



Open Access Journal Available Online

Oil Revenue and the Consequences of COVID-19 Budgetary Allocation of Federal Government of Nigeria

ALI IBRAHIM ABBAS¹

alibrahimabbas2000@gmail.com

&

MUSTAPHA ALHAJI ALI²

mustaphaalhajiali2@gmail.com

&

SANI GARBA WAKILI³

garbawakilisani@yahoo.com

^{1,2&3}Department of Political Science

Faculty of Social & Management Sciences

Yobe State University, P.M.B 1144, KM 7, Gujba Road,

Damaturu, Yobe State

Abstract

This study examines the consequences of Covid-19 pandemic on budgetary allocation of Federal Government of Nigeria in view of over-dependence on crude oil and natural gas as the major source of revenue for public service delivery. Despite the emergence of the disease in December, 2019 in China and its spread globally gradually; Nigeria recorded the first case of the disease on the 27th February, 2020. Efforts to contain the spread of Coronavirus necessitated implementing some measures that led to disruption of economic activities within and across national boundaries. Consequently, global oil prices declined and that has severely affected Nigeria as one of the producers. Nigeria's budget with price of crude oil as the major indicator for projection becomes unrealistic for achieving the recurrent and capital expenditure components of the 2020 budget. Due to that, 2020 Appropriation Act was amended and 2021 Appropriation Bill was presented based on this economic reality. This study employed Documentary Research Method (DRM) and applied document analysis as a technique of analyzing qualitative research data. The study found that Covid-19 pandemic led to global economic meltdown which by extension responsible for Nigeria's economic downturn

characterized by declined in oil production and oil price resulting to drop in oil revenue and increasing budget deficit. Out of the 2021 federal budget of N13.08 trillion; N5.20 trillion will be financed mainly by borrowing and that can widen the budget deficit and by extension accumulation of debt. The study also established positive correlation between declined in oil price/revenue and the increasing budget deficit of the FGN. Based on this, government should sustain the economic diversification drive and implement Post Covid-19 Recovery measures such as the Economic Sustainability Plan.

KEYWORDS: Covid-19 Pandemic; Economic Downturn; Economic Recovery; Programme Federal Budget; Oil Revenue

Introduction

The Novel Corona Virus Disease, also known as Covid-19 emerged from China in December, 2019 and spread to the other continents gradually in the international system. At its inception in Wuhan City, Hubei Province of China in late December, 2019, it was regarded as a regional health challenge whose global potential risk was not fully predicted until the first quarter of 2020. World Health Organization (WHO, 2020), as cited in Olure-Bank, Fadila, Bodam, Dansofo and David (2020:15), states that coronaviruses as large family of viruses that are causing illness such as common cold and severe diseases associated with respiratory human system like Middle East Respiratory Syndrome (MERS-COV) and severe acute respiratory syndrome (SARS-COV). It is documented that Coronaviruses are zoonotic; because, they were initially transmitted from animals to people, this is due to the fact that it has not been previously identified in humans. It is a respiratory virus that spreads through droplets from an infected person's coughs or sneezes or droplets of saliva or discharge from the nose - that is how it spreads among human beings (Olure-Bank, Fadila, Bodam, Dansofo and

David, 2020:15).

Ebonyi and Abok (2020) & Ozili's (2020) studies on outbreak of Covid-19, reported that Nigeria recorded the first case of Covid-19 on the 27th February, 2020; the disease entered Nigeria through an infected Italian citizen who came in contact with a Nigerian citizen who was subsequently infected with the virus. The coronavirus (Covid-19) has now spread to over 177 countries and territories.

Farayibi and Asongu (2020:9) presented in a table state by state analysis of Covid-19 cases in Nigeria. As at 20th June, the total confirmed cases in Nigeria stood at 19,808 with 6,718 discharged and 506 deaths, representing about 35 percent recovery rate and 2.6 percent fatality rate, respectively. As indicated, some states like Lagos have (8,407) confirmed cases, Federal Capital Territory, Abuja (1,549), Kano (1,184), Rivers (866), Oyo (860), Edo (779) and Ogun (623) had higher number of confirmed cases, while state like Yobe (56), Osun (54), Adamawa (42), Benue (39), Ekiti (34), Taraba (18) and Kogi (3) had lower number of confirmed cases. This clearly shows the existence of the virus in Nigeria and the need for action to contain its spread.

