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**COVID-19 PANDEMIC AND ECONOMIC CRISIS: THE  
NIGERIAN EXPERIENCE AND STRUCTURAL CAUSES  
(A Case Study of Etsako West Local Government, Edo State)**

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**DECEMBER, 2021.**

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**BY**

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**BEING A PROJECT WORK SUBMITTED TO THE  
DEPARTMENT OF PUBLIC ADMINISTRATION,  
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR  
THE AWARD OF HIGHER NATIONAL DIPLOMA (HND) IN  
PUBLIC ADMINISTRATION, SCHOOL OF BUSINESS  
STUDIES, AUCHI POLYTECHNIC, AUCHI, EDO STATE**

**DECEMBER, 2021.**

## CERTIFICATION

We, the undersigned hereby certify that this project titled “**covid-19 pandemic and economic crisis in Nigerian experience and structural causes**, a case study of **Etsako West Local Government, Edo State** was carried out by **OKUNDAH DEBORAH ONYEKA** with Matric No: **SBS/2321930632** under our supervision in the Department of Public Administration, Auchi Polytechnic, Auchi, Edo State.

We therefore certify that the project is adequate both in scope and quality for the partial fulfillment of the requirements of the award of Higher National Diploma (HND) in Public Administration.

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**MR. YAKUBU UMORU**  
*(Project Supervisor)*

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*Date*

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**DR. ALIGBE B.A**  
*(Head of Department)*

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*Date*

## **DEDICATION**

I dedicated this project to God Almighty, my creator my strong pillar, my source of inspiration, wisdom, Knowledge and understanding. He has been the source of my strength throughout this programme and on his wings only have I soared. I also dedicate this work to my mother, ***MRS JANET ARABOR*** who has encouraged me all the way and whose prayers and encouragement has made sure that I give it all it takes to finish that which I have started.

## **ACKNOWLEDGMENT**

My deepest gratitude goes to God who has provided all that was needed to complete this project work and the programme for which it was undertaken for there was never lack or want throughout this entire study, he took care of everything that would have stopped me in my tracks and strengthened me even through my most difficult times.

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I must acknowledge the support of my Boss Mr. Emeka Illoh and my friends, Sule Wahab, Augusta lucky, and John Egharevva John. God Bless you all

## **ABSTRACT**

*This project work is titled: covid-19 pandemic and economic crisis in Nigeria. The aim of this research work is to ascertain the effects of Covid-19 pandemic on the economy of the nation. We are in the midst of the worst recession since the global financial crisis. The economic downturn in Nigeria was triggered by a combination of declining oil price and spillovers from the Covid-19 outbreak, which not only led to a fall in the demand for oil products but also stopped economic activities from taking place when social distancing policies were enforced. The government responded to the crisis by providing financial assistance to businesses, and food to households, that were affected by the pandemic. The monetary authority adopted accommodative monetary policies and offered a targeted 3.5trillion loan support to some sectors. These efforts should have prevented the economic crisis from occurring but it didn't. Economic agents refused to engage in economic activities for fear of contracting the Covid-19 that was spreading very fast at the time. In this paper, I analyse the Covid-19 spillovers to Nigeria and the structural weaknesses in Nigeria's infrastructure that helped bring on the current economic crisis and discuss prospects for reformance.*

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## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the Study

This study analyses the COVID-19 situation in Nigeria, the economic crisis and the structural causes. The COVID-19 pandemic has had far-reaching effects on the global economy (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 due 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; Atkeson, 2020; McKibbin and Fernando, 2020; Altig et al, 2020; Ozili and Arun, 2020). Yet, the recent literature has not examined the effect on COVID-19 on economic aggregates in developing countries such as Nigeria. The impact of COVID-19 on the Nigerian economy has not been explored in the recent literature. This study fills this gap in the literature. Aggarwal, U. (2014),

Economic crises or recessions are often caused by market corrections (Hart and Tindall, 2009; Jones, 2016), market failure (Stiglitz, 2008; Chauffour and Farole, 2009; Petrakos, 2014), external trade and price shocks (Ros, 1987; Mendis, 2002; Gomulka and Lane, 1997; Francois and Woerz, 2009), political instability (Aisen and Veiga, 2013; Gasiorowski, 1995; Lagravinese, 2015), and civil unrest through protests (Bermeo and Bartels, 2014; Giugni and Grasso, 2016; Grasso and Giugni, 2016; Bernburg, 2016), amongst others.

Economic crises are not new in Nigeria. During the 2016 economic crisis, 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 crisis 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 crisis could trigger an economic crisis in the country. What made the 2020 economic crisis different from other economic crises or recessions in Nigeria was that most economic agents, who could have helped to revive the economy were unable to engage in economic activities due to fear of contracting 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 30<sup>th</sup> March of 2020.

Although the coronavirus outbreak which started in the 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 crisis. The fear of financial and economic collapse led to panic buying, hoarding of foreign currency by individuals and businesses mostly for speculative reasons, flight to safety in investment and consumption, households stocking up on essential food and commodity items, businesses asking workers to work from home to reduce operating costs.

The analysis in this paper contributes to the literature that examine the cause of economic crises in developing and transition countries. This literature shows that the level of development in a country plays an important role in prolonging economic crises or in facilitating economic recovery. This study also contributes to the recent literature that investigate the impact of coronavirus in society (see., Chinazzi et al, 2020; Haleem et al, 2020; Chen et al, 2020; Fornaro and Wolf, 2020). This study contributes to this literature by exploring the factors that worsen the COVID-19 pandemic and the economic crisis in Nigeria.

The rest of the paper is divided into six parts. Section 2 discuss the literature on economic crisis. Section 3 presents an overview of the COVID-19 pandemic from a global context. Section 4 discuss the COVID-19 outbreak in Nigeria. Section 5 discuss the structural factors that worsen the economic crisis in Nigeria. Section 6 presents the research design including the sample and methodology. Section 7 discuss the results. Section 8 concludes.

## **1.2 Statement Of problem**

COVID-19 has created a very difficult challenge throughout the world in addition to many illnesses and deaths, large portions of the world population are quarantined or have had their freedom of movement limited. Several mandated preventive measures created a hitch among human activities and daily survival. Nevertheless, the production and supply of goods was at the minimum level as staffs observed the stay at home policy and businesses were also shutdown due to safety measures enacted to contain the spread of the virus. inversely, this resulted to scarcity of goods in the markets as panic buying behaviour took place across many countries of the World just like in the case of Nigeria and resulted the inflation on scarce products. Therefore, food shoppers suffered different challenges during the coronavirus pandemic, such as limited public transportation, food stock-outs (i.e. exhausted inventories), and reduced hours at supermarkets and grocery stores.

