

**COVID 19 PANDEMIC: IMPEDIMENT TO ECONOMIC PROSPERITY OF
NIGERIA**

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ABSTRACT

This paper analysis the COVID-19 Situation in Nigeria, its effect on the economy and the structural causes that worsen the Corona Virus (COVID-19) crisis. The work also enumerates the concept of endemic, epidemic and pandemic respectively. As well as discussing the negative effects of the pandemic on agriculture, education, health security and other Nigeria Sectors. The findings reveal that the economic downturn in Nigeria was triggered by a combination declining oil price and spillovers from COVID-19 outbreak, which not only led to a fall in demand for oil products but also stopped economic activities from taking place when social distancing policies were enforced. Government response through provision of financial assistance to businesses and a small number of households that were affected by the Corona Virus outbreak. The paper concluded by suggesting three areas of the economy and structural reform, though the introduction of economic reforms, by diversifying the economy, investment on health care infrastructure and building appropriate digital infrastructure facilitate the tradition from face-to-face business activities to a digital or online business activities. Finally the paper outline the following recommendations. Stressing the needs for diversification and economics transformation of Nigeria, as the Giant of Africa. Two, the need for increased in agricultural production, good security, to also implement job opportunity programs, in order to reduce high rate of unemployment. Lastly, premium attention and move expenditure should be channeled to the educational sector, so as to increase the nation's investment in human capital.

INTRODUCTION

This study analysis the COVID-19 situation in Nigeria, the economic crises and the structural causes. The COVID-19 pandemic has had far-reaching effects on the global economic (Ozili and Arun, 2020). It affected the global travel business, national health care systems, the food industry, events industry, education and global trade. Due to globalization, there are expectations of spillover effects to emerging and developing countries die to their dependence on developed countries for the importation of goods and services (Ozili and Arun, 2020). A recent literature has emerged that examine the effect of COVID-19 on economic activities (Fernandes 2020; Atheson, 2020; Ozili and Arun, 2020). Yet, the recent literature has not examined the effect of COVID-19 on economic aggregates in developing countries such as Nigeria. Thus, the impact of COVID-19 on the Nigerian Economy has not been explored in the recent literature. Therefore, this study fills the gas in the literature.

Economic crises are new in Nigeria During the 2016 economic crises, the monetary authority in Nigeria defended the local currency from forced devaluation against the dollar and adopted a managed-float foreign exchange system, which worked well from 2016 to 2019. After the 2016 economic crises or recession, it was widely believed that the unexpected and sustained decline in oil price was the most

important cause of economic crises in Nigeria. But in 2020, nobody thought that a public health crises could trigger an economic crises in the country.

What made the 2020 economic crises different from other economic crises or recession in Nigeria was that most economic agents, who could have helped to revive the economy were unable to engage in economic activities dur to fear of contacting the COVID-19 disease. Also, economic agents did not engage in economic activities when the government imposed and enforced its social distancing rules and movement lockdown in Abuja, Lagos and Ogun States on the 30th March of 2020.

Although the Corona Virus outbreak which started in Wuhan Province of China had spillover problems in Nigeria, the reason why the outbreak was severe in Nigeria and caused suffering to poor citizens was because of weak institutions that were ineffective in responding to the pandemic and the lack of adequate social welfare programs that would have catered for majority of the poor citizens and vulnerable citizens who were affected by the crises. The fear of the financial and economic collapse led to panic buying boarding of foreign currency by individuals and businesses mostly for speculative reasons, flight to safety in investment and consumption, households stocking on essential food and commodity items, businesses asking workers to work from home to reduce operating costs.

Thus, this work also examine the cause of economic crises in developing and transition countries. In fact, the level of development in country plays an important role in prolonging economic crises or in facilitating economic recovery.

The study also contributes to the recent literature that investigate the impact of Corona Virus in society.

This study will be contributing to the literature by exploring the factors that worsen the COVID-19 Pandemic and the economic crises in Nigeria.

LITERATURE REVIEW

The Concept of Endemic, Epidemic and Pandemic

In order to avoid confusion due to the similarities that exist between the concept of endemic, pandemic and epidemic, there is a need to review their meanings for clear understanding.

According to Dianjun (2019) endemic is a generic term for the disease with regional features which is closely related to natural environment, human life and production.