Since the announcement of first case of Covid-19 in Lagos on 27th February, 2020, report of spread of the disease continue to emerged in other states of the federation and that necessitated the Federal Government of Nigeria to set up Presidential Task Force on Covid-19 to coordinate the measures and response for containment of the disease nationally. Some of the measures for containment of the virus that the Federal Government of Nigeria put in place to prevent, mitigate, and respond to its spread in Nigeria include - lockdowns, movement restrictions, social and physical distancing measures, as well as public health measures (ACAPS Thematic Report, 2020). State governments also keyed in to halt the spread of the virus through imposing full and partial lockdowns, testing, contact tracing, case isolation, among others (Albert-Makyur, Enwere, Okorie and Bukar, 2020).

Measures taken have disrupted economic activities in the federation, particularly the full lockdown that prohibited inter-state commercial activities; disruption of production, distribution and exchange, shutting down of schools and manufacturing companies among others. The resultant economic effects of this development include rise in the number of unemployed persons particularly in the private sector of the economy. Price of crude oil also crashed in the international market due low consumption associated with low production. Consequently, government revenue from crude oil declined and that has severely affected Nigeria as the 11th largest crude oil producer, 5th largest crude oil exporter globally and the largest in Africa (Olubusoye and Ogbonna - as cited in Olubusoye et al., 2015 & export.gov5). Nigeria's budget with price of crude oil

as the major indicator for projection becomes unrealistic for achieving the recurrent and capital expenditure components of the budget. Due to that, 2020 budget was reviewed and revised in line with this economic reality of the contemporary time. 2021 budget (Appropriation Bill) was also presented to the joint Session of the National Assembly by President Muhammadu Buhari on 8th October, 2020 based on this economic reality.

At the moment, Nigerian economy is significantly affected as a result of the pandemic; due to disruption of the macroeconomic environment, Real Gross Domestic Product ('GDP') growth declined by 6.1 percent in the second quarter of 2020. This ended the 3-year trend of positive growth recorded since the second quarter of 2017. GDP growth is projected to be negative in the third quarter of 2020 with high possibilities of relapsing into the second recession in four years, with significant adverse consequences. Out of the 2021 federal budget of N13.08 trillion; N5.20 trillion will be financed mainly by borrowing and that can widen the budget deficit and by extension accumulation of debt. (FGN, 2021 Budget Speech, 2020). To quote from the 2021 budget speech, according to the President of the Federal Republic of Nigeria:

The 2021 Budget was prepared amidst a challenging global and domestic environment due to the persistent headwinds from the Coronavirus Pandemic. The resulting global economic recession, low oil prices and heightened global economic uncertainty have had important implications for our economy (FGN, 2021 Budget Speech, 2020:2).

The Corona Virus pandemic has

destabilized global economy due to restriction imposed between and among trading partners internationally. Worse still, large and small scale production in various factories and production units were stopped in order to contain the spread of the virus. As a result of that, there has been call for an understanding of the behavior of macroeconomic variables. As a result of that, time is required to establish or find out empirically effect of the virus on macroeconomic variables. Though, the government has come up with Economic Sustainable Plan (ESP, 2020), which is a post-Covid-19 recovery plan, with target to respond and reposition the country's economy on the path towards inclusive and sustainable economic development (Farayibi and Asongu, 2020).

Methodology

This paper employed Documentary Research Method (DRM). A document is a written text or inscription by individuals or groups for a particular purpose. Available documentary data were used in addressing the research problem. Specifically, published data by the Central Bank of Nigeria, Federal Ministry of Budget and Economic Planning, National Bureau of statistics, Nigeria Centre for Disease Control, text books, journals articles among other available written documents were used (Ahmed, 2010 & Mogalakwe, 2006). Regarding data analysis; document analysis that deals with critical examination of qualitative (documentary) research data was applied. Bowen (2009:27) sees document analysis as a systematic procedure for reviewing or evaluating documents - both printed and electronic (computer-based data) material. As a technique of qualitative research, it requires examination and interpretation in order to elicit meaning,

gain understanding, and develop empirical knowledge; Corbin & Strauss, (as cited in Bowen, 2009:27).