The continuously increasing cumulative COVID-19 incidence ranged by country worldwide from 3.26 to 98,388 total confirmed cases per million population

1. while COVID-19 related mortality ranged by country worldwide from 0.03 to 163 death per 100,000 population
2. . As indicator of lethality, the crude case-fatality (CF) among notified COVID-19 cases ranged at latest report from 0 to 29%, with many high-income countries falling in the higher range
3. . Likewise, modeled estimates of SARS-CoV-2 infection fatality (IF) inferred from population sero-surveys in 11 selected countries and cities range from 0.14 to 0.42% in low-income countries to 0.78–1.79% in high income countries, with the differences in those ranges related to the older population of high-income countries

### **1.3 Objective of the Study**

This study is carryout on the bases of achieving an empirical investigation of Covid-19 pandemic and economic crisis: the Nigerian experience and structural causes. The following are other specific objectives;

- 1.To ascertain the effects of Covid-19 on pandemic on the economy of the nation.
- 2.To investigate the extent to which Covid-19 pandemic has affected the availability and price of products in Nigeria.
- 3.To examine the extent to which Covid-19 pandemic cause economic crisis in Nigeria.

### **1.4 Research Question**

- 1.What is the effects of Covid-19 pandemic on the economy of the nation?
- 2.What is the extent to which Covid-19 pandemic has affected the availability and price of products in Nigeria?
- 3.To what extent did Covid-19 pandemic has cause economic crisis in Nigeria?

## **1.5 Statement of the Hypothesis**

The following alternative (Hi) hypothesis in the study are as follows:

### ***Hypothesis I***

There is a positive effects of Covid-19 pandemic on the economy of the nation.

### ***Hypothesis II***

There is a positive extent to which Covid-19 pandemic has affected the availability and price of products in Nigeria

### ***Hypothesis III***

There is a positive way Covid-19 pandemic has cause economic crisis in Nigeria

## **1.6 Significance of the Study**

This study on the critical investigation on Covid-19 pandemic and economic crisis: the Nigerian experience and structural causes, will serve as a source material to other researchers who may be conducting a research on a similar topic. More so, students, academic pioneers and the Government will find this material relevant as the information contained therein is of national scope which can be of interest to the citizens at large.

## **1.7 Scope of the Study**

This study is carryout on the investigation of Covid-19 pandemic and economic crisis using Oredo Local Government Area as case study.

## **1.8 Limitations of the Study**

During the course of carrying out this research work, the researcher encountered some limitations it includes:

- a. **Financial Problems:** The success of my research work depends on the finance availability and this affected the researcher because the finance at his disposal was not sufficient to carry out the research effectively.

- b. **Time:** This has to do with the time-frame given for the completion of the study and also other challenges like conflict between school work and project.
- c. **Inadequate Power Supply:** This was also a limitation during the typing and printing of the document.

### **1.9 Operational Definition of Terms**

**Covid 19:** This is also known as coronavirus and it is a communicable respiratory disease caused by a new strain of coronavirus that causes illness in humans.

**Product:** a product is an object or system made available for consumer use; it is anything that can be offered to a market to satisfy the desire or need of a customer

**Marketing:** Marketing refers to activities a company undertakes to promote the buying or selling of a product, service, or good. It is one of the primary components of business management and commerce.

**Market:** A market is a composition of systems, institutions, procedures, social relations or infrastructures whereby parties engage in exchange. While parties may exchange goods and services by barter, most markets rely on sellers offering their goods or services to buyers in exchange for money.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Conceptual Framework**

Nigeria witnessed two economic crises within a decade. The 2009 economic crisis recession was caused by a combination of the after-effect of the 2007-8 global financial crisis, poor loan underwriting process, bad risk management practices and poor corporate governance of Nigerian banks (Sanusi, 2010). Banks were a major cause of the 2009 economic crisis. On the other hand, the 2016 economic crisis was caused by unexpected decline in oil price which led to a sharp drop in oil revenue which severely affected Nigeria's foreign reserve (Adeniran and Sidiq, 2018). This led to massive balance of payment deficits combined with an already high debt burden which plunged Nigeria into its second recession in a decade.

The literature also show that economic crises have notable consequences. For instance, Carneiro et al (2014) show that the economic crisis in Portugal gave rise to job destruction due to the collapse of existing firms, increasing unemployment rate, increase in the incidence of minimum wage freeze, and also led to an increasing number of temporary workers. Cheong (2001) show that there was increasing income inequality during the Korean economic crisis, while Giannakis and Bruggeman (2017) in their analysis of the economic crisis in Greece observed that rural regions are more resistant to recessionary shocks than urban regions. Other consequences include: high mortality rates from homicide, pneumonia, alcohol dependence during economic crisis (Khang et al, 2005), and the collapse of many small and medium scale enterprises (Soininen et al, 2012). Ozili (2020) show that the COVID-19 pandemic and the lockdown restrictions had negative socioeconomic consequences for African countries. So far, the literature has not analysed the effect or consequence of a health crisis on the economy. More specifically, the effect of coronavirus, or COVID-19, on economic activities and performance in Nigeria has not been explored in the literature.

## **2.2 Nigerian literature**

Some Nigerian studies on COVID-19 have emerged in the recent literature. (Olapegba 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. (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. (Ohia et al 2020) predict that the effect on COVID-19 will be severe in Africa because African

countries have fragile health systems. They argue that Nigeria's current national health systems cannot respond to the growing number of infect 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 Maijamaa (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.

A simulation-based evaluation is conducted using an unconstrained multiplier model based on data from a 2018 social accounting matrix (SAM). Simulations are informed by an assessment of sectoral impacts based on reviews of official data and policy announcements, interviews with key informants including representatives of government agencies, the private sector and industry groups, and development practitioners working in Nigeria.

In our analysis, major economic impacts are caused by external shocks (e.g., weakening global demand for oil and a global economic recession) as well as domestic policies adopted to reduce viral transmission (i.e., enforced social distancing). Four major impact channels are considered, including: (i) government revenue shortfalls; (ii) reduced foreign remittances; (iii) direct impacts from a 5-

week “lockdown” policy that restricted movement of people and economic activities within the Federal Capital Territory (FCT) Abuja, and Kano, Lagos, and Ogun States, as well state-level lockdowns lasting 8 weeks in Akwa Ibom, Borno, Ekiti, Kwara, Osun, Rivers, and Taraba States; and (iv) indirect impacts of the lockdown policies on the rest of the country outside of the affected sectors or areas.

Economic impacts are assessed in terms of their effects on national gross domestic product (GDP), agri-food system GDP, and the number of people living below the international US\$1.90-a-day poverty line. We estimate that national GDP declined sharply during the country's lockdown period, and that Nigeria will experience recession during 2020. More specifically, the lockdown policies reduced Nigerian GDP by US\$11 billion or 23% during the 8-week period. Depending on the nature of economic recovery in the second half of 2020, we estimate that GDP will be between 6% and 9% lower compared to the levels of GDP there were expected during 2020 prior to the onset of COVID-19. Our estimated contraction of the economy is consistent with global projections (see [IMF, 2020b](#); [World Bank, 2020a](#)), although these tend to fall close to our more optimistic scenarios. Despite being exempted from many of the government's lockdown policies, we estimate an 11% decline in agri-food system GDP (US\$1.6 billion). We also estimate a temporary 9% point increase in the national poverty headcount rate, implying that there were 17 million more people living below the poverty line during the 8-week lockdown period—some of whom remain poor at the end of 2020.

