Global Scientific JOURNALS

GSJ: Volume 10, Issue 4, April 2022, Online: ISSN 2320-9186

www.globalscientificjournal.com

ECONOMIC EFFECTS
OF POST COVID 19 PANDEMIC IN NIGERIA

BY

AYANO, DAVID AYANNIYI (PhD, University of Uyo)

Phone: (+234-803-482-2401)

Mail: victoriaayano2014@gmail.com

Deputy Director, Management Consultant and Senior Research Fellow, Economic Management Department, Centre for Management Development, Management Village, Shangisha, Magodo, Lagos, Nigeria.

AND

DOGO, SUNDAY JACOB (M.Sc., University of Lagos)

Phone: (+234-703-788-8375)

Mail: b4icui2i@yahoo.com

Principal Management Development Officer, Economic Management Department, Centre for Management Development, Management Village, Shangisha, Magodo, Lagos, Nigeria.

February, 2022

ABSTRACT

This study investigates economic effect of post Covid 19 pandemic in Nigeria. The study employed primary data whereby sample of the study were randomly obtained from the selected agents of the Nigeria economy – among which are households, firms and governments. The data were analysed using simple percentage of respondents responsive to the economic variables and its effects on post Covid 19 pandemic. The results of the findings are as follows: for effect of Covid-19 on Government Finance – 54.6% (adversely impacted oil revenues in the country) while 83.5% (negatively impacted tax revenue accruable to the government); for effect of Covid-19 on international economic engagements - 84.8% (reduction in trade openness in Nigeria as a result of Covid-19), while 72.2% (increase in the rate of foreign exchange as a result of Covid-19); for effect of Covid-19 on selected sectors in the Nigerian Economy - 67.6% (increase in the rate of interest and low bank loan performance respectively in Nigeria) and 77.2% (reduction in the performance of the capital market as a result of the Covid-19 pandemic), 89.9% (drastic adverse effect of Covid-19 on the aviation sector), 94.8% (tourism sector has been adversely affected by the pandemic); for effect of Covid-19 on economic productivity (GDP growth) - 84.3% (reduction in firms' productivity); for effect of Covid-19 on economic welfare - 93.7% (reduction of household income), 89.9% (increase in unemployment), 92.3% (increased level of poverty in Nigeria), and 80.6% (inequality has increased as a result of the pandemic); for effectiveness of some interventions in curtailing the economic effect of Covid-19 - 44.3% (CBNs single digit loan has helped improved businesses in Nigeria since the pandemic), while 45.5% (cash transfer by government has helped in curtailing the adverse impact of the pandemic). The following recommendations are suggested: prudence in the management of public finance in Nigeria; borrowing should be strategically done by targeted at critical infrastructure that will stimulate economic transformation; acceleration of the diversification of the economy to increase the economic potentials of the country away from primary products; Improve the ease of doing business and promote a greater enabling business environment to attract FDI; conduct sector specific assessment and develop tailor made interventions to stimulate recovery of critical sector; and develop pro-poor interventions that are targeted at employment generation, reduction of inequality and increasing the real income of households.

Keywords: *Covid19 pandemic, gross domestic product growth, foreign direct investment, trade openness, inequality, poverty, household income and unemployment.*

1.0 INTRODUCTION

The coronavirus (COVID-19) has now spread to over 177 countries and territories since the virus first emerged in China in late 2019. As of March 23, 2020, the death toll has risen to 17,147 while the number of confirmed cases has risen faster to 392,336. The pandemic is expected to place immense and unprecedented pressure on the country's underinvested healthcare system. Estimates indicate that around 20 percent of COVID-19 cases require hospitalization and another 7.5 percent require intensive care. In total there are 330 Intensive Care Unit (ICU) facilities in the country, including 30 in Lagos. Nigeria Center for Disease Control (NCDC) currently has five testing centers and treatment centers designated for COVID-19. An isolation facility in Lagos is equipped with 100 beds but the capacity outside Lagos is very limited. Based on the recent assessment of eight treatment centers by WHO, a majority are not well equipped and the capacity to respond is particularly weak in the North (UNDP, 2020).

The Oil and Gas industry has earned the title "gold mine" of the Nigerian economy, because of the country's exclusive reliance on the sector for revenue from crude oil sales, which accounts for approximately 10% of the country's GDP, 70% of government revenue and more than 83% of the country's foreign exchange earnings. The Oil and Gas industry just before the pandemic was bedeviled by a global oil price war between Russia and Saudi Arabia, as well as insecurity caused by vandalism and terrorist actions. The shock impact of the COVID-19 pandemic hit the industry hard, resulting in a significant reduction in demand for products, as well as plummeting prices and income. In Q4 2020, the industry contributed 5.87 percent to total real GDP, down 19.81 percent from the previous quarter's contribution of 7.32 percent. The industry's contribution to GDP has progressively decreased from Q1 2020 to Q4 2020, at 9.50, 8.93, and 8.73 percent, respectively. Finally, in Q1 2021, the oil sector's contribution to the country's GDP increased to 9.25 percent.