Theoretical perspective for the study

This study was situated within the neo-classical political economic perspective as propounded by John Mayard Keynes in 1939. The perspective identifies the roles of governments in managing macroeconomic stability and maintaining balanced economic growth and development through fiscal and monetary policy. This is necessary due inability or imperfection of the free-market system to manage an economy alone (Keynes, 1939 and Bernheim 1989). Government operates deficit budget for the purpose of providing security, welfare and ensuring stability of the economic system due to recession, inflation or mass unemployment among others. Government through its budgetary role allocates and distributes resources for the purpose of stabilizing the economic system (Anyanwaokoro, 2004; Sri, 2011; Adeolu, Abike & Sunday 2012).

Going by Keynesian analysis, fiscal policy influence economic growth, an increase in government expenditure while lowering taxes in period of economic crisis stimulate demand and in turn increase national income and employment level. This is because, an increase in government expenditure influences macro-economic variables such as aggregate investment, level of employment and aggregate economic output (Ojo and Olukayode 2018).

Looking at Nigeria's budgets, available records show that Nigeria runs more of deficit than surplus budgets (Odim, Ngozi and Lawrence, 2014). 2020 appropriation Act (as amended) and 2021 appropriation bill justified this scenario

with deficit of N 4.98 trillion and N 5.20 trillion respectively. A deficit budget is a budget in which budgeted expenditure is more than the budgeted revenue (Anyanwaokoro, 2004:10). Deficit is financed through domestic and foreign borrowing. Corona Virus pandemic, deep-rooted unaddressed national economic challenges; deprioritizing other sectors of the economy after the discovery and subsequent sale of oil in commercial quantity in the 1970s as well as corruption were the dominant factors responsible for running deficit budget in Nigeria (Luqman and Lawal 2011 & Farayibi and Asongu, 2020). Proactive measures backed by political will or responsible leadership are required in order to reverse this trend.

Conceptual framework

Revenue generation by governments at various levels -federal, state or Local Government Councils; covers all constitutional sources through which governments get money for discharging its obligations. These sources range from statutory fiscal transfer, independent revenue, income from government investment, support from development partners, loan among others (Bukar and Wakili, 2020). From governmental point of view, revenue is the entire amount received by the government from sources within and outside the government entity (Nwanne, 2015:80).

Government Revenue refers to money earned by the government in the normal course of governance as a result of operation of any law, or as a return on any investment or asset owned by the government. Briefly, it is various forms of taxation, levies, interests and other returns from government investment or assets (Anyanwaokoro, 2004:38). Basically, government revenue is divided

into tax and non-tax revenue. Tax revenue covers Personal Income Tax such as Pay As You Earn and Direct Assessment, Company Income Tax, Petroleum Profit Tax, Withholding Tax, Value Added Tax among others while non-tax revenue deals with Royalties and rent; sales of mineral resources; fees, rate, and levies; licenses, interest on loans, reimbursement, grant, statutory allocation, miscellaneous (Anyanwaokoro, 2004:38). Budgetary allocation deals with annual financial plan based on expected revenue in line with proposed expenditure for various Ministries, Departments and Agencies of government for the purpose of executing developmental programmes and projects (Anyanwaokoro, 2004).

Implication of over-dependence on oil revenue in Nigeria since 1970

Economic history of Nigeria shows that from pre-independence of the country up to 1970s the country's economy and by extension sources of government revenue relied on non-oil sector, agriculture and manufacturing in particular. But with the discovery and sale of crude oil in commercial quantity; Aliyu, Alkali, and Alkali, (2016) pointed out that Nigerian government neglected other sources of taxation after the oil boom and concentrate more on oil revenue. Prior to oil boom, the regional governments generate revenue to the Federal Government through different types of taxes. The Nigerian income and economic activities greatly are dependent on the agro-allied product before the independence of the country (Ifueko, as cited in Aliyu, Alkali, and Alkali, (2016).