In addition to posing a major health challenge for developing countries, COVID-19 is having severe socioeconomic impacts. For Nigeria's economy, an immediate concern was the sharp drop in oil prices, which threatened to undo years of moderate economic growth in Nigeria and many other oil-dependent African countries ([IMF, 2020a](#)). Nigeria's economy continues to suffer from oil dependence and vulnerability to oil price volatility ([Arndt et al., 2018](#); [FGN, 2020b](#)). The economy recently

emerged from a 2016 recession driven by a 2014–15 fall in oil prices. The 2016 recession was the first in 25 years, and while painful, it amounted to a relatively manageable contraction of about 1.6% of GDP ([World Bank, 2019](#)). An economic slowdown from the plunge in oil prices alone would have been damaging, but it is now clear that the continued spread of the pandemic and the associated policy responses across the globe, and within Nigeria, are likely to have severe consequences for Nigeria's economy and population.

Given these adverse outcomes, a pressing economic policy concern is to find ways to reduce the negative consequences of lower household income, higher poverty, and the greater likelihood of associated long-term impacts, such as deeper rates of malnutrition. In the short-term, while the focus has been on health, security, and the welfare of vulnerable population groups, the government has provided food from the national grain reserve and advanced payments of conditional cash transfers ([FAO, 2020](#); [FGN, 2020a](#); [Nnabuiife, 2020](#)). Our findings suggest that not only are these measures important, but additional measures may be required, especially for urban lower-middle-income and rural nonfarm households. Our findings also indicate the need to consider, over the medium term, measures such as reopening Nigeria's borders, at least partially, to food imports to meet rising demand. Finally, looking toward longer-term strategies, our findings confirm that diversifying Nigeria's economy remains imperative—to reduce its dependence on oil extraction as the main source of growth ([Arndt et al., 2018](#)). Improving the resilience of agricultural production is one way of ensuring that future crises have a more limited impact on the health and well-being of Nigerians.

The chapter first provides a timeline of the COVID-19 pandemic and policy responses in Nigeria ([Section 2](#)). The expected direct impacts of lockdown policies are then described ([Section 3](#)), before outlining the simulation methodology ([Section 4](#)). The results of the simulation analysis, for both lockdown and

immediate recovery periods, are then presented ([Section 5](#)) and we conclude with a discussion of their implication for future policy priorities.

### **2.3 Nigeria's COVID-19 outbreak and responses**

The government's response was coordinated by a Presidential Task Force, established in early March ([Ameih, 2020](#)), that worked closely with the NCDC. The NCDC was made responsible for public health campaigns and for overall management of the testing, isolation, and treatment of patients. Nigeria's government was quick to recognize the potential scale of COVID-19's economic costs and was among the first developing countries to announce fiscal and stimulus measures to cushion economic impacts. These measures included reducing government spending in anticipation of lower revenues, and providing US\$130 million to support households and small and medium-scale enterprises ([FMBNP, 2020](#)).

More importantly, Nigeria's government was among the first on the subcontinent to enforce social distancing. All schools in the country were closed in mid-March, and several states and local authorities instituted bans on public and social gatherings. After a second case was confirmed in Lagos, Nigeria instituted bans on foreign travelers from 13 “highly-infected” countries and stopped issuing visas on arrival. By late-March, with 44 confirmed cases, the government closed its land and air borders to all travelers for an initial period of 4 weeks, and suspended all passenger rail services ([Ogundele, 2020](#)).

On 29 March, President Buhari announced specific restrictions for Lagos, FCT, and Ogun States, which together contain 14% of Nigeria's population. These “lockdown” measures restricted the movement of residents outside of their homes. They also closed many business operations, as well as the borders linking the lockdown states to the rest of the country. Passenger air travel was also suspended nationwide ([FGN, 2020a](#)). Shortly afterwards the Presidential Taskforce issued

exemptions for medical services, agricultural activities, food manufacturers and retailers, telecommunications, and certain financial services ([PTF, 2020](#)). The president also announced some palliative measures, mainly food distribution and a 2-month advance payment of the conditional cash transfers made by the government to vulnerable citizens. On 13 April, President Buhari announced a 2-week extension of the federal lockdown policies, which were also expanded to include Kano state.

Although it was the federal government that directed lockdown measures in four states, numerous other states implemented their own lockdown policies, sometimes predating the federal policies. States with significant social distancing measures included Akwa Ibom, Borno, Edo, Ekiti, Kwara, Taraba, Niger, Ogun, Ondo, Oyo, and Rivers. These lockdowns generally started with school closings, limited trading hours in informal markets, and restrictions on large social gatherings, including religious and sporting events. Restrictions were gradually expanded until they largely resembled the federal lockdowns (e.g., stay-at-home orders and the closing of businesses and state borders).

By the end of April, the group of states under lockdown measures accounted for almost two-thirds of the national economy. Under growing pressure to relax restrictions, the President announced that lockdowns would be eased in Lagos, FCT and Ogun states starting from around mid-May, but that the lockdown in Kano would be extended until early June. During June, and despite continued increases in daily cases, the government lifted restrictions on domestic airlines and interstate travel and allowed schools to reopen for graduating students. The number of new cases peaked at the end of June and fell during July and August. On 3 September, the government lifted all remaining restrictions on local markets.

## **2.4 Expected Impact of Lockdown Policies**

To gauge the expected impacts for Nigeria, we interviewed key informants including government officials, private sector actors, and development partners.<sup>a</sup> We also reviewed news reports, public announcements, and security updates related to COVID-19. This review revealed that the COVID-19 impact is transmitted via three major impact channels, with potentially significant adverse effects on household incomes, demand for goods and services, and the economy's output in 2020.

The first major impact channel is the expected shortfall in federal budget revenue due primarily to the plunge in oil prices. Likewise, on the expenditure side, there are substantial unanticipated spending needs associated with COVID-19 in the form of increased health costs, new stimulus packages for businesses, and increased social support for vulnerable households. The second channel is the expected decline in private remittances into Nigeria as COVID-19 affects the well-being of Nigerian workers living abroad and remitting income back home. The third channel is the impact of domestic policies that restrict movement of people and business activities, particularly in the lockdown zones of Abuja FCT, Lagos, and Ogun States. These measures imposed, simultaneously, a demand-side shock as people were only permitted to buy essential goods and a supply-side shock as only essential businesses were permitted to operate. We consider each of these impact channels in more detail below.

### **1. Oil revenues and the government budget**

With the pandemic expected to continue for most of 2020, the global economic slowdown will have consequences for Nigeria's oil-dependent economy. Air and ground travel have effectively come to a halt in most parts of the world, and oil prices have fallen by 45% to around US\$30 per barrel in the first quarter of 2020 ([Akanni and Gabriel, 2020](#)). A direct consequence for Nigeria's federal government is a

sharp decline in revenues. Oil revenues contribute more than 60% of government revenues, and projected revenues for 2020 were based on a benchmark oil price of US\$57 per barrel ([BudgIT, 2020](#); [CBN, 2020](#); [PWC, 2020](#)). The Ministry of Finance, Budget, and National Planning (MFBNP) estimated that, due to COVID-19, government's monthly oil receipts would decline from USD 2.3 billion to around US\$1 billion by September 2020 ([FMBNP, 2020](#)).