Manufacturing activities in Nigeria was halted in response to the government's shutdown directives, affecting a variety of businesses that are directly or indirectly related to manufacturing, such as the cement, steel, metal, plastic, and glass production industries. Many of these enterprises suffered from low income due to employee-related issues like premature death, absenteeism, and productivity losses, which resulted in a negative supply shock caused by global supply chain disruptions and factory closures. Likewise, the October 2020 end SARS protest did nothing to boost economic operations, as the riots that followed enforced movement limitations to a greater extent than did the pandemic. In February, manufacturing employment stood at 56.4 percent. However, by June 2020, employment levels had dropped by 33.69 percent, to 37.4 points, and decreasing. Aside from the effects on production and employment, business activities in the sector fell for the sixth consecutive month in October, dropping to 46.0 points from 56.4 points in February 2020, a decline of 18.44 percent.

Prior to the COVID-19 pandemic, Nigeria's agriculture industry contributed approximately 26.95 percent (22.6 trillion) to the country's GDP of 104 trillion dollars at the end of the fourth quarter of 2020. Unfortunately, the pandemic prevented this contribution from having any effect on the economy, as hunger and inflation rates remained high. To address this, the government implemented feeding palliative measures, which were ineffective due to the length of time between pronouncement and execution. Subsequently, in October 2020, when the warehouses containing these palliatives were found, citizens scrambled for their share of the national cake, causing widespread panic, death, and damage to property.

During the early phases of the pandemic, there was a clear correlation between the scale of the pandemic and financial and stock market volatility. The bigger consequences of this volatility affected credit markets, banks, and other financial institutions, and may have resulted in more severe economic downturns if the CBN had not pursued monetary stimulus so aggressively. The CBN maintained its liberal policy to promote credit flow to crucial sectors of the economy in the first half of 2020. The Monetary Policy Committee (MPC) decided to lower the Monetary Policy Rate (MPR) to 12.50 percent from 13.50 percent in May 2020, and also cut the interest rate on its intervention facilities from 9 to 5 percent while at the same time introducing a one-year moratorium on CBN intervention facilities. These measures indicate an approach to strike a balance between encouraging production growth and preserving price stability.

Tourism was hit the worst by the virus since it had the most direct contact with humans, and as a result, it was shut down earlier than other businesses in Nigeria. Travel restrictions on international and domestic flights have had a significant impact on the tourism industry, with about 96 percent of tourist destinations throughout the world applying travel restrictions. All regions of the world recorded a drastic decline in air travels. Airlines, on the other hand, continued to report significant capital expenditures as well as operating costs for aircraft maintenance and servicing. Any plan to revive the tourism industry must incorporate the aviation and transport sectors as critical sectors to ensure continuous movement across the globe.

A quick examination of COVID-19's effects on the aviation sector finds that activities have been disrupted and income generating has ceased. According to the Nigerian Civil Aviation Authority (NCAA), the Nigerian economy lost $800bn as revenue from the aviation industry. The Nigerian federal government attempted to mitigate the impact of the pandemic in August 2020, by adopting a bilateral air transport deal between Nigeria and the United States. The purpose of this agreement was to safeguard Nigeria's economic interest by boosting commercial cargo flights from Nigeria to the U.S. from the opportunities provided by the African Growth Opportunity Act (AGOA) of 2000. Other benefits of the agreement include strengthening the economic and socio-cultural links between the countries by ensuring growth of international air transportation as well as fostering healthy airline competition between both nations. Air transport contributed 5.68 percent in Q1 2020 as against -11.78 percent in Q1 2021, and a staggering 36.98 percent in Q4 2020. These result shows evidence that the industry is quietly easing into a recovery (Aimee and Akaoma, 2021).

The Nigerian ICT sector, despite its infancy, has demonstrated its importance to the Nigerian economy, and in the not-too-distant future, will no longer be regarded as a separate industry but as an integral element of every industry in the economy. The industry is a significant non-oil growth engine and substantial contributor to the economy, owing to a large young population, and the increasing use of mobile internet services. Globalization has pushed technical progress at an unprecedented rate, and the COVID-19 pandemic, as horrible as it is, has played a big role in Nigeria's recent technological advancement. Media and communication, financial technology, ecommerce, IT services, motion pictures, sound, music creation, product design, and other subsectors are all part this sector (Aimee and Akaoma, 2021).

The broad objective of this study investigates the economic effects of post Covid 19 pandemic in Nigeria. The study specifically focused on the following.

i. Determine the effect of Covid-19 on Government Finance.
ii. Evaluate the effect of Covid-19 on International Economic Engagements.
iii. Examine the effect of Covid-19 on Selected Sectors in the Nigerian Economy.
iv. Investigate the Effect of Covid-19 on Economic Productivity.
v. Identify the effect of Covid-19 on Economic Welfare.
vi. Justify the effectiveness of some Interventions in Curtailing the Economic Effect of Covid-19.

The rest of the paper discussed the related literatures, stated the methodology, analysed and interpreted data, summarised and discussed the findings, as well as concluded and made necessary policy recommendations.