In Nigeria, revenue from oil amounts to 70% - 90% of the total foreign earnings for export annually. Nigerian economy revolves around the business activities in

S / N	Macro Aggregate	2020 Budget Estimates	Cut/increase Due to Covid-19	Percentage Change (Effect)
1	Budget (N trillion)	10.59	10.81	-
2	Revenue (N trillion)	8.42	5.84	-
	(a) Oil (N trillion)	2.63	0.25	-90
	(b) Non-oil (N trillion)	1.80	1.53	-15
3	Capital Expenditure (N trillion)	2.78	2.62	-6
4	Recurrent Expenditure (N trillion)	4.49	4.46	-1
5	Debt Service (N trillion)	2.45	-	-
6	Budget Deficit (N trillion)	2.18	4.98 (3.57 % to GDP)	-

the oil sector as it generates greater percentage of government revenue (NNPC, 2014; as cited in Ishak and Ogbanje, 2017) and (Ogechukwu and Uche, 2016). In Nigeria, taxation for many years was not a major contributor to the revenue profile of any tier of government, because of the over-reliance on revenue from oil. However, in recent

times, governments at all levels have been compelled to seek for non-oil revenue through taxation due to the volatility of the international oil market (Richards, 2019).

Ogechukwu and Uche (2016) assessed the contribution of non-oil revenue to government revenue and economic growth in Nigeria against the background of over-dependence of the nation on the dwindling oil sector and the poor contribution of the non-oil sector to revenue and growth. Though, there were attempts by past governments in terms of policy formulations and programmes to boost the non-oil sector in order to create a broader revenue base have not yielded much result. This state of development was attributed to poor implementation of policies, lack of appropriate funding, lack of political will and above all the continued belief that revenue from oil is guaranteed. The study recognized the importance of non-oil sector of the economy in the area of boosting national income and enhancing economic growth in the country. The study further indicated that, non-oil sector offers a greater potential to increase Nigeria's resilience against fluctuation of oil price in the international market and with hope in achieving and sustaining long term economic growth and increased government revenue at the same time. The nation's non-oil revenue sources comprising mainly of agriculture product, solid minerals and manufactured goods among others. This sector has been neglected over the years.

Odusola (2006) writes on revenue trend and profile with regards to tax and non-tax revenues in Nigeria. Revenue from non-oil sector, agriculture in particular was the major source of revenue to government from pre-colonial period up

to mid-1970s, later oil revenue dominated revenue base through taxation. In the 1960s, the Nigerian economy was characterized by the dominance of agricultural tax, which served as a proxy for personal income tax because of the difficulty in correctly determining tax liability and accessing individual farmers. During this period, various marketing boards were responsible for collecting the tax (Ariyo, as cited in Odusola, 2006).

Table 1: 2020 Budget Estimates (Appropriation Act) of the Federal Republic of Nigeria

Source: Culled from Olubusoye and Ogbonna, 2020:14 & 2021 Budget Speech, FGN, 2020.

Table one shows macro aggregates of 2020 budget of the Federal Republic of Nigeria and the presentation changes due to Covid-19 pandemic that necessitated amendment of the budget of the 2020 fiscal year. From this table, it is obvious that Corona Virus pandemic has serious implication on Nigeria's federal budget. Revenue components of the budget had to be reviewed in line with the economic reality of the time. Oil revenue was seriously affected; in the 2020 budget projection, it was N 2.62 trillion while in the revised budget is N 0.25 trillion representing decrease of 90% of the anticipated amount. Decline in oil production and low patronage in the international market was responsible for this development occasioned by Covid-19. The non-oil revenue component of the budget was also negatively affected, in the 2020 estimate, it was N 1.80 trillion while in the revised budget is N 1.53 trillion representing a decline of N 15% of the expected revenue. The negative impact of Covid-19 on 2020 federal government expected revenue can be visibility seen in the deficit component of

the budget, in the 2020 Appropriation Act, it was N 2.18 trillion while in the revised budget it amounted to N 4.98 trillion. This has widened the budget deficit of the Federal Government of Nigeria.

Table 2: 2020 Budget (Appropriation Act) of the Federal Republic of Nigeria

S/ N	Budget Parameters	2020 Budget Assumption	Revised Budget
1	Oil Production (MBPD)	2.18	1.80
2	Oil Price (\$/per barrel)	57	28
3	Exchange Rate(N/\$)	305	360
4	Inflation Rate (%)	10.81	12.26

Source: Culled from Olubusoye and Ogbonna, 2020:14 & 2021 Budget Speech, FGN, 2020

Table two indicates macro aggregates of 2020 budget parameters and assumptions (Appropriation Act) of the Federal Republic of Nigeria. This table is also based on 2020 budget and changes due to Corona Virus pandemic that necessitated reviewed (and amendment) of the Appropriation law. Major concern of the table is to show clearly the effect of the pandemic on Nigeria's budget parameters and assumptions.

