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Covid-19 Pandemic in Nigeria- Challenges and Opportunities

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ABSTRACT

This paper explores the challenges and opportunities that are posed by COVID-19. This pandemic is a systemic human development crisis – affecting health, economic and broad social dimensions of development and potentially eroding gains accumulated over decades. The paper shows the compounding effects on health, education, telecommunication and the economy and how responses in terms of opportunities have to be considered in a context where economic and social activities are being restricted for public health reasons with particular reference to Nigeria. Such an approach implies an evaluative framework to assess the crisis and shape the policy response that emphasizes the potential for people to be and do what they aspire in life as opposed to material resources or economic activity as this will invariably create opportunities in different sectors of the economy. This paper therefore made the following specific recommendations among others: The government at all levels should create a social welfare scheme that is effective enough to cater for the needs of Nigerians; the government should create a comprehensive data base of Nigerians living both within and outside the country; and the economic recovery plan 2020 which lays emphasis on promotion of small and medium scale enterprises should be speedily implemented.

Key Words: COVID-19, Challenges, Opportunities, Nigeria, Pandemic

INTRODUCTION

While the effects of the corona virus (COVID-19) pandemic have yet to be fully understood, it is already clear that, as of August 2020, the number of daily deaths due to COVID-19 is greater than that due to common causes such as malaria, suicide, road traffic accidents and HIV/AIDS. In countries at the peak of the current wave of COVID-19, the virus can become the main cause of death, surpassing cancer and coronary disease. These numbers show the immediate pressure the pandemic is putting on emergency services and health workers and the wider burdens imposed on virtually every economy around the world. During April 2020 alone, COVID-19 caused almost 600 thousand deaths worldwide and this has caused huge economic crisis globally.

Although the corona virus outbreak which started in the Wuhan province of China had spill over 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 programmes 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.

This paper explores the challenges and opportunities that are posed by COVID-19. This pandemic is a systemic human development crisis – affecting health, economic and broad social dimensions of development and potentially eroding gains accumulated over decades. The paper shows the compounding effects on health, education, telecommunication and the economy and how responses in terms of opportunities have to be considered in a context where economic and social activities are being restricted for public health reasons with particular reference to Nigeria. History shows that crises even short-lived ones have long-term effects on people's human development that are often difficult to monitor and anticipate but that tend to be unequally distributed. COVID-19 is unlikely to be an exception.

LITERATURE REVIEW

Some Nigerian studies on COVID-19 have emerged in 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, Bakarey & Ahmad (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 infected patients who require admission into intensive care units. They suggest that Nigeria should explore available collective measures and interventions to address the COVID-19 pandemic.

Jacob, Abigeal & Lydia (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 manpower in the educational institutions, and cut in budget of higher education. Adegboye, Adekunle & Gayawan (2020) examine the early transmission of COVID-19 in Nigeria, and show that the COVID-19 cases in Nigeria were lower than expected. Adenomon & 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.

ECONOMIC CHALLENGES POSED BY COVID-19 IN NIGERIA

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 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 corona virus 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. The All-share index closed at 21,700.98 from 26,216.46 representing 4,515.48 points or 20.8 per cent drop and this shows that stock market crashed (Ozili & Arun, 2020).

SPECIFIC SECTORAL CHALLENGES POSED BY COVID-19

Telecommunication Challenge

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 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.

Also, statistical reports reveal that there are 96 million internet users in Nigeria (Ozili & Arun, 2020). 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 corona virus 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 course work online so that students quarantined at home do not have to miss out on key aspects of their education while school is closed or when students cannot get to school. E-commerce applications that enable online buying and selling can allow buyers and sellers to make purchases and sales while staying in their homes. Also, tele-health applications 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 do not 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.

Outside Nigeria, digital technology helped many businesses in developed countries survive the effect of the COVID-19 outbreak, and it created an opportunity to enhance the country's digital economy. In the future, a well-developed digital economy in Nigeria, achieved through intense digital technology penetration, will play a greater role in reducing the effect of recessions in the country, and will also help in supporting economic activities, social activities and the development of good health care systems.