Apart from a revenue shortfall, the federal government also faced significant pressures to raise spending in areas not previously budgeted for, including US\$300 million toward disease preparedness and response and stimulus payments of US\$700 million ([CBN, 2020](#)). The government undertook a significant budget revision ([FMBNP, 2020](#); [PWC, 2020](#)), and announced that revenue shortfalls would lead to cuts to capital spending rather than recurrent spending and social transfers ([Onyekwena and Amara Mma, 2020](#)). The government also applied for new loans from the African Development Bank, Islamic Development Bank, the IMF, and the World Bank ([FMBNP, 2020](#)).

## **2. Private remittances**

Nigeria is the largest recipient of foreign remittance incomes in Sub-Saharan Africa, and these comprise about 5% of Nigerian GDP. Reports that Nigeria relies on “major lockdown economies,” such as Britain, France, Italy, Spain, and the United States of America, for 54% of remittance incomes. Remittances from these countries declined dramatically in early-2020; for example, some payments companies in Europe reported declines of 80–90% in remittance payments to Africa. The [World Bank \(2020b\)](#) provides a longer-term perspective, predicting that remittance flows into Nigeria will decline by 25% this year due to COVID-19. This is at the upper-end of the 5–25% range decline anticipated by [Kuhlcke and Bester \(2020\)](#) based on an analysis of remittance flows during past crises, although they warn

that the high proportion of remittances coming through informal channels makes it difficult to assess the true impact.

Remittances are also not evenly distributed across different socioeconomic groups. The Nigeria SAM used in our analysis reveals that net foreign remittance incomes (remittances payments are only about 1.5% of remittance receipts) account for 6.1% of consumption expenditure in Nigeria. However, remittance receipts account for a much larger share of consumption expenditure for urban households (9.6%) than rural households (2.7%), and a staggering 98.7% are to nonpoor households. As such, the expectation is that remittance income shocks will have mostly affected the well-being of nonpoor and urban-based consumers.

### **3. Domestic lockdown measures**

The third major impact channel includes the direct effects of policies adopted to mitigate the spread of the coronavirus, specifically the 5-week restrictions on movement and economic activity imposed by the federal government on the Abuja Federal Capital Territory (FCT), Lagos State, and Ogun State, as well as the extended lockdowns in other states, such as Kano. These restrictions directly reduce economic output and household incomes for a large share of the residents who are unable to work and earn an income. Consumer demand is also curtailed directly through measures that prevent consumers from spending money on non-essential goods and services.

Lockdown measures were not applicable to sectors considered “essential.” The federal government issued exemptions for medical services provided by public and private hospitals and pharmacies, food retail in markets during restricted hours, supermarkets and grocery shops, and prepared foods for delivery.<sup>b</sup> The policies allowed farms, food and drug manufacturers, and food distributors to continue their activities. Other services considered essential, and therefore exempt, included fuel

stations, private security companies, and limited financial services to maintain cash availability and to allow for online transactions. Public utility services, news companies, and telecommunications providers were also exempted.

Sectors or subsectors that were not exempt from the lockdown measures were significantly affected. The impact on a sector or subsector at the national level depends on the share of productive activities that take place within the lockdown zones. Likewise, the immediate overall impact on the national economy depends on the importance of the sector in terms of its share of GDP or employment. We conclude this section by describing some of the anticipated effects of lockdown measures on different subsectors.

*Manufacturing:* Many nonfood manufacturing activities were suspended during the lockdown period and in the lockdown zones. The Lagos and Ogun State industrial clusters account for about 60% of manufacturing in Nigeria, according to some estimates, and the Apapa Port in Lagos serves as the point of entry for primary and intermediate manufacturing inputs. As such, we anticipate a major negative shock for the manufacturing sector. Affected industries include manufacturers of cement, basic and fabricated metals, plastics, glass, and furniture products. While port and cargo operations were exempted from movement restrictions, port operators and manufacturers still reported that the lockdown almost immediately resulted in a backlog of containers and increased congestion at the port, as interstate movement restrictions and fear of harassment led to reduced trucking services. Moreover, although manufacturers of food, drugs, pharmaceuticals, among others, were exempted from restrictions, anecdotal evidence suggests that security concerns and supply chain disruptions resulted in companies operating below capacity.

*Construction:* There were no exemptions for private or public construction works in the affected areas. Moreover, movement restrictions, locally imposed curfews, and

state border closures affected construction activity outside of the affected areas as well due to difficulties in obtaining important inputs such as cement or other building materials. We therefore a modest, but nationwide, decline in the construction activity as a result of domestic policies.

*Transportation, storage, and cargo handling:* With the nationwide closure of bus services, passenger rail services, and phone-based taxi services, the movement restrictions curtailed most ground transportation in the affected areas. Transportation was limited to essential trips for food or medicines or to seek medical treatment. Although port cargo handling, air cargo services, and associated services, such as storage and warehousing, continued to operate, insecurity and fear of harassment on transport routes reduced operations for exempted services.

*Hotels, catering, and food services:* COVID-19 policy responses severely affected the business of hotels, restaurants, and catering services. Movement restrictions included bans on visiting restaurants. The lack of a “food delivery culture” in Nigeria implied a near-total shutdown of urban food services during the lockdown period.

*Repair services:* The bulk of repair services are carried out either in repair shops in markets as part of Nigeria's large informal sector, or by itinerant repair workers. This sector suffered severely from restricted movement and the closure of market centers.

*Domestic workers and other personal services:* Domestic workers (e.g., cooks, childcare providers, cleaners, gardeners, private security guards etc.) form a large share of the working population within the lockdown zones. While some domestic workers reside at their places of work, those who live outside were no longer able to commute to work. We estimated that about half of these workers are live-in workers and will continue to work and earn a living during the lockdown period.

## **2.5 Simulating Economic Impacts**

### **1. Multiplier analysis**

SAM multiplier models are often used to measure the direct and indirect impacts of rapid-onset economic shocks, such as those caused by COVID-19. At the heart of the multiplier model is a SAM, which is an economywide database that captures all income and expenditure flows between all actors in an economy. The SAM captures the structure of the economy at a given point in time, showing the relationships between producers (i.e., activities), consumers (i.e., households), government and the rest of the world. It tracks how these economic actors interact in markets for products and factors of production (i.e., land, labor and capital). The multiplier model used to estimate the impacts of COVID-19 in Nigeria is calibrated to a 2018 SAM that separates the economy into 86 sectors/products and 15 household groups. Although the SAM has a 2018 base year, the multiplier model's results are scaled to match national accounts, household income, and population data for 2019 to allow for an assessment of the absolute size of COVID-19 impacts in 2020 (relative to baseline values).

The SAM multiplier model provides a mechanism for estimating the effects of an external shock, typically an exogenous change in final demand for goods and services on total supply of different commodities. By capturing input-output and employment relationships, as well as the functional distribution of income, the model also generates results on domestic production, employment, and changes in household incomes. Final demand in our model includes government consumption demand, investments, and exports. It also treats household consumption demand as exogenous, meaning that an income shock does not result in subsequent rounds of consumption demand and income feedbacks. This avoids over-estimating multiplier effects and allows us to directly simulate changes in household

consumption where appropriate (e.g., for evaluating the impacts of declining foreign remittances).