In line with 2021 budget parameters and fiscal assumptions; it indicates oil production of 2.18 million barrel per day; with oil price benchmark of \$57 per barrel and an exchange rate of N305 per US Dollar. Due to Corona Virus pandemic that disrupted economic

activities globally, continentally, regionally and nationally; production of goods and services in general declined drastically, and Nigeria’s major source of government revenue which is oil was significantly affected. This development necessitates the review and amendment of the 2020 appropriation Act in line with this reality. As presented in table 4, the revised 2020 budget presents a decrease and an increase in budget parameters and fiscal assumption; it shows oil production of 1.80 million barrel per day; with oil price benchmark of \$28 per barrel and an exchange rate of N360 per US Dollar. The general implication is that; an increase in exchange rate, a decrease in oil production and oil price per barrel signifies significant reduction in federal revenue. That is the underlying reason for an increase of the 2020 budget deficit from N 2.18 trillion to N 4.98 trillion in the revised budget. Rise in inflation rate from 10.81 to 12.26 is an indicator of economic downturn. General implication of this scenario is that, there is significant reduction in revenue generation from the oil sector.

Table 3: 2021 Budget Assumptions (Appropriation Bill) of the Federal Republic of Nigeria

S/N	BUDGET PARAMETERS	2021 FISCAL ASSUMPTION
1	Oil Production (MBPD)	1.86
2	Benchmark Oil Price (\$/per barrel)	\$40
3	Exchange Rate (Naira/\$)	379 per US Dollar
4	Inflation Rate (%)	10.81

Source: 2021Budget Speech, FGN, 2020

Table 3 shows 2021 Budget Assumptions (Appropriation Bill) of the Federal Republic of Nigeria as presented to the Joint Session of the National Assembly by President Muhammadu Buhari on 8th October, 2020. Based on the 2021 budget parameters and fiscal assumptions; it shows oil production of 1.86 million barrel per day; with oil price benchmark of \$40 per barrel and an exchange rate of N379 per US Dollar. In the past, the average daily oil production was 2.2 million barrels; with oil price benchmark of \$100 per barrel and an exchange rate of about N300 per US Dollar. General implication of this scenario is that, there is significant reduction in revenue generation from the oil sector. That is the major reason Federal government resorts to borrowing in recent times. For instance, 40% of the 2021 budget representing N5.20 trillion can be financed through internal and external borrowings. Over-reliance on single commodity particularly primary commodity like crude oil which its price and consumption is outside the control of the national economy; has serious implication on national income /revenue generation. Based on historical trend, it is subject to fluctuation and uncertainty with regards to price and quantity produced by oil producing countries.

Table 4: 2021 Budget Estimates (Appropriation Bill) of the Federal Republic of Nigeria

S/ N	Macro Aggregate	2021 Fiscal Assumption	% of Oil and Non-Oil Revenue
1	Budget (N trillion)	N 13.08 trillion	
2	Revenue (N trillion)	N 7.886 trillion.	

3	(a) Oil (N trillion)	N 2.01 trillion	57%	
4	(b) Non-oil (N trillion)	N 1.49 trillion	43%	
	Capital Expenditure (N trillion)	N 3.85 trillion		
5	Recurrent Expenditure (N trillion)	N 6.106 trillion		
6	Debt Service (N trillion)	N 3.124 trillion	24% of the budget	
7	Budget Deficit (N trillion)	N 5.20 trillion	% TO GDP	% TOTAL BUDGET
			3.64%	40%

Source: 2021 Budget Speech, FGN, 2020

Table four showcases 2021 budget estimates (Appropriation Bill) of the Federal Republic of Nigeria as presented to the Joint Session of the National Assembly by President Muhammadu Buhari on 8th October, 2020. Despite the decline in oil production and price recently, the proportion of oil revenue was 57% while for non-oil revenue was 43%. This clearly shows the state of over-dependence on revenue from oil sector of the economy. A significant negative impact of Covid-19 on 2021 budget appropriation bill can be seen through the periscope of 2021 budget deficit. N5.20 trillion representing 40% of the budget can be financed through internal and

external borrowings. A major factor responsible for this negative trend is crashed in price and decline in production (and consumption) of oil in the international market; which Nigeria greatly relied in recent past based on the available record. In addition, 24% of the budget can utilize in servicing accumulated internal and external loans. Borrowing in order to finance budget deficit has never been a sustainable solution or option in addressing structural economic problems in an economy; otherwise, if it is expended on investment yielding ventures – not recurrent expenditure.