It can occur in any country, but are mainly distributed in under-developed countries and regions where there are no centralized administrative organization for its prevention and control.

Dianjun (2001), sees endemic as constant presence of a particular disease or infectious agent within a geographic area or population. Yong (1998) considered endemic disease as one confined to a certain region.

In other words, it is associated with and frequently occurs within certain region. These all means that endemic diseases are region restricted or population restricted but can occur in any country, either developed or under-developed.

On the other hand Christian (2016) considered epidemic to be an unexpected widespread rise in disease incidence at a given time. According to Mazydl (1920) epidemic break upon community often within little warnings, strike terror into the community, demoralize businesses, reaps the harvests of victims, leaving physicians, nurses and the general public exhausted as well as dumb founded by what just happened. According to him. Epidemic disease rung for a while upon particular group or restricted population and disappears.

Pandemic, on the otherhand, according to Hays (2005) is simply an epidemic on a very wide geographical scale a large area of the world. However, no quantitative measure exists to establish that an epidemic becomes pandemic.

Christian (2016) also agrees with the views of Hays (2005), he however noted that that pandemic cannot occur without a dense or mobile population.

Nigerian Experience of COVID-19 Pandemic

Nigeria witnessed two economic crises within a decade. The 2009 economic crises recession was caused by a combination of the after-effect of the 2007-2008 global financial crises. Poor loan underwriting process, bad risk management practices and poor corporate governance of Nigeria banks (Sanusi, 2010). Banks were a major cause of the 2009 economic crises. On the other hand, the 2016 economic crises was caused by unexpected decline in oil price which led to a sharp drop in oil revenue which severely affected Nigeria's foreign reserve (Adenvan and Sadiq, 2018). This led to massive balance of payment deficient's combined with an already high debt burden which plunged Nigeria into its second recession in a decade.

Now the Nigerian studies on COVID-19 have emerged in the recent literature. Olapegbe et al (2020) assess the knowledge and perceptions of Nigerians about COVID-19. They find that some Nigerians have misconceptions about COVID-19. For instance, some respondents believe that COVID-19 is a biological weapon of the Chinese government. These misconceptions prevented them from taking maximum preventive measures. They suggest that evidence based campaign should be intensified to remove misconceptions and promote precautionary measures. They suggest that evidence based campaign should be intensified to remove misconceptions and promote precautionary measures Ozili (2020) show that Nigeria had the highest number of COVID-19 cases in West Africa and the third highest

cases in Africa between March and April. According to Ohia et al (2021) predict that the effect on COVID-19 will be severe in Africa because African countries have fragile health systems.

They argued that Nigeria's current national health systems cannot respond to the growing number of infected patients who require admission into intensive care units. They suggest that Nigeria should explore available collective measures and interventions to address the COVID-19 pandemic Jacob et al (2020) show that the COVID-19 pandemic affected higher institutions in Nigeria through the lockdown of schools, reduction of international education, disruption of academic calendar of higher institutions, cancellation of local and international conferences, creating teaching and learning gap, loss of man power in the educational institutions, and cut in budget of higher education. Adegboye et al (2020) examine the early transmission of COVID-19 in Nigeria and show that the COVID-19 cases in Nigeria were lower than expected. Adenomon and Maijama'a (2020) examine the impact of COVID-19 on the Nigerian Stock Exchange from the 2nd January 2020 to 16th April, 2020. The results revealed a loss in stock returns and high volatility in stock returns during the COVID-19 period in Nigeria.

Effects of COVID-19 on Nigeria Economy

It is right to say that COVID-19 has brought about untold hardship to the Nigerian citizens which cannot be forgotten in hurry, there is a popular saying that “health is wealth”. In the same vein David (2006) asserted that the Gross Domestic Product per capital affects and also ignores the potentials for duplicating the longer term but very significant changes in education, productivity, export and import, exchange rates, price of oil per barrel, fertility rate consumption and savings rate that may have resulted from the influenza epidemic. He further stressed that a country’s wealth (and or health) can often be enhanced by traditional measures such as opening up to trade, promoting exports restructuring inefficient state-owned enterprises, improvising infrastructure, unemployment, inflation, decrease in labour force, investment in health and investing in education. In no time, outbreaks have caused economic stagnation to the Nigeria economy.