2.0 LITERATURE REVIEWS

Conceptual review:

Interconnected financial risks

Although household and business incomes were most directly affected by the Covid 19 pandemic crisis, the consequences of this large shock have repercussions for the entire economy through numerous mutually reinforcing channels that connect the financial health of households and firms, financial institutions, and governments. Because of this interconnection, elevated financial risks in one sector can easily spill over and destabilize the wider economy if left unchecked. When households and firms are under financial stress, the financial sector faces a higher risk of loan defaults and is less able to provide credit. Similarly, when the financial position of the public sector deteriorates, for example, as a result of higher debt and debt service, its ability to support households and firms may weaken. However, this relationship is not deterministic. Well-designed fiscal, monetary, and financial sector policies can counteract and reduce these intertwined risks, and help transform the links between sectors of the economy from a vicious “doom loop” into a virtuous cycle (World Development Report, 2022).

Increased inequality within and between countries

The economic impact of the pandemic has been highly unequal within and between countries. As the COVID-19 crisis unfolded in 2020, it became clear that many households and firms were ill-prepared to withstand an income shock of the length and scale of the pandemic. In 2020, more than 50 percent of households globally were not able to sustain basic consumption for more than three months in the event of income losses, while the cash reserves of the average business would cover fewer than 51 days of expenses Within countries, the crisis disproportionately affected disadvantaged groups. In 2020, in 70 percent of countries the incidence of temporary unemployment was higher for workers who had completed only primary education. Income losses were similarly larger among youth, women, the self-employed, and casual workers with lower levels of education. Women, in particular, were affected by income and employment losses because they were more likely to be employed in sectors most affected by lockdown and social distancing measures, and they bore the brunt of the rising family care needs associated, for example, with the closures of childcare centers and schools. According to high-frequency phone survey data collected by the World Bank, in the initial phase of the pandemic, up to July 2020, 42 percent of women lost their jobs, compared with 31 percent of men, further underscoring the unequal impacts of the crisis by gender (World Development Report, 2022).

Managing and reducing loan distress

In many countries, the Post Covid 19 pandemic response has included large-scale debt relief measures, such as debt moratoria and freezes on credit reporting. Many of these policies have no historical precedent; it is therefore difficult to predict their longer-term impacts on the credit market. As governments wind down such support policies for borrowers, lenders should expect to see increases in nonperforming loans (NPLs) of varying magnitudes across countries and sectors. Because many countries have relaxed the rules defining an NPL during the crisis, policy makers now face the challenge of interpreting increasingly opaque balance sheets. Banks' incentives to underplay the true extent of exposure to problem loans will likely increase as moratoria end, other support measures are phased out, and the impact of the pandemic becomes clearer. If not countered by strong bank governance, robust regulatory definitions of NPLs, and careful bank supervision, hidden NPLs can create significant discrepancies between reported asset quality figures and the underlying economic realities. A lack of NPL transparency can stand in the way of a timely identification of potential banking system stress, weaken trust in the financial sector, and lead to reductions in investment and lending, which can hinder an equitable post pandemic recovery (World Development Report, 2022).

Theoretical review:

Empirical review:

Eze, Sefotho, Onyishi, and Eseadi (2021), investigated the challenges posed by, and the impacts of COVID-19 on Education in Nigeria. A sequential exploratory mixed method design was adopted for the study. Results showed that the challenges of education during the COVID-19 pandemic include school closure, poor learning, unequal access to education opportunities and poor skills. Further, the pandemic negatively impacts education, causing poor school enrollment, inequality in education, poor achievement, poor school health and challenges in school assessment and transition. It was concluded that COVID19 has negatively affected education in Nigeria. Implications for practice policy and practice of electronic learning (e-learning) were discussed. In Fernandes (2020), the economic impact of COVID-19 crisis across industries, and countries was investigated. The study showed that in the sample of 30 countries covered, a median decline of -2.8% in GDP in 2020 is observed. In other scenarios, the study shows that GDP is expected to fall more than 10%, and in some countries, more than 15%. Orlik et al (2020) even predicted that coronavirus could cost the global economy US$2.7 trillion. "A baseline global pandemic scenario sees gross domestic product fall by 2 percent below the benchmark for the world, 2.5 percent for developing countries, and 1.8 percent for industrial countries" (Maliszewska et al, 2020).

Ataguba (2020) argues that it "is only one part of the bigger picture of economic impact". Citing Africa in particular, with its high disease burden, poorly developed infrastructure and safety nets and weak health systems, the impact of the pandemic is expected to be severe in the continent. Using the same argument, a country level impact analysis is not only desirable but inevitable to guide the policy authorities. The likely exacerbating impact of the pandemic on the Nigerian economy is inevitable for several reasons. Firstly, the economy is yet to fully recover from the aftermath of the recession experienced in 2016. Secondly, the economy depends largely on crude oil whose price has plummeted in the international market. Thirdly, the foreign exchange reserves have been drawn down from US$45.1bn at the end of 2019 to US$35.3bn at the end of March 2020. Fourthly, the country's debt burden has been mounting since 2015. Fifthly, inflation is still firmly in double digits and the naira is under pressure. Finally, the health system capacity is abysmal. These and other factors have led to the growing concerns and uncertainties that COVID-19 will bring on the Nigerian economy. According to Ozili (2020), “the economic downturn in Nigeria was triggered by a combination of declining oil price and spillovers from the COVID-19 outbreak”.