Results and Discussion of Findings

This study examines the consequences of Corona Virus pandemic on 2020 and 2021 budgetary allocations of Federal Government of Nigeria in view of over-reliance on revenue from oil sector of the economy in recent times. The Nigerian government sources a large proportion of its total revenue from oil and natural gas. Economically, global oil prices declined and that has severely affected Nigeria as the 11th largest crude oil producer, 5th largest crude oil exporter globally and the largest in Africa as at January, 2020 according to Olubusoye and Ogbonna (as cited in Olubusoye et al., 2015 & export.gov5). Nigeria's budget with price of crude oil as the major indicator for projection becomes unrealistic for achieving the recurrent and capital expenditure components of the 2020 budget in particular. That is why Olubusoye and Ogbonna (as cited in Olubusoye et al., 2015 & export.gov5) maintained that Nigeria's over-dependence on oil is worrisome, with oil revenue accounting for over 90% of the country's foreign exchange earnings.

Apart from the impact of Covid-19 on

Nigeria's Federal Budget; deep-rooted structural challenges in Nigeria's national economy have also compounded and aggravated the national economic crisis not only on federal revenue and expenditure but also on lower tiers of government and the private sector (Ozili, 2020). Real Gross Domestic Product (GDP) growth declined by 6.1 percent in the second quarter of 2020 and inflation has risen from 10.81 to 12.26 during the Covid-19 period (Olubusoye and Ogbonna, 2020).

Ozili's (2020) study on impact of Covid-19 pandemic on Nigeria's economy indicated that the most visible and immediate spillover effect of global economic crisis caused by the pandemic was the drop in the price of crude oil, which dropped from nearly US\$60 per barrel to as low as US\$30 per barrel in March. Restriction of movement or lockdown within and outside the country also lowers demand for aviation fuel and automobile fuel which affected Nigeria's net oil revenue, and eventually affected Nigeria's foreign reserve. It caused global supply shocks due to shutdown of factories. Nigeria's federal budget which was centered on oil revenue benchmarked as US\$57 per barrel. The fall in oil price to US\$30 per barrel meant that the budget became unrealistic and that necessitated the review and amendment of the 2020 appropriation Act by the National Assembly.

Idris and Bakar (2017) in their study titled: "Fiscal operations and macroeconomic growth: The Nigerian experience" maintained that over the years, the trend of fiscal expenditure of Nigeria continues to increase rapidly without any corresponding increase in the level of revenue generation. This has resulted in deficit budget, inflation and

accumulation of debts; this has continued to serve as a major obstacle to ensuring sustainable growth in the country. The paper concludes that fiscal operation is ineffective in providing the needed macroeconomic environment for sustainable growth. It therefore, recommends the need to broaden the revenue base by increasing the contribution from non-oil sources in order to attain the desired level of sustainable growth.

Federal Government of Nigeria's National Tax Policy, (2017) observed that efforts to diversify Nigeria's economy and reduce over-dependence on oil resources that are subject to price fluctuations in the world market have not been successful due to lack of specific policy direction for tax matters in Nigeria and the absence of laid down procedural guidelines for the operation of the various tax authorities over the years. There have been several other challenges that needed to be addressed in order to create the fiscal space necessary for sustainable economic growth and development.

Conclusion and Policy Implication

This article examines the impact of Corona Virus pandemic on 2020 and 2021 budgets of Federal Government of Nigeria in view of over-reliance on revenue from oil sector of the economy in recent times. The study employed Documentary Research Method and applied document analysis as a technique of analyzing qualitative research data. The study concluded that Covid-19 has impacted negatively on the Nigeria's budget. Macro-economic variables affected include budget deficit that resulted in rapid accumulation of debt, rising inflation, drop in oil price, rising exchange rate against naira and with high possibilities of relapsing into recession

for the second time in four years, with significant adverse consequences.