According to the International Labour Organization (ILO), they revealed that global unemployment rate has reduced by 25 million since the beginning of the COVID-19 outbreak in November 2019. In fact, outbreak disease in Nigeria accounts for a complex effects. This shows that epidemic and pandemic can affect the economic prosperity of any nation especially in a developing nation like Nigeria of which several diseases in recent years has accounted for clear negative economic effects. Casting back to the memory lane of the HIV/AIDs Pandemic, at was then recorded to have significantly affected per capita Gross Domestic product (GDP) which in

turn has effects on household and their standard of living (Bloom et al, 2004) in David (2006). The effect of the pandemic (HIV/AIDs), has reduced the savings and then brought about a drastic increase in the consumption of individuals.

According to them, the long-term costs of HIV/AIDs, and the particular has a vast scale on which the social and economic effects is likely to be felt due to decrease in the investment on human capital (Bell et al), 2003).

According to the economic Forum (2004), it was asserted that AIDs also affected business of about 8,719 firms from a global survey conducted by the World Economic forum. Developing nations revealed a rise by 35 percent, and in Sub-Saharan Africa b6 45 percent.

However, as the novel pandemic (COVID-19) is affecting the economics of many nations globally. It also has an unhidden effect of the price of crude oil, education, health, tourism and other facets or sectors that makes the economy. It has also posed an unavoidable effect on citizens.

COVID-19 on Agriculture

Agriculture is said to form the major part of the Nigerian economy, which is also the aggregate output of Crop Production (CP), Livestock (Istk), Forestry (Frty), and Fishing (Fishy). Asides oil, agriculture is one of the largest income generation from the non-oil sectors to the Nigerian economy.

According to the National Bureau of Statistics Report (NBS, 2019), agriculture has contributed 28.25 percent to the overall GDP during the third quarter of 2019. This was a significant contribution and however, this contribution set to reduce with the outbreak of the deadly disease during the lockdown period, also border closure leading to disruption in transportation and international supply of food chain. Remarkably, according to World Economic Forum Report (2020), domestic restrictions and import delays are hindrance to farmers, while farmers are warned against predictive failure in production if government does not act.

Also, Nigeria fertilizer stocks during this report is currently 20 percent below its normal levels, there are only enough seeds to plants. The result of this is low production of food consumption, which is a gradual movement towards malnutrition in Nigeria. Thus, COVID-19 threatens to profoundly affect the livelihood of poor rural farmers who depends on agriculture.

COVID-19 on Education

Education is seen as the first and important yardstick for any nation that sets to experience development. In Nigeria, the output of education is aggregated to be primary (pr) secondary (sec), and tertiary (ter) education. According to UNESCO monitoring report on COVID-19 educational disruption and response (2020), the impact of school closures in over 100 countries that have implemented the decisions around the world has impacted over 90 percent of the global student's population.

In taking this decision, Nigeria is not excluded from the impact according to Nigeria Education in Emergencies Working Group (2020) accounts that close to about 40,000 Internally Displaced Persons (IDPs) children will be giving some form of learning in camps and host communities will be affected by stoppage of learning in schools.

This shows that educational sector is also greatly affected by the deadly virus and will have to adapt to the change.

Presently, in the mode teaching many schools in Nigeria and around the globe, have adopted the online teaching method, while for the younger ones, their parents have become their teachers or merely get teachers to teach their kinds at home. while for the younger ones, their parents have become their teachers or merely get teachers to teach their kids at home. While many European countries have successfully implemented their school setting using online digital tools like zoom or Google

meet, the question remains, can Nigerian education survive the online teaching methods coupled with the unavailable network and high rate of purchasing data? In essence, the virus, COVID-19 would be seen in education as a result of the changes in modes of teaching and how students relate in schools, the ability to adapt to the remains a question to be answered.

However, His pulse a fear in the moods of the parents and guardian as regards the student's ability to recall and regain all what they've been taught.

Unarguably, having recorded low rate of infection among students, school closures are a critical pillar of the social distancing tools to mitigate the spread of the disease and avoid an acceleration of cases that will put a strain on health services.

Conclusively, the outbreak has pursued a fear into the minds of parents due to the West African Examination Council 2020 expected results.