As a composite measure of a country’s health, education, and standards of living, the Human Development Index (HDI) offers a way to assess the threat that COVID-19 poses to well-being. An analysis by the Human Development Report Office (2020) estimated that due to the pandemic-induced school closures or less effective distance learning, the effective out-of-school rate for primary education would rise to 86 per cent and 74 per cent in low and medium human development countries, respectively. The rates are high compared to 20 per cent in very high human development countries. Low and medium human development countries also face income and livelihood losses due to mandated confinement policies and other mitigation measures. At the same time, they are more constrained in the policy space (fiscal and monetary instruments) to cope with the economic effects of the pandemic. 73 per cent and 78 per cent of low and medium human development countries respectively had announced policy responses (amounting to just 1 per cent of GDP on average), compared to 96 per cent of very high human development countries (amounting to 4.9 per cent of GDP on average). While numerous studies exist on the impact of COVID-19, including the Human Development Report Office, HDRO (2020) as described earlier, this second flagship maps out how COVID-19 might impact SDG achievement in low and medium human development countries, including in a worst case scenario with no or limited mitigation responses. It further examines the benefits of an ‘SDG Push’ scenario in addressing the adverse effects of the COVID-19 pandemic and accelerating progress towards achieving the SDGs in these countries. The results of our analysis show that by 2030, the number of people living in extreme poverty in the low and medium human development countries could increase to between 626 million under a ‘COVID Baseline’ scenario and 753 million under a ‘High Damage’ scenario. Under a ‘COVID Baseline’ scenario, 86 per cent of all people pushed into poverty by 2030 would live in countries with low and medium levels of human development, and 79 per cent under a ‘High Damage’ scenario. Of these, an estimated 41 to 169 million people will be directly pushed into poverty by the pandemic under the ‘COVID Baseline’ and ‘High Damage’ scenarios relative to the No-COVID scenario, respectively, of which between 20 and 83 million would be women and girls. Even though full SDG achievement was already elusive for many countries before the pandemic, countries with low and medium levels of human development stand to achieve accelerated progress towards the 2030 Agenda and reap significant benefits for their citizens from an ‘SDG Push’ through and beyond 2030. The ‘SDG Push’ scenario proposes targeted interventions in inclusive green growth, including integrated policy choices in governance, social protection, green economy, and digitalisation. It represents an ambitious but realistic effort that can mitigate the setback due to the pandemic and put countries back on a faster track towards achieving the 2030 Agenda. An ‘SDG Push’ could reduce the number of people living in extreme poverty in low and medium human development countries by 100 million in 2030 relative to the ‘COVID Baseline’ scenario and by up to 234 million people in 2050. It reduces population malnutrition by 70 million people in these countries, improves health outcomes by reducing maternal, neonatal, and child mortality rates, and improves educational completion and water and sanitation access.

In a UNDP (2021) report for the impact of Covid-19 on business enterprises in Nigeria, it was revealed that the vast majority of businesses operating in Nigeria suffered due to the pandemic and the subsequent restrictions imposed on businesses to arrest the spread of infections, including lockdowns, restrictions on movement, and other public health measures. The gravity of lay-offs, reductions in hours of operation, and limited access to credit provide insight into its impact on individuals and families whose ability to maintain their livelihoods and generate income were severely curtailed. However, the effects were felt unequally by business enterprises across the country that belonged to different sectors with notable differences between formal and informal enterprises. At the same time, for a small percentage of enterprises, the pandemic brought about some gains. The report showed that 61 percent of businesses operating at the time of survey had temporarily closed down during the pandemic but were slowly reopening amid an easing of restrictions and growing confidence in an economic recovery. Differences in closure rates were observed between formal and informal businesses - while 63 percent of those in the formal sector had previously closed, the figure for informal enterprises was lower at 56 percent. A third of informal enterprises continued to operate throughout the pandemic, perhaps indicating a resistance to regulation by the government due to lack of alternative means of subsistence for those engaged in informal work, while for formal businesses, approximately a quarter never closed. Since formal businesses are directly regulated by the federal and local governments, those that remained open were likely designated as essential businesses that were allowed to continue operating through lockdowns, such as grocery stores and food vendors, pharmacies, etc. In addition, the report indicated that enterprises were asked to identify the most significant sources of hardship due to the pandemic. Restriction on movement was most frequently cited with 53 percent of the enterprises indicating it had caused disruption to them, while increases in transportation costs were next at 36 percent.

3.0METHODOLOGY

Research Design

The study employed a survey research design to obtain data on economic variables such as trade openness, inflation, inequality, poverty, employment, exchange rate, interest rate and so on, to examine their implications for post Covid 19 pandemic.

Population/Sample of Study

The population for this study covered Nigeria economy. While the sample of the study were randomly obtained from the selected agents of the Nigeria economy – among which are households, firms and governments.

Data collection Method

Data were randomly collected from different categories of people in households, firms and government through a designed questionnaire that captured various economic variables that were affected in a post Covid 19 Pandemic.

Data Analysis Techniques

This study used statistical techniques such as percentages, mean, median, mode, and chi square, analysis of variance for the purpose of analyzing the data obtained from the respondents and its implication on post covid 19 pandemic.

Ethical Statement

The respondents were well informed through the instruction on the questionnaire about the purpose of conducting this research, and how the research will help to improve their standard of living and future wellbeing.