Some enhanced capabilities (such as access to new technologies) play a crucial role from the economic side. Households with access to modern technologies are better equipped to maintain economic interactions, including education, continuity of work activities (telecommuting) and access to telemedicine and to consumer goods ordered online. Households without access to the internet and other technologies have fewer options (reducing even their ability to apply for and receive government support). Thus, improving access to devices and the internet is another policy to address inequalities, building people's capabilities to face the COVID-19 restrictions without losing key social interactions, including those that might generate income. On the supply side of the economy, the survival of many companies under heavy movement restrictions depends on their ability to adopt different forms of e-commerce.

It is time for bold action. In 2018, it was estimated that \$100 billion was needed to close the gap in internet access in low and middle-income countries (Altig et al, 2020). Though a sizable amount, it is a fraction (about 15 percent) of the income that those countries will lose in 2020. This investment is equivalent to around one percent of the extraordinary fiscal programmes that the world has committed to date. Today, this is a timely investment that would facilitate the recovery and welcome half the world's population to some of the opportunities of the 21st century.

Public Health Infrastructure Challenge

According to Aregbeshola (2016) report, 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 (Ozili & Arun, 2020), 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.

The failings in Nigeria's public health sector made it difficult for Nigeria to cope with the fast-spreading COVID-19 disease during the outbreak. Local drug manufacturers could not manufacture drugs that could temporarily suppress corona virus in infected patients because the APIs used to manufacture suppressant drugs could no longer be imported since China had shut down its factories and closed its borders in order to control the corona virus pandemic that was ravaging China at the time. Also, there were insufficient isolation centres in many states including 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. In the end, the COVID-19 outbreak overwhelmed the poor public health infrastructure in Nigeria.

Social Welfare Challenge

The consequence of not having a national social welfare program became evident during the corona virus 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 corona virus outbreak. In the literature, there are debates on the benefit of using social welfare programmes to alleviate poverty and to help citizens cope with disasters (Abramovitz, 2001), and social welfare theories provide different perspectives on how social welfare can be designed to meet the basic needs of the people (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. In Nigeria, the lack of such welfare services for vulnerable people, households and poor individuals during the corona virus 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.

OPPORTUNITIES PRESENTED BY COVID-19 EXPERIENCE IN NIGERIA USING MONETARY AND FISCAL POLICY MEASURES

In response to the COVID-19 outbreak, the monetary authority, the Central Bank of Nigeria, 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 (Adegboye, Adekunle & Gayawan, 2020). 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 NGN10.59 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 corona virus 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.

OPPORTUNITIES FOR CHANGE PRESENTED BY COVID-19

Inequalities in human development represent a lack of capabilities for a large part of the population. During crises, these inequalities tend to increase, at least in the short-run. So, the priority should be reducing these gaps by boosting the capabilities of those who were already falling behind before the crisis. A strategy consistent with this principle depends on the availability of resources. Without savings, insurance systems or access to capital markets, the national and international public sector has to step in and facilitate transfers to overcome transitory shocks. This requires assistance to those who are being asked not to work or be economically active. The support for basic capabilities is crucial to contain the indirect negative effects of COVID-19 on people. Enhanced capabilities, access to technology, knowledge and quality health services are not a luxury. They play a key role in dealing with the crisis, in both adaptation and mitigation.

The impact and responses to pandemics have the potential to reshape the world for generations to come. As the consequences of the crisis unfold, including the effects of responses amid great uncertainty, articulating a vision can contribute to frame policies for outcomes aligned with the aspirations of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals. Since March and April 2020, unprecedented policies interrupted the normal functioning of economic and social life in Nigeria and the entire world. Now, concern is moving rapidly towards the economic dimension – rightly so, given the depth of the fall in output and its social effects. This trend will strengthen as countries and communities go through the pandemic wave (or waves) to find themselves under financial pressure. In this context it is essential to preserve the human development lens, to focus on people by seeking various means of wealth creation. This paper highlights three elements for a vision for the policy response in terms of wealth creation within and beyond COVID-19 in Nigeria:

- *Look at the response through an equity lens.* Countries, communities and groups already lagging in enhanced capabilities will be particularly affected, and leaving them further behind will have long-term impacts in advancing human development and wealth creation.
- *Focus on people's long-term capabilities.* This could reconcile apparent tradeoffs between public health and economic activity (a means to the end of expanding capabilities) but would also help build resilience for future shocks in the Nigeria economic space.
- *Follow a coherent multi-dimensional approach.* Since the crisis has multiple interconnected dimensions (health, economic and several social aspects), a systemic approach rather than a sector-by-sector sequential approach is essential. The United Nations has already presented a roadmap along these lines in its initial framework for immediate socioeconomic responses.