A important assumption of our multiplier approach is that, over the short-run, technical input-output relationships, output choices of producers, and consumption patterns of households do not change in response to simulated shocks, and that prices are fixed. General equilibrium models are often considered superior to fixed-price models, because they capture price-mediated competition in markets for scarce resources. However, in the case of COVID-19 lockdowns, where trade and production have ceased due to government directives, rather than by market forces, a SAM multiplier framework is the more appropriate method for measuring impacts, at least for short-run analysis. For more on SAM multiplier models, see [Breisinger et al. \(2009\)](#).

## **2. Simulation design**

As explained, the economic impacts of COVID-19 restrictions are simulated through exogenous changes in the final demand component of those sectors affected by policy measures or external shocks. A summary of the shocks, separated into different domestic channels and global shocks, is presented in [Table 1](#), with further details provided in [Table A1](#) in the [Annex](#). The impact channels in the table coincide with the three major channels described in [Section 3](#) (e.g., reductions in oil exports and remittances). The channel capturing the effects of domestic lockdown policies is further disaggregated in order to differentiate the effects of specific restrictions (e.g., separating closing of hotels and restaurants from the closing of schools). Shocks in each channel result in changes in domestic supply in affected sectors, which in turn affects other sectors via input-output relationships captured in the SAM multiplier model. This in turn results in direct and indirect changes in employment, household incomes, and poverty.

Whereas some of the COVID-19 restrictive measures, such as school closures, limits on the size of gatherings, and restrictions on intercity or interstate passenger travel are imposed nationwide, most lockdown measures are imposed in specific states. Therefore, where required, initial demand shocks are weighted to reflect this geographical targeting. Nigeria lockdown measures were instituted at two levels of government. Those imposed early on by the federal government affected Lagos, FCT-Abuja, Ogun, and Kano. These states account for about 40% of national GDP, and lockdown measures lasted for 5 weeks from 30 March until 4 May. Others were imposed by state governments independently of the federal government (see [Section 2](#)). These states account for around 25% of GDP, and lockdowns remained in force for about 8 weeks. Our results focus on the economic impacts during the combined 5- and 8-week lockdowns across the various affected states.

Following the lockdown, policy measures can either be lifted gradually or rapidly. Depending on how firms and consumers react, the recovery may therefore also be slower or faster. Evidence elsewhere has shown that even as restrictive measures are relaxed, economies often take time to return to a business-as-usual state. Therefore, beyond the lockdown period, we model and present a second set of results under various recovery scenarios. These inform revised growth paths for the Nigerian economy starting from the lockdown period in the second quarter (Q2) and extending through the third and fourth quarters (Q3 and Q4). As shown in [Table 2](#), we consider fast, gradual, and slower recovery scenarios. In each of these, we assume no shocks during the pre-COVID-19 period (January and February), followed by the introduction of lockdowns and external or global shocks in March. Toward the end of Q2, the lockdown measures are lifted either rapidly or gradually, which we simulate as a decline in the extent of the policy shock imposed during the lockdown period (e.g., if a 30% reduction in consumer demand was

simulated during the lockdown, then that shock is reduced by 60% in June under the fast recovery scenario, i.e., the lingering effect of lockdown is a 12% reduction in consumer during that month).

Overall, the fast recover scenario assumes that almost all (99%) of the economic shocks during the lockdown period have dissipated by Q4, whereas the slow recovery scenario assumes that about a fifth of the shock still remains at the end of the year. While is difficult to predict actual outcomes, especially given the possibility of “second waves” of infections in Nigeria and abroad, our tree scenarios provide a reasonable range of possible outcomes under more or less optimistic assumptions.

## **2.6. COVID-19 spillover to the Nigerian economy**

### **1. Direct effect**

There are five main ways through which the COVID-19 pandemic spilled over into Nigeria. One, the COVID-19 pandemic affected borrowers’ capacity to service their loans, which gave rise to non-performing loans (NPLs) that depressed banks’ earnings and eventually impaired banks’ soundness and stability. Subsequently, banks were reluctant to give additional loans to borrowers as more and more borrowers struggled to repay the loans granted to them during the COVID-19 outbreak. Two, there were oil demand shocks which was reflected in the sharp decline in oil price. The most visible and immediate spillover 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. During the pandemic, people were no longer travelling and this led to a sustained fall in the demand for aviation fuel and automobile fuel which affected Nigeria’s net oil revenue, and eventually affected Nigeria’s foreign reserve. Three, there were supply shocks in the global supply chain as many importers shut down their factories and closed their borders particularly China. Nigeria was

severely affected because Nigeria is an import-dependent country, and as a result, Nigeria witnessed shortage of crucial supplies like pharmaceutical supplies, spare parts, and finished goods from China. Four, the national budget was also affected. The budget was initially planned with an oil price of US\$57 per barrel. The fall in oil price to US\$30 per barrel during the pandemic meant that the budget became obsolete and a new budget had to be formed which had to be repriced with at low oil price.

Finally, the COVID-19 pandemic affected the Nigerian stock market. Major market indices in the stock market plunged when investors pulled out their investments into so-called safe havens like US Treasury bonds. Stock market investors lost over NGN2.3 trillion (US\$5.9bn) barely three weeks after the first case of coronavirus was confirmed and announced in Nigeria on January 28, 2020. The market capitalisation of listed equities, which was valued at NGN13.657 trillion (US\$35.2bn) on Friday, February 28, 2020 depreciated by NGN2.349 trillion to NGN11.308 trillion (US\$29.1bn) on Monday 23 March 2020.

## **2.7. Mitigating the spread of the pandemic**

### **1. Movement restriction**

Both the State and Federal governments imposed movement restrictions in some areas across the country to control the spread of the novel coronavirus.

### **2. Using monetary and fiscal policy measures**

In response to the COVID-19 outbreak, the monetary authority, the Central bank, said it would provide support to affected households, businesses, regulated financial institutions and other stakeholders to reduce the adverse economic impact of the COVID-19 outbreak. The central bank provided support in six ways. One, it granted

extension of loan moratorium on principal repayments from March 1, 2020. This meant that any intervention loan currently under moratorium would be extended by one year. Two, it offered interest rate reduction on all intervention loan facilities from 9% to 5% beginning from March 1, 2020. Three, it offered a NGN50bn (US\$131.6m) targeted credit facility to hotels, airline service providers, health care merchants, among others. Four, it provided credit support to the healthcare industry to meet the increasing demand for healthcare services during the outbreak. The loan was available only to pharmaceutical companies and hospitals. Five, it provided regulatory forbearance to banks which allowed banks to temporarily restructure the tenor of existing loan within a specific time period particularly loans to the oil and gas, agricultural and manufacturing sectors. Six, it strengthened the loan to deposit ratio (LDR) policy which allowed banks to extend more credit to the economy. On the other hand, the fiscal authorities had to review and revise the 2020 national budget of N10.59 trillion (US\$28 billion). The government announced that the budget was reduced by NGN1.5 trillion (\$4.90 billion) as part of the measures to respond to the impact of coronavirus on the economy and in response to the oil price crash. The new budget was benchmarked at US\$30 per barrel from US\$57 per barrel in the previous budget.

## **2.8. Structural factors that worsen the economic crisis**

In this section of the paper, I present a description of key structural factors that helped to trigger or worsen the current economic crisis.