4.0 DATA ANALYSIS AND INTERPRETATION

1. Effect of Covid-19 on Government Finance

Nigeria is largely a mono cultural economy, with oil being its major source of revenue. From the data obtained, 54.6% of respondents hold the opinion that Covid-19 has adversely impacted oil revenues in the country. This means that there will be increasing difficulties in financing the budget, which is the government's economic management tool. This puts the country in a precarious situation of recovering from the economic slowdown occasioned by the pandemic.

Furthermore, Tax revenue is a critical source of finance of public expenditure in Nigeria, even though it has historically been overshadowed by oil revenue in terms of share in total revenue. Nevertheless, there have been recent drive to alter the degree of this imbalance by boosting tax revenue in a bid to improve the fiscal space for the government. However, the data obtained from this study reveals that 83.5% of the respondents opined that Covid-19 has negatively impacted tax revenue accruable to the government. This further constrains the fiscal space and the ability to stimulate economic recovery.

With increased revenue challenges resulting from the impact of Covid-19, it is imperative to consider what will happen to public expenditure. Data obtained shows that 81.2% of the respondents affirm that there has been an increase in government expenditure as a result of Covid-19. This is a likely indication of the government's effort in stimulating the economy back to recovery and growth, through investment in critical infrastructure. Putting this in perspective of the revenue challenges, this suggest that there is an increase in the reliance of borrowing to finance these govern expenditure, translating to a worsening debt profile for the economy, with implications to debt sustainability.

2. Effect of Covid-19 on International Economic Engagements

The degree of trade openness of a country is an indication of how the how much the growth volatility of such country is tied to the global economy. While a reduced trade openness might be desirable for developed economies, developing and import dependent countries like Nigeria desire more openness to explore the gains of international trade. The data obtained from this study shows that 84.8% of the respondents indicate that there has been a reduction in trade openness in Nigeria as a result of Covid-19. This implies that the opportunities of exploring the gains of international trade (export earnings, import revenue, inflow of essential economic inputs etc.) have been reduced.

Data also shows that 82.9% are of the opinion that Foreign Direct Investments (FDIs) have also reduced. This has significant adverse implication on economic growth, non- oi revenue and employment

Furthermore, 72.2% submitted that there has been an increase in the rate of foreign exchange as a result of Covid-19. Given that the country is highly import dependent, this has translated to higher prices in the domestic economy and a fall in the real income of fixed earners.

3. Effect of Covid-19 on Selected Sectors in the Nigerian Economy

The study also highlighted the impact of Covid-19 on certain selected sectors in the economy, including the financial sector, tourism sector and aviation sector.

With reference to the financial sector, the study shows that 67.6% hold the view that Covid-19 has led to increase in the rate of interest in Nigeria. While this might be beneficial for lenders, it also implies that it has become more expensive to access funds for the purpose of financing business growth and expansion, or even taking advantage of existing economic opportunities. This can potentially push domestic prices upward, especially in cases where the borrowers can easily transfer the burden of the cost of borrowing to their customers.

Also, 67.7% insist that Covid-19 has led to low bank loan performance in the Nigerian economy. This implies that there is a depreciation of bank assets and an increase in their liabilities, which does not portend well for the banking industry in particular and the economy in general. Financial intermediation is crucial for driving economic development, a situation where loan performances are low, this critical function of the bank is constrained.

In relation to the capital market, 77.2% of the respondents opine that there is a reduction in the performance of the capital market as a result of the Covid-19 pandemic. This means that investors are experiencing losses on their financial investment, and that access to funding from the capital market may become increasingly difficult. This has the tendency of frustrating long-term financing of businesses, which is what the capital market represents.

For the aviation sector, 89.9% of the respondents submitted that they perceive there has been a drastic adverse effect of Covid-19 on the sector. The aviation sector is one of the sectors that was most severely hit at the outset of the pandemic. They sector is yet to fully recover from the pandemic.

This is also the case in relation to the tourism sector, where 94.8% of the respondents hold the view that the sector has been adversely affected by the pandemic. Given the fact that the tourism sector has huge potential for foreign exchange earnings and diversification of the economy, this effect has truly been damaging to the drive for economic development in Nigeria.

4. Effect of Covid-19 on Economic Productivity

From the data obtained in this study. 84.3% of the responded indicated that there has been reduction in firms' productivity as a result of the Covid-19 pandemic. This has adverse effect on economic growth, tax income, employment and societal transformation.

Also, 84.8% insist that the pandemic has led to product diversification of firms. While this can be attributed to adaptation as a survival strategy by firms and organizations, it could also be reflective of the changes in the consumption expectation or demand by customers.

In terms of the productivity of the general economy, as captured by the GDP, 82.2% hold the opinion that it has reduced as a result of the pandemic. This implies a reduction in the level of economic value, reduction of the tax base and translates to the worsening of overall welfare of citizens in Nigeria.

5. Effect of Covid-19 on Economic Welfare

With regards to the effect of Covid-19 on the economic welfare of citizens, the study reveals that 93.7% of the respondents believe that the pandemic resulted in a reduction of household income. This reflects a dent in the purchasing power of households, which invariably translates to increasing unmet needs and a reflection of decreasing quality of life.

Furthermore, the study shows that 91% of respondents insist that the pandemic has occasioned the increase in the price of commodities. This reflects that the real income has fallen, and the capacity to purchase is further constrained. This fall in purchasing capacity also manifests as lower demand for the products of firms. This lower patronage constraints the use of full production capacities, thereby leading to unemployment.

