Nigeria, Nsukka. E-mail: patrick.okonta@unn.edu.ng

[2]Department of Public Administration and Local Government University of Nigeria Nsukka