### **1. Poor public health infrastructure**

According to a 2015 BMI report<sup>5</sup>, Nigeria had an estimated 3,534 hospitals in 2014, of which 950 were in the public sector. There were around 9,000 private health facilities, and an estimated 134,000 hospital beds in 2014, equal to 0.8 per thousand populations which is below the rate for the African region. The public

health sector in Nigeria has poor infrastructure such as poor emergency services, few ambulance services, ineffective national health insurance systems, insufficient primary health care facilities, and these problems in the public health sector have often been linked to the high maternal and infant mortality rates in the country (Muhammad et al, 2017).

Currently, Nigeria operates a two-tiered healthcare system with a large public healthcare sector and a smaller private healthcare sector. Compared to developed countries, the private healthcare sector in Nigeria is very small and fragmented because of the limited funding for private health insurance. Also, the majority of Nigeria's healthcare spending is still dominated by out-of-pocket expenditure which account for 70% of total health expenditure<sup>6</sup>, which suggest that most Nigerians either do not rely or trust the health insurance system in the country or they are unaware of the availability of health insurance. Despite the introduction of the National Health Insurance Scheme (NHIS) in 2004, the population covered by health insurance in 2019 was only 5 percent of the total population.

The Nigerian pharmaceutical industry also has its own problems. The Nigerian pharmaceutical industry is one of the largest in West Africa, and accounts for about 60% of the market share in West Africa. But most of the active pharmaceutical ingredients (API) used in Nigeria are imported from China, and only 10% of the drugs used in Nigeria are manufactured locally in the country. The industry is facing many problems such as poor infrastructural and unreliable utilities, scarcity of skilled workers, poor access to finance, lack of appropriate government incentives, policy incoherence by the government, poor demand due to robust competition from Asian companies particularly China, high cost of doing business as a result of imported and expensive production inputs, regulatory problems, among others.

Nigeria has a drug market that is almost unregulated because the health agencies have difficulty in preventing the importation of illegal drugs and difficulty in tracking informal drug sellers that operate without a registered license (Fatokun, 2016). It is estimated that informal drug sellers in the country account for more than 70% of the pharmaceutical market, and these informal agents import substandard and falsified drugs through informal channels. Research shows that 78% of low-quality medications came from private facilities compared to public facilities<sup>7</sup>, and most of these private facilities are unregulated. The unregulated drug market in Nigeria is the major factor responsible for the circulation of low-quality medicines in the country (Klantschnig and Huang, 2019).

The failings in Nigeria's public health sector made it difficult for Nigeria to cope with the fastspreading COVID-19 disease during the outbreak. Local drug manufacturers could not manufacture drugs that could temporarily suppress coronavirus in infected patients because the APIs used to manufacture suppressant drugs could no longer be imported because China had shut down its factories and closed its borders to control the coronavirus pandemic that was ravaging China at the time. Also, there were insufficient isolation centers in many states including in Abuja and Lagos. The number of infected patients in Lagos grew worse to the extent that a stadium had to be converted to an isolation center.<sup>8</sup> In the end, the COVID-19 outbreak overwhelmed the poor public health infrastructure in Nigeria.

## **2. A weak and underdeveloped digital economy**

Before the COVID-19 outbreak began, Nigeria already had a weak and underdeveloped digital economy. Currently, Nigeria has eight (8) operational telecom service providers, namely, MTN Nigeria, Globacom, Airtel, 9Mobile, M-Tel, Telkom, Econet Wireless and Vodacom. According to the Nigerian Communications Commission (NCC), the number of mobile phone subscribers in

Nigeria decreased by 49,060 in April to 173.38 million from 173.43 million in March. Also, MTN, the largest telecom provider, had 64.73 million users in April which is a drop of 302,448 from 65.03 million in March.<sup>9</sup> Also, Statistia reports that there are 96 million internet users in Nigeria.<sup>10</sup> Yet, during the COVID-19 pandemic, there were hardly any university or school that offered a full educational curriculum online from start to finish. Many businesses operated using the traditional ‘come-to-the office-to-work’ model as opposed to the ‘working-from-home’ model. The outbreak of the novel coronavirus brought challenges to the business environment in Nigeria. It impacted industries and markets in the short term. The operations of these markets and industries would have been minimally affected if they had a large digital infrastructure. The only services that were offered through the existing digital infrastructure during the COVID-19 outbreak were telecommunication services, digital bank transfers and internet services.

The digital economy would have played a major role in driving recovery from the economic crisis if Nigeria’s digital economy was robust and well-developed. For instance, in Nigerian schools, universities and educators can put coursework online so that students quarantined at home don’t have to miss out on key aspects of their education while school is closed or when students can’t get to school. E-commerce apps that enable online buying and selling can allow buyers and sellers to make purchases and sales while staying in their homes. Also, tele-health apps for health and wellness checks can allow individuals in all affected areas to take extra precautions to monitor their vital signs and learn how to reduce their risk of infection. Also, family members can visually check on their parents, grandparents and siblings without physically visiting them which provides a level of comfort that would be impossible over the phone. Online delivery businesses can use virtual assistants to help ensure that goods purchased from online grocery stores are delivered when customers need them. Businesses that don’t want their workers

to travel or whose employees are uncomfortable taking trips can stay connected with team members, clients and prospective clients around the world using online video conferencing technologies. All these are possible when there is a robust and well-functioning digital economy.

### **3. Lack of social welfare program**

Before the COVID-19 outbreak, there were major social welfare problems in Nigeria which include child abandonment, armed robbery, homelessness, mental health problems, divorce, and problems of single parenting. These social welfare problems can only be addressed with serious social welfare policy and programs. But, currently, social welfare activities in Nigeria is under developed, poorly funded and is unavailable to majority of those who need them (Ahmed et al, 2017). For instance, the Nigerian government created the ‘N-Power’ social welfare program to address poverty among unemployed youth in Nigeria. The purpose of the N-Power program was to provide job training and skills to young (and educated) Nigerians, as well as a monthly stipend of 30,000 Nigerian naira (USD \$83.33). The problem with the N-Power was that it isolated uneducated people, needy children, and older adults that need to be empowered as well. This is just one example of how Nigeria’s social programs did not provide a social welfare safety net for all citizens in need of social welfare. In fact, Nigeria does not have a national social welfare program that offers assistance to all individuals and families in need of health care assistance, food stamps, unemployment compensation, disaster relief and educational assistance

The consequence of not having a national social welfare program became evident during the coronavirus outbreak of 2020. During the outbreak, people had little to rely on, many poor citizens did not have welfare relief that could help them cope with the economic hardship at the time. There were no housing subsidies, no

energy and utilities subsidies to individuals that were most affected by the coronavirus outbreak. In the literature, there are debates on the benefit of using social welfare programs to alleviate poverty and to help citizens cope with disasters (Luenberger, 1996; Dolgoff et al, 1980; Abramovitz, 2001), and social welfare theories provide different perspectives on how social welfare can be designed to meet the basic needs of the people (Fleurbaey and Maniquet, 2011; Arrow et al, 2010; Andersen, 2012). So far, the provision of social welfare services to vulnerable citizens in the population is the most proven way to protect them from economic hardship in bad times (Ewalt and Jennings Jr, 2014). In Nigeria, the lack of such welfare services for vulnerable people, households and poor individuals during the coronavirus outbreak caused severe pain and economic hardship to households and poor individuals. The implication of this is that social welfare has not been a policy priority by policy makers in Nigeria.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

In this chapter, we would describe how the study was carried out.