Indeed, the study corroborates the foregoing by revealing that 89.9% of the respondents hold the view that there has been an increase in unemployment. The twin challenges of falling household income and increasing unemployment can only result into worsening poverty conditions and levels.

Likewise, this state of affairs is corroborated by the study, showing that 92.3% of the respondents insist that the pandemic has led to increased level of poverty in Nigeria. This scenario puts an increasing proportion of the population in a situation where they cannot access or take advantage of opportunities, thereby perpetuating the poverty experience.

Where the above situation persists, the degree of inequality tends to widen. This is exactly what the study reveals. 80.6% of the respondents hold the view that he level of inequality has increased as a result of the pandemic.

6. Effectiveness of Some Interventions in Curtailing the Economic Effect of Covid-19

As the Covid-19 pandemic hit the world, the various government implemented several measures to help curtail the economic impact on citizens. In Nigeria, two of such measures include the CBN single digit loan and the cash transfer by government.

This study reveals that only 44.3% of the respondents agree that the CBNs single digit loan has helped improved businesses in Nigeria since the pandemic. Given that a greater proportion of the respondents do not agree to this is indicative of a low impact of this intervention. This is reflective of the fact that there are other important economic variables beyond the interest rates, that are required to stimulate the economy and cushion the effect of the pandemic, this includes inflation, exchange rate, economic infrastructure etc.

Likewise, only 45.5% of respondents also agree that the cash transfer by government has helped in curtailing the adverse impact of the pandemic. This also reflects the ineffectiveness of this intervention. This could be as a result of poor administration of the scheme or an overwhelming negative economic environment that has nullified the gains from this scheme.

5.0 SUMMARY OF FINDINGS, DISCUSSION AND POLICY RECOMMEDATIONS

Following from the data analysis, this study essentially finds out that:

1. The pandemic had adverse effect on government financing, resulting in revenue generation challenges in both oil and non- oil revenues, as well as rising expenditures in a bid to stimulate economic recovery and sustain economic welfare at the minimum. The resultant outcome of this is increasing debt burden for the country. This finding is in line with Ozili (2020), as the study submitted that the economic downturn in Nigeria was triggered by a combination of declining oil price and spill overs from the COVID-19 outbreak.
2. The pandemic had adverse effect on the international engagements of the country as reflected in lower trade openness, falling FDI and worsening exchange rate positions.
3. In terms of selected sectors in the Nigerian economy, story is largely the same and reflected in the challenges faced in the financial sector, tourism sector and the aviation sector as a result of the pandemic.
4. Likewise in terms of productivity in the economy, the impact of the pandemic was equally negative, as reflected in the GDP and firms' productivity. This corroborates the findings of Fernandes (2020) and Maliszewska et al (2020). Fernandes (2020) showed that a median decline of -2.8% in GDP in 2020 is observed in a sample of 30 countries covered, and that GDP is expected to fall more than 10%, and in some countries, more than 15% in the coming years while Maliszewska et al (2020) revealed a baseline global pandemic scenario that sees gross domestic product fall by 2 percent below the benchmark for the world, 2.5 percent for developing countries, and 1.8 percent for industrial countries. It also tallied with the UNDP (2021) report which showed that 61 percent of businesses operating at the time of survey had temporarily closed down during the pandemic. This definitely had negative impact on firms' productivity.
5. On economic welfare. This study also find that the impact of the pandemic was negative, given the observed situation in terms of poverty, unemployment, inequality and inflation rate. This finding aligns with the UNDP (2021) report, which highlighted that the gravity of lay-offs, reductions in hours of operation, and limited access to credit provide insight into its impact on individuals and families whose ability to maintain their livelihoods and generate income were severely curtailed.
6. Some of the measures introduced by the government to curtail the economic hardship occasioned by the pandemic were not effective. Such interventions considered include the CBN single digit loan and the cash transfer programme.

Given these aforementioned findings, the following recommendations are made:

1. There should be greater prudence in the management of public finance in Nigeria. Greater revenue generation drive should be aggressively pursued, while leakages and wastages should be significantly reduced.
2. Borrowing should be strategically done, targeted at critical infrastructure that will stimulate economic transformation and guarantee generation of adequate cashflow to pay back the debts.
3. There should be an acceleration of the diversification of the economy, to increase the economic potentials of the country away from primary products. This will boost the

earning potentials of foreign exchange and provide a buffer for the naira in the foreign exchange market.

4. Improve the ease of doing business and promote a greater enabling business environment to attract FDI.
5. Conduct sector specific assessment and develop tailor made interventions to stimulate recovery of critical sector from the down turn occasioned by the pandemic.
6. Develop pro- poor interventions that are targeted at employment generation, reduction of inequality and increasing the real income of households.

Reference

Aimee D. and Akaoma O. (2021) . An Overview of The Economic Impact of The Coronavirus Pandemic in Nigeria. September 1, 2021 KPMG, Nigeria.

Ataguba, J. E. (2020). COVID-19 Pandemic, a War to be Won: Understanding its Economic Implications for Africa. Applied Health Economics and Health Policy, 1.