The policy makers should sustain economic reforms for economic diversification in order to reduce Nigeria's dependence on revenue from crude oil export. Secondly, policymakers in Nigeria should re-strategize on sourcing revenue from non-oil sector of the economy. Thirdly, there is also a need to ensure due process in managing public fund; this is for the purpose of addressing systemic corruption particularly political corruption. All what have been budgeted or borrowed if there is corruption development will be a mirage. Lastly, relevant Ministries, Department and Agencies responsible for management of national economic policies and programmes should have a re-think on resorting to borrowing in order to finance budget deficit. This is because borrowing in order to finance budget deficit has never been a sustainable option in addressing structural economic problems in an economy; otherwise, if it is spent on investment yielding ventures – not recurrent expenditure.

Recommendations

Based on the consequences of this pandemic on budget of the Federal Government, the study recommends to short and long term policy measures need to be implemented at the federal and state levels in order to addressing the negative impact of Covid-19 on Nigeria's economy and budgetary allocation of governments in particular.

1. Government should strengthen its economic diversification drive through Economic Recovery and Growth Plan (its successor Economic Sustainability Plan) in order to reduce dependence on oil revenue.
2. Proper monitoring and

supervision of the implementation of palliatives measures by the Federal Government of Nigeria on cushioning the effect of Covid-19.

3. Federal Government should strengthen the implementation of the measures for Strategic Revenue Growth Initiatives. Since the government recognized the necessity, relevance and challenge of revenue generation in discharging constitutional responsibilities of government at various levels.

4. Supervising Federal Ministries should intensify effort on due process in remitting Independently Generated Revenues of Ministries, Departments and Agencies.

5. Relevant Federal Ministries, Departments and Agencies should be guided strictly by the Economic Recovery and Growth Plan (2017 – 2020) and its successor Economic Sustainability Plan (through the Medium-Term National Development Plan (2021 – 2025) in implementing programmes and projects.

6. Government should fight corruption vigorously particularly political corruption.

References

- ACAPS Thematic Report (2020). *Covid-19 in Nigeria: Vulnerabilities to Covid-19 and containment measures*, retrieved from www.acaps.org on 7th September, 2020.
- Adegbite, T. A. and Usman, O. A. (2017). Empirical Analysis of the Effect of Taxation on Investment in Nigeria, *International Journal in Commerce, IT and Social Sciences*, 4(8): 1 – 11.
- Adeolu, A. M., Abike, B. S. and Sunday, K. J. (2012). Fiscal/Monetary Policy and Economic Growth in Nigeria: A Theoretical Exploration, *International Journal of Academic Research in Economics and Management Sciences*, 1(5): 75 – 88.
- Ahmed, J. U. (2010). Documentary Research Method: New Dimensions, *Indus Journal of Management & Social Sciences*, 4(1):1-14.
- Albert-Makyur, S. D., Enwere, C., Okorie, E. J. and Bukar, Z. I (2020). The Impact of Corona Virus (COVID-19) on the Nigeria Political Economy: Government Support and Economic Relief Packages, *International Journal of Management Studies and Social Science Research*, 2(3): 202-209.
- Aliyu, A. A., Alkali, M. Y. and Alkali, I. (2016). Islamic Perspective on the Impact of Ethics and Tax for Nigerian Economic Development, *International Journal of Islamic Economics and Finance Studies*, 2 (3): 137 – 150.
- Anyanwaokoro, M. (2004). *Elements of Public Finance*, Enugu, Hosanna Publications.
- Augustine, N.E. (2012). *Research Methods in Political Science and Public Administration*, Lagos, University of Lagos Press.
- Bernheim, B. D. (1989). A Neoclassical Perspective on Budget Deficits, *Journal of Economic Perspectives*, 3(2): 55-72.
- Bowen, G. A., (2009). 'Document Analysis as a Qualitative Research Method', *Qualitative Research Journal*, 9(2): 27-40. DOI 10.3316/QRJ0902027.
- Bukar, H. M. and Wakili, S. G. (2020). Over-Dependence on Oil Revenue in Nigeria and Strategy for improving Internally Generated Revenue for Public Service Delivery in Damaturu Local Government, Yobe State, *FUDMA Journal of Politics and International Affairs (FUJOPIA)*, 3(2): 72 – 82.
- Ebonyi, A. A. and Abok, A. (2020). Sociological Assessment of the Perception of Nigerians on the Coronavirus disease (Covid-19) Pandemic, *International Journal of Research and Scientific Innovation (IJRSI) VII (V): 192 – 198*
- Farayibi, A. O. and Asongu, S. A. (2020). The Economic Consequences of the Covid-19 Pandemic in Nigeria, *European Xtramile Centre of African Studies*, (EXCAS), Working Paper, WP/20/042.
- Federal Government of Nigeria (2020). Bouncing back: Economic Sustainability Plan, retrieved from media.premiumtimesng.com on 17/10/2020.
- Federal Government of Nigeria, FGN (2020). *2021 Budget Speech, tagged: Budget of Economic Recovery and Resilience*, delivered by His Excellency, President Muhammadu Buhari President, Federal Republic of Nigeria at the Joint Session of the National Assembly, Abuja Thursday, 8th October, 2020.
- Federal Ministry of Finance (2017). National Tax Policy.
- Federal Republic of Nigeria: *1999 Constitution of the Federal Republic of Nigeria* (as amended).
- Idris, M. and Bakar, R. (2017). Fiscal operations and macroeconomic growth: The Nigerian experience, *International journal of Business, Management and Social Research*, 3(01): 162 – 178.