#### **3.1 Research design**

According to Ogbuoshi (2006, p.144), research design is the blue print which determines the nature and scope of study carried out or proposed. Research design is also an outline or scheme that serves as a useful guide to the researcher in his efforts to generate data for his study. Research designs are used in research proposals to show how the variables of the proposed research will be observed, controlled or manipulated to generate necessary data for the study.

The research design adopted for this study was the survey research method. As the name implies, survey is a research method, which focuses on a representative sample drawn from the entire population of the study. A researcher who employs this method therefore goes into the field and in the data, selects samples out of the entire population, (Nwodu, 2006, p.67). The reason for choosing this method was because survey method aims not only at collections of data but also the discovering of meaning in the data collected so that the fact can be better interpreted, explained and understood. Also Barbie (2006, p.201) submits that survey is the best method that gives room for asking questions from the population that is too large to observe directly. The method would help, to study a large number of units and make generalizations on the basis of data collected and analyzed.

#### **3.2 Research settings**

This study was carried out in Auchi Etsako West Local Government, Edo state.

#### **3.3 Sources of Data**

The data for this study were generated from two main sources; Primary sources and secondary sources. The primary sources include questionnaire, interviews and

observation. The secondary sources include journals, bulletins, textbooks and the internet.

### **3.4 Population of the study**

A study population is a group of elements or individuals as the case may be, who share similar characteristics. These similar features can include location, gender, age, sex or specific interest. The emphasis on study population is that it constitute of individuals or elements that are homogeneous in description (Udoyen, 2019). In this study the study population constitute of all the shop owners at the Ugbogologo Market Asaba Delta state.

### **3.5 Sample size determination**

A study sample is simply a systematic selected part of a population that infers its result on the population. In essence, it is that part of a whole that represents the whole and its members share characteristics in like similitude (Udoyen, 2019). In this study, A sample of one hundred and twenty (120) was choosen by the researcher purposively using Simple random sampling technique.

### **3.6 Instrumentation**

This is a tool or method used in getting data from respondents. In this study, questionnaires and interview are research instruments used. Questionnaire is the main research instrument used for the study to gather necessary data from the sample respondents. The questionnaire is structured type and provides answers to the research questions and hypotheses therein.

This instrument is divided and limited into two sections; Section A and B. Section A deals with the personal data of the respondents while Section B contains research statement postulated in line with the research question and hypothesis in chapter one. Options or alternatives are provided for each respondent to pick or tick one of the options.

### **3.8 Reliability**

The researcher initially used peers to check for consistence of results. The researcher also approached senior researcher sin the field. The research supervisor played apivotalrolein ensuring that consistency of the results was enhanced. The instrument was also pilot tested.

### **3.9 Validity**

Validity here refers to the degree of measurement to which an adopted research instrument or method represents in a reasonable and logical manner the reality of the study (Udoyen, 2019). Questionnaire items were developed from the reviewed literature. The researcher designed a questionnaire with items that were clear and used the language that was understood by all the participants. The questionnaires were giventothesupervisor to check for errors and vagueness.

### **3.10 Method of Data Collection**

The data for this study was obtained through the use of questionnaires administered to the study participants. Observation was another method through which data was also collected as well as interview. Oral questioning and clarification was made.

### **3.11 Method of Data Analysis**

The study employed the simple percentage model in analyzing and interpreting the responses from the study participants while the hypothesis was tested using chi-square.

### **3.12 Ethical consideration**

The study was approved by the Project Committee of the Department. Informed consent was obtained from all study participants before they were enrolled in the study. Permission was sought from the relevant authorities to carry out the study.

Date to visit the place of study for questionnaire distribution was put in place in advance.

## CHAPTER FOUR

### DATA PRESENTATION AND ANALYSIS

#### 4.1 Data Presentation

This chapter presents the analysis of data derived through the questionnaire and key informant interview administered on the respondents in the study area. The analysis and interpretation were derived from the findings of the study. The data analysis depicts the simple frequency and percentage of the respondents as well as interpretation of the information gathered. A total of hundred and twenty (120) questionnaires were administered to respondents of which 100 were returned. The analysis of this study is based on the number returned.

#### 4.2 Data Analysis

**Table 4.1: Demographic data of respondents**

Demographic information	Frequency	Percent
Gender		
Male	60	60%
Female	40	40%
Religion		
Christian	80	80%
Muslim	20	20%

<b>Age</b>		
18-23	20	20%
24-28	15	15%
29-35	29	29%
36 +	36	36%
<b>Family Economic Status</b>		
Very High	24	24%
High	32	32%
Very Low	21	21%
Low	23	23%

**Source: Field Survey, 2021**

## **ANSWERING RESEARCH QUESTIONS**

**Question 1:** What is the effects of Covid-19 on sales and marketing of products in Nigeria?

This will be answered in the tables below

**Table 4.2:**decline in sales and profit

<b>Options</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	78	78
No	00	00

Undecided	22	22
<b>Total</b>	<b>100</b>	<b>100</b>

**Source: Field Survey, 2021**

From the responses obtained as expressed in the table above, 78 respondents constituting 78% said yes. While the remain 22 respondents constituting 22% were undecided. There was no record for no.

**Table 4.3:**reduction in supply of goods

<b>Options</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	60	60
No	19	19
Undecided	21	21
<b>Total</b>	<b>100</b>	<b>100</b>

**Source: Field Survey, 2021**

From the responses obtained as expressed in the table above, 60 respondents constituting 60% said yes. 19 respondents constituting 19% said no. While the remain 21 respondents constituting 21% were undecided.

**Question 2:** What is the extent to which Covid-19 affected the availability and price of products in Nigeria?

**Table 4.4:** extent to which Covid-19 affected the availability and price of products in Nigeria

Options	Frequency	Percentage
High extent	56	56
Low extent	21	21
Undecided	23	23
<b>Total</b>	<b>100</b>	<b>100</b>

**Source: Field Survey, 2021**

From the responses obtained as expressed in the table above, 56 respondents constituting 56% said high extent. 21 respondents constituting 21% said low extent. While the remain 23 respondents constituting 23% were undecided.

**Question 4:** What is the effect of Covid-19 on consumers purchasing power and buying behaviour?

**Table 4.5:** Low or no income during the pandemic reduced consumers purchasing power and buying behaviour?

Options	Frequency	Percentage
High	61	61
Low	17	17
Undecided	22	22
<b>Total</b>	<b>100</b>	<b>100</b>

**Source: Field Survey, 2021**

From the responses obtained as expressed in the table above, 61 respondents constituting 61% said high. 17 respondents constituting 17% said low. While the remain 22 respondents constituting 22% were undecided.

**Table 4.6:**Price hike of some essential goods and services affected the consumers purchasing power and buying behaviour?

Options	Frequency	Percentage
Yes	60	60
No	20	20
Undecided	20	20
<b>Total</b>	<b>100</b>	<b>100</b>

**Source: Field Survey, 2021**

From the responses obtained as expressed in the table above, 60 respondents constituting 60% said yes. 20 respondents constituting 20% said no. While the remain 20 respondents constituting 20% were undecided.