Eze, U. N., Sefotho, M. M., Onyishi, C. N., and Eseadi, C. (2021). "Impact of COVID-19 pandemic on Education in Nigeria: Implications for Policy and Practice of e-learning" (2021). Library Philosophy and Practice (e-journal). 5651. https://digitalcommons.unl.edu/libphilprac/5651

Fernandes, Nuno, Economic Effects of Coronavirus Outbreak (COVID-19) on the World Economy. Available at SSRN: https://ssrn.com/abstract=3557504 or http://dx.doi.org/10.2139/ssrn.3557504.

Maliszewska, M., Mattoo, A., & Van Der Mensbrugghe, D. (2020). The Potential Impact of COVID-19 on GDP and Trade: A Preliminary Assessment. World Bank Policy Research Working Paper, (9211).

Orlik, T., Rush, J., Cousin, M., & Hong, J. (2020). Coronavirus Could Cost the Global Economy $2.7 Trillion. Here’s How. Bloomberg, acceso el, 26.

Olubusoye O. E. and Ogbonna A. E. (2021) COVID-19 and the Nigeria Economy: Analyses of Impacts and Growth Projections. Centre for Petroleum Energy Economics and Law (CPEEL), University of Ibadan Nigeria, CPEEL’s Covid-19 Volume 1, Discussion Papers Series, 1-38.

Ozili, P. K. (2020). Covid-19 pandemic and economic crisis: The Nigerian experience and structural causes. Available at SSRN 3567419

United Nations Development Programmes (2020). The Impact of The Covid-19 Pandemic in Nigeria. A Socio-Economic Analysis – UNDP March, 2020. Brief 2, 1-14.

GSJ: Volume 10, Issue 4, April 2022
ISSN 2320-9186

Appendix:

Table 1: Sex

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	43	44.8	56.6	56.6
	Female	33	34.4	43.4	100.0
	Total	76	79.2	100.0	

Source: Field survey, 2022

Table 2: Education Qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	PHD	4	4.2	5.3	5.3
	Masters	30	31.3	39.5	44.7
	Bsc/ HND	36	37.5	47.4	92.1
	WASC/ SSCE	6	6.3	7.9	100.0
	Total	76	79.2	100.0	

Source: Field survey, 2022

Table 3: Job Cadre

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	GL 13 and above	29	30.2	37.2	37.2
	GL 10- 12	11	11.5	14.1	51.3
	GL 7- 9	15	15.6	19.2	70.5
	Self Employed	23	24.0	29.5	100.0
	Total	78	81.3	100.0	

Source: Field survey, 2022

Table 4: Economic Agent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Household	25	26.0	32.1	32.1
	Firm	24	25.0	30.8	62.8
	Government	29	30.2	37.2	100.0
	Total	78	81.3	100.0	

Source: Field survey, 2022

]

Table 5: Emergence of Covid 19 Pandemic has reduced household income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	1	1.0	1.3	1.3
	disagree	3	3.1	3.8	5.1
	undecided	1	1.0	1.3	6.3
	agree	21	21.9	26.6	32.9
	strongly agree	53	55.2	67.1	100.0
	Total	79	82.3	100.0	

Source: Field survey, 2022

Table 6: Covid 19 Pandemic has increased unemployment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	2	2.1	2.5	2.5
	disagree	4	4.2	5.1	7.6
	undecided	2	2.1	2.5	10.1
	agree	23	24.0	29.1	39.2
	strongly agree	48	50.0	60.8	100.0
	Total	79	82.3	100.0	

Source: Field survey, 2022

Table 7: Covid 19 Pandemic has reduced firm productivity

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	disagree	9	9.4	11.8	11.8
	undecided	3	3.1	3.9	15.8
	agree	29	30.2	38.2	53.9
	strongly agree	35	36.5	46.1	100.0
	Total	76	79.2	100.0	

Source: Field survey, 2022

Table 8: Covid 19 Pandemic has led to firms' product diversification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	3	3.1	3.8	3.8
	disagree	1	1.0	1.3	5.1
	undecided	8	8.3	10.1	15.2
	agree	37	38.5	46.8	62.0
	strongly agree	30	31.3	38.0	100.0
	Total	79	82.3	100.0	

Source: Field survey, 2022

Table 9: Covid 19 Pandemic has increased poverty in Nigeria

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	1	1.0	1.3	1.3
	disagree	3	3.1	3.8	5.1
	undecided	2	2.1	2.6	7.7
	agree	22	22.9	28.2	35.9
	strongly agree	50	52.1	64.1	100.0
	Total	78	81.3	100.0	

Source: Field survey, 2022

Table 10:Covid 19 Pandemic has led to increase in inequality

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	1	1.0	1.3	1.3
	disagree	5	5.2	6.5	7.8
	undecided	9	9.4	11.7	19.5
	agree	34	35.4	44.2	63.6
	strongly agree	28	29.2	36.4	100.0
	Total	77	80.2	100.0	

Source: Field survey, 2022

Table 11: Covid 19 Pandemic has led to decrease in GDP

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	disagree	9	9.4	11.4	11.4
	undecided	5	5.2	6.3	17.7
	agree	31	32.3	39.2	57.0
	strongly agree	34	35.4	43.0	100.0
	Total	79	82.3	100.0	