COVID-19 on Health

Corona Virus is also taking its toll on health facilities and infrastructure in Nigeria. In fact, one of the worst hit sectors by COVID-19 is the health sector. The health sector can be regarded as been aggregate output human health (h.h) and social service (ss). With limited number of health practitioners and facilities, the health sector is overburdened thus the need for government to increase its spreading on health sector. A further effect on health is that access to care for simple illness

becomes harder than usual due to the fear of the virus spreading. Many healthcare centers have placed restrictions on how patients get treatment or admitted to prevent overcrowding in hospitals. Also, the needs to provide equipments and medicine for health services have led to a reduction in the production of vaccines for other diseases especially vaccines for immunization for new born babies, therefore leading to the increase in infant death rate. As such, the African Union Report (2020) reveals that it there still exist a persistent increase in pandemic (COVID-19) it will be difficult for most African countries to treat their patients.

COVID-19 on Security

With the closure of schools, increased in unemployment and disruption of food claim due to closure of borders and interstate travels, there is definitely a downturn of this on security in Nigeria. Noting that the living conditions of Nigerians is already affected and not up to standard even before the Corona case, there is a high risk of insecurity manufacturing in form of robbery out of hunger and anger. Nigeria already ranked as one of the countries with highest poverty rate with individual living below 3 dollars per day. How much more a disruption in normal economic activities without provision for sustenance, COVID-19 would definitely have negative effect on security in Nigeria.

However, according to the African Union Report (2020), they revealed that the novel Corona Virus (COVID-19) came at the very time when the African regime are already faced by the daunting challenges of fragility, conflict and violence due to either terrorism mix of Jihadists, community-based militant, bandits, political instability and or climate change.

COVID-19 on Other Nigeria Sectors

COVID-19 has effect on other sectors such as sports, while globally the pandemic affected Olympics games which is the largest sport gathering in the world causing it to be postponed the postponement came with a high cost but was a necessary step. Nigeria is not excluded from this effect. In Nigeria, the biggest sporting event have been put on hold the professional football league. National sports festival have been placed on hold to curb the spread. Sport has an important contribution to make to the Nigerian economy, aside from the fact that it serves as the purpose of recreation and entertainment for Nigerians; it also contribute to Nigeria's GDP. According to National Bureau of Statistics (November, 2019); arts entertainment and recreation had contributed greatly to Nigeria's GDP in the third quarter of 2019.

Aside sport, the film and entertainment industry has been affected. Movie theatres have been shutdown, art exhibitions, movie premiers and musical concert have either been cancelled or postponed leading the entertainment sector to lose millions of

Naira worth of deals (Chike 2020). The closure has significantly affected the income generation of the sector.

CONCLUSION

This paper analyzed the recent economic crisis in Nigeria. It showed that the spillover of COVID-19 pandemic into Nigeria coupled with declining oil price, which were external shocks, caused to the economic crisis in Nigeria in 2020. The structural problems in Nigeria at the time prolonged the economic crises.

The implication of the study is that policy matters should pay attention to three areas of the economy for economic and structural reform. One policy Makers should introduce economic reforms to diversify the economy and reduce Nigeria's dependence on revenue from crude oil export.

Two, policy makers in Nigeria should invest in health care infrastructure to improve the ability of the national health system to withstand the outbreak of contagious diseases.

Three, there is also a need to build appropriate digital infrastructure to facilitate the tradition from “face-to-face” business activities to a digital or online business activities, which can help to grow the digital economy.

Also, policy makers should use legislation to create a robust social welfare safety net for all citizens particularly for unemployed citizens and poor households.

Finally, the government needs to focus on rebuilding institutions and pay more attention to institutions like National Agency for food and Drug Administration and Control (NAFDAC), and the Nigeria Centre for Disease Control (NCDC).

RECOMMENDATIONS

The following recommendations were postulated:

1. Nigeria being the Giant of Africa, and major player to Africa economy, it should then diversify and transform their economies by strengthening the productive capacity of Africa private sector to transform raw materials locally. This will help to improve domestic resources mobilization and reduce continent dependence on external financial flows, which stands at 11.6% of Africa's GDP compared to 6.6% of developing economies GDP as strongly recommended by the report of African Union (AU, 2020).
2. there should be an increase in agricultural production thereby enhancing the food value chains to meet domestic and dependable exporting consumption by other nations.
3. To set up and implement strategic job opportunity programmes to reduce the alarming rate of unemployment within Nigeria.

4. After the novel pandemic (COVID-19). More expenditure should be channeled to the educational sector so as to increase the nation's investment in human capital in the long run.

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