**Question 5:** To what extent did Covid-19 prevention measures affected sales and marketing strategies?

**Table 4.4:**extent did Covid-19 prevention measures affected sales and marketing strategies

Options	Frequency	Percentage
High extent	56	56
Low extent	21	21
Undecided	23	23

<b>Total</b>	<b>100</b>	<b>100</b>
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**Source: Field Survey, 2021**

From the responses obtained as expressed in the table above, 56 respondents constituting 56% said high extent. 21 respondents constituting 21% said low extent. While the remain 23 respondents constituting 23% were undecided.

## CHAPTER FIVE

### CONCLUSION AND RECOMMENDATION

#### 5.1 Summary of the Findings

COVID-19 infections are still rising in Nigeria, and federal, state, and local policies are evolving to respond to the disease and to minimize the economic impacts. Therefore, policymakers at all levels need more evidence to assess economic impacts and weigh policy options. This is especially important as Nigeria moves from lockdown policies to policies aimed at promoting economic recovery, while also ensuring that measures are in place to mitigate further spread. The approach and findings presented here provide an early assessment of economic costs. Further and more sophisticated economywide analyses are needed to evaluate policy options, especially as the initial economic shocks subside and markets begin to function again. Nevertheless, based on an initial assessment, conclusions can be drawn to guide Nigeria's policymakers, researchers, and development practitioners about COVID-19.

1. First, we have shown that, when considering impacts on agriculture, it is important to take an agri-food systems approach that goes beyond primary agriculture to consider subsectors such as food processing, food-related trade and transport, and food services. All of these components of the agri-food system have strong linkages to the rest of the economy and, therefore, suffer severe shocks when restrictions are placed on other sectors, such as manufacturing, education and tourism. In the case of COVID-19, most shocks originate from the consumer's "plate" and pass back through to the "farm" where they are likely to affect the livelihoods of both smallholder and larger-scale farmers. Agencies implementing policies aimed at supporting agriculture during the COVID-19 and recovery period should consider disruptions to and policy support for the broader agri-food system.

2. Second, this study finds a temporary, but substantial increase in the national poverty rate of 8.7% points due to COVID-19, and that households lost almost a quarter of their incomes on average during the lockdown period. During this time, 17 million more people fell into poverty in Nigeria—a country that already accounted for the highest absolute number of poor people in Sub-Saharan Africa before the COVID-19 crisis. Considering that the policies under examination in this paper were mainly lockdowns in the relatively wealthier southwestern parts of the country and in the capital city, Abuja, we might expect poverty impacts to increase during 2020 as COVID-19 spreads to other regions where poverty rates are higher, such as the northeast, especially if further targeted lockdowns are implemented.
3. The estimated poverty impacts due to COVID-19 are mainly due to reductions in employment income. Therefore, minimizing and reversing these estimated poverty impacts calls for policy approaches to protect small and medium-scale enterprises during the recovery period. In the short-term mitigating poverty requires targeted support for sustaining household incomes, such as cash transfers and other social protection measures. In the medium term, the real sector pillar in the government's strategy for recovering from COVID-19 relies on rapid employment generation in the agriculture sector ([FGN, 2020b](#)). However, the question remains how to achieve these goals, and which sectors of agricultural development would be best suited for achieving the goals? Resolving this question requires further analysis to determine priority value chains, policies, and public investments in agriculture to drive job creation. More broadly, reduced incomes and higher household poverty have consequences for food and nutrition security in Nigeria. For example, reduced household incomes make it less likely that households will purchase nutritious foods for consumption by children and women at reproductive ages.

## 5.2 Conclusion

This paper analyzed the recent economic crisis in Nigeria. It showed that the spillover of COVID19 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 crisis.

The implication of the study is that policy makers 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, policymakers 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 transition from 'face-toface' 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 need 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).

The scope and severity of the economic crisis in Nigeria, caused by the fall in oil price and the COVID-19 pandemic, is a clear signal that growth and development reforms are needed in Nigeria. In retrospect, the Nigerian government was wise to use fiscal and monetary stimulus package as a partial solution to revive the falling aggregate demand during the pandemic. It used public money to slow the spread of coronavirus.

We do not fully know how bad the increasing spread of COVID-19 will become in Nigeria in the coming months if not years. But what we do know is that this crisis

creates an opportunity to reconstruct Nigeria's economy. The economy shutting down and the overloaded public healthcare systems shows that the entire public healthcare system and the economic system needs to be reinvigorated. We should not waste this opportunity to rebuild the country's infrastructure. But if we do not get our house in order then we will be severely punished in the months and years ahead when the next crisis comes. At the national level, the President needs to implement a reconstruction and development program for the country. At the individual level, citizens should not waste this crisis. This is a time for us to enrich our physical, spiritual, and emotional health, and not just focusing on avoiding the coronavirus. Create a new normal daily routine by eating well, exercise, and get sufficient rest. Enrich our mind by reading some great books, learning a new skill, visualize and document your long-term goals and plan to pursue those goals with passion when the Covid19 pandemic is over.

### **5.3 Recommendations**

Based on the research work, the following recommendations are made:

1. The government should respond to the crisis by providing financial assistance to businesses and a small number of households that were affected by the coronavirus (COVID-19) outbreak.
2. The monetary authority adopted accommodative monetary policies and offered a targeted 3.5trillion loan support to some sectors.
3. These efforts should have prevented the economic crisis from occurring but it didn't. Economic agents could not freely engage in economic activities for fear of contracting the Covid-19 disease that was spreading very fast at the time.

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## APPENDIX I

Department of Pub Admin  
School of Business Studies,  
Auchi polytechnic,  
Auchi,  
Edo State

5<sup>th</sup> October, 2021

Dear Respondents

### QUESTIONNAIRES

I am a final year student of department of Public Administration, federal Polytechnic Auchi. I am conducting a research project on the topic “**Covid-19 pandemic and economic crisis in Nigerian, a case study of Etsako West Local Government, Edo State.**”

This research project is purely an academic exercise, on this note, I humbly request that you kindly give sincere answer to the questions asked in the attached questionnaire.

I assure you that every information given will be treated strictly as confidential.

Your cooperation will be highly appreciated.

**Yours Faithfully,**

**OKUNDAH DEBORAH ONYEKA**

## APPENDIX II

### QUESTIONNAIRE FOR COMPANY STAFF

**Instruction:** please tick in the boxes provided or given specification;  
where necessary

#### Section A

##### Personnel Profile

1. Name Optional \_\_\_\_\_
2. Sex
  - a. Male ( )
  - b. Female ( )
3. Marital status
  - a. Married ( )
  - b. Single ( )
  - c. Divorce ( )
4. Age
  - a. 15-20 years ( )
  - b. 21-45 years ( )
  - c. 46-61 years ( )
  - d. 62 – 77 years ( )
  - e. 55 and above ( )
5. Educational Qualification
  - a. First Learning Certificate ( )
  - b. School Certificate ( )
  - c. Graduate ( )
  - d. Post Graduate ( )
  - e. MBA/MSC ( )

f. Other ( )