Source: Field survey, 2022

Table 12: Trade openness has been reduced since emergence of Covid 19 Pandemic

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	2	2.1	2.5	2.5
	disagree	2	2.1	2.5	5.1
	undecided	8	8.3	10.1	15.2
	agree	38	39.6	48.1	63.3
	strongly agree	29	30.2	36.7	100.0
	Total	79	82.3	100.0	

Source: Field survey, 2022

Table 13: Cash Transfer by Government has reduced the effect of Covid 19 Pandemic in Nigeria

	Frequency	Percent	Valid Percent	Cumulative Percent

Valid	strongly disagree	11	11.5	14.3	14.3
	disagree	12	12.5	15.6	29.9
	undecided	19	19.8	24.7	54.5
	agree	18	18.8	23.4	77.9
	strongly agree	17	17.7	22.1	100.0
	Total	77	80.2	100.0	

Source: Field survey, 2022

Table 14: CBN single digit loans has helped to improve business in Nigeria

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	10	10.4	12.7	12.7
	disagree	16	16.7	20.3	32.9
	undecided	18	18.8	22.8	55.7
	agree	26	27.1	32.9	88.6
	strongly agree	9	9.4	11.4	100.0
	Total	79	82.3	100.0	

Source: Field survey, 2022

Table 15: Capital Market has recorded low performance after Covid 19 Pandemic

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	3	3.1	3.8	3.8
	disagree	3	3.1	3.8	7.6
	undecided	12	12.5	15.2	22.8
	agree	41	42.7	51.9	74.7

	strongly agree	20	20.8	25.3	100.0
	Total	79	82.3	100.0	

Table 16: Covid 19 Pandemic has led to low bank loan performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	7	7.3	9.0	9.0
	disagree	10	10.4	12.8	21.8
	undecided	9	9.4	11.5	33.3
	agree	27	28.1	34.6	67.9
	strongly agree	25	26.0	32.1	100.0
	Total	78	81.3	100.0	

Source: Field survey, 2022

Table 17: Covid 19 Pandemic has reduced foreign direct investment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	3	3.1	3.9	3.9
	disagree	6	6.3	7.9	11.8
	undecided	4	4.2	5.3	17.1
	agree	36	37.5	47.4	64.5
	strongly agree	27	28.1	35.5	100.0
	Total	76	79.2	100.0	

Source: Field survey, 2022

Table 18: Covid 19 Pandemic has led to reduction in oil revenue

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	5	5.2	6.4	6.4
	disagree	16	16.7	20.5	26.9
	undecided	13	13.5	16.7	43.6
	agree	23	24.0	29.5	73.1
	strongly agree	21	21.9	26.9	100.0
	Total	78	81.3	100.0	

Source: Field survey, 2022

Table 19: Covid 19 pandemic has drastically affected tourism industry

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	2	2.1	2.6	2.6
	undecided	2	2.1	2.6	5.2
	agree	24	25.0	31.2	36.4
	strongly agree	49	51.0	63.6	100.0
	Total	77	80.2	100.0	

Source: Field survey, 2022

Table 20: Covid 19 pandemic has negatively affected aviation industry

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	2	2.1	2.5	2.5
	disagree	4	4.2	5.1	7.6
	undecided	2	2.1	2.5	10.1
	agree	26	27.1	32.9	43.0
	strongly agree	45	46.9	57.0	100.0
	Total	79	82.3	100.0	

Table 21: Covid 19 Pandemic has led to increase in Price of Commodities in Nigeria

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	2	2.1	2.6	2.6
	disagree	2	2.1	2.6	5.1
	undecided	3	3.1	3.8	9.0
	agree	28	29.2	35.9	44.9
	strongly agree	43	44.8	55.1	100.0
	Total	78	81.3	100.0	

Source: Field survey, 2022

Table 22: Covid 19 Pandemic has affected tax income in Nigeria

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	4	4.2	5.1	5.1
	disagree	3	3.1	3.8	8.9
	undecided	6	6.3	7.6	16.5

	agree	41	42.7	51.9	68.4
	strongly agree	25	26.0	31.6	100.0
	Total	79	82.3	100.0	

Source: Field survey, 2022

Table 23: Covid 19 Pandemic has increased Government expenditures in Nigeria

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	4	4.2	5.2	5.2
	disagree	4	4.2	5.2	10.4
	undecided	6	6.3	7.8	18.2
	agree	35	36.5	45.5	63.6
	strongly agree	28	29.2	36.4	100.0
	Total	77	80.2	100.0	

Source: Field survey, 2022

Table 24: Covid 19 Pandemic has led to increase in interest rates in Nigeria

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	3	3.1	3.9	3.9
	disagree	10	10.4	13.0	16.9
	undecided	12	12.5	15.6	32.5
	agree	30	31.3	39.0	71.4
	strongly agree	22	22.9	28.6	100.0

GSJ: Volume 10, Issue 4, April 2022
ISSN 2320-9186

	Total	77	80.2	100.0	

Source: Field survey, 2022

Table 25: Covid 19 Pandemic has led to increase rate of foreign exchange

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	3	3.1	3.8	3.8
	disagree	9	9.4	11.4	15.2
	undecided	10	10.4	12.7	27.8
	agree	23	24.0	29.1	57.0
	strongly agree	34	35.4	43.0	100.0
	Total	79	82.3	100.0	

Source: Field survey, 2022