- Ishakq, D. and Ogbanje, J.I. (2017). Over-Dependence on Oil and its Implication for Development in Nigeria, *HUMASS: McU Journal of Humanities, Management, Applied & Social Sciences*, 1(2): 25-33.
- Keynes, J. M. (1936). *The General Theory of Employment, Interest, and Money*, rendered into digital form by Steve Thomas for the University of Adelaide Library.
- Luqman, S. and Lawal, F. M. (2011). The Political Economy of Oil and the Reform Process in Nigeria's Fourth Republic: Successes and Continue Challenges, *Journal of Arts, Science & Commerce*, II (2): 59-76.
- Mogalakwe, M. (2006). Research Report: *The Use of Documentary Research Method in Social Research*, African Sociological Review, 10(1): 221-230.
- Nwanne, T. F. I. (2015). Effects of Tax Policy on the Expenditure of Local Government Councils in Imo State, *European Journal of Accounting, Auditing and Finance Research*, 3(12), 79-97.
- Odim, O. U., Ngozi, O. C. and Lawrence, E. (2014). The Keynesian-Ricardian Dichotomy on Budget Deficits in Nigeria, *Journal of Economics and Finance*, 5(2): 69-78.
- Odusola, A. (2006). *Tax Policy Reforms in Nigeria*, United Nations University – UNU WIDER – World Institute for Development Economics Research.
- Ogechukwu, O. S. and Uche, A. J. (2016). Evaluation of the Contribution of Non-Oil Revenue to Government Revenue and Economic Growth: Evidence from Nigeria, *Journal of Accounting and Financial Management*, 2(5): 41 -51.
- Ojo, S. I. and Olukayode O. E. (2018). Government Expenditure, Unemployment Rate and Economic Growth in Nigeria, *LASU Journal of Business Review*, 5(1):145-159.
- Olasupo, S. F. and Oseni, M. (2017). Government Revenue Profile and Economic Growth in Nigeria (1981 - 2015), *Specialty Journal of Accounting and Economics*, 3(3): 47- 60.
- Olubusoye, O. E. and Ogbonna, A. E. (2020). Covid-19 and the Nigeria Economy: Analyses of Impacts and Growth Projections, CPEEL's Covid-19 Discussion Papers Series, P. 1. 38.
- Olure-Bank, Fadila, Bodam, Dansofo and David (2020). Coronavirus Facts and Control: What Multiplier Effects for Nigeria Economy, International Virtual Conference on Social Sciences, handled by www.ivcss.org.
- Ozili, P. K. (2020). *Covid-19 pandemic and economic crisis: the Nigerian experience and structural causes*, retrieved from www.researchgate.net on 1st November, 2020.
- Richards, N. U. (2019). Overview of the National Tax Policy and its Implication for Tax Administration in Nigeria retrieved from <https://www.researchgate.net/publication/336409526> on 17/6/2020.
- Sri. A. O. C. (2011). Public Finance, core course, BA Economics, Calicut University, India.
- UNDP (2020). *The Impact of the Covid-19 Pandemic in Nigeria socio-economic analysis*, retrieved from www.undp.org on 21st September, 2020.