But there is something deeper in this crisis. It overlaps and interacts with other ongoing global tensions: between people and technology, between people and nature, and between the haves and the have-nots – which were already shaping a new generation of inequalities. Even at a peak in its economic development, humanity was already under heavy stress, as shown by a greater sense of economic insecurity, scientific warnings about the risks of catastrophic disaster coming sooner and stronger than expected as a result of climate change, and waves of protest and social unrest erupting since 2019.

The policies to be implemented have the potential to affect the shape of technological innovation, the energy mix between renewables and fossil fuels and the creation and distribution of wealth. There will be several practical unavoidable choices: about rescuing productive sectors, promoting different types of innovations with different effects on job creation, redesigning social

services, investing in infrastructure and distributing the cost of action with implications for taxpayers. Such choices have much to do with public resources – people’s money; they need not be diverted from important uses, thereby increasing the burden of future generations. Hence, there must be transparency and accountability in human development terms – in people’s capabilities to lead the lives they value in harmony with the environment.

A recent analysis that combines an extensive literature review with a survey of leading policymakers in economics and finance suggested five priorities for the allocation of fiscal resources that would enhance both the welfare impact and climate goals. According to McKibbin & Fernando (2020), they were identified as: clean physical infrastructure investment, building efficiency retrofits, investment in education and training to address immediate unemployment from COVID-19 and structural unemployment from decarbonisation, natural capital investment for ecosystem resilience as well as regeneration.

Second, accelerate action through innovation and more ambition. We should not deny ourselves a deep reflection informed by recent developments. The COVID-19 crisis will be over, just as other past pandemics are, as immunizations or treatments are developed. But it will leave a mark on human and development losses and form a portrait of ourselves under pressure: how prepared we were for this crisis, how we reacted to it, what became essential, what became superfluous, what were our revealed choices. This crisis is also a reminder of our core relationship with nature: we are all part of and depend upon a complex web of life that we have put under heavy stress. Climate change is just one of the unintended consequences of current development paths – ecosystems are also being affected by human pressure, with evidence of major biological extinction accumulating (Chen, Paris, Reeson & Li, 2020).

CONCLUSION

One way of moving us to more forceful action is to reflect on some of the implications of the pandemic and to lock in and build on some of the gains achieved. For instance, the digital economy and society became the only way to sustain economic activity and social interaction for billions of people. Further use of tele-education and telemedicine could expand access to these services, if investments are made in reducing inequalities in enhanced capabilities. As another example, the sharp reduction in economic activity is also being reflected in less pollution and most likely in greenhouse gas emissions (given the sharp drops in demand for fossil fuels). As economic activity picks up, societies will confront a choice of continuing to use old approaches or doubling down on investing in greener approaches.

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 show that the entire public healthcare system and the economic system need to be reinvigorated. We should not waste this opportunity to rebuild the country’s infrastructure. But if we fail to get our house in order, then we will be severely punished in the months and years ahead in the event of another crisis. At the national level, the President needs to implement a reconstruction and development programme 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 corona virus. We need to create a new normal daily routine by observing proper hygiene, eating well, maintaining fitness with appropriate exercises, and getting sufficient rest. Furthermore, we should enrich our minds by reading some great books, learning new skills, visualizing and documenting our long-term goals, and also plan to pursue those goals with passion when the COVID-19 pandemic is over.

RECOMMENDATIONS

From the foregoing, the following recommendations are therefore made:

1. The government at all levels should create a social welfare scheme that is effective enough to cater for the needs of Nigerians.
2. The government should create a comprehensive data base of Nigerians living both within and outside the country.
3. The government should formulate policies that would enhance and fully develop the country's digital economy and also ensure that every household have access to telecommunication devices and the internet.
4. The economic recovery plan 2020 which lays emphasis on promotion of small and medium scale enterprises should be speedily implemented.
5. The government should further reduce interest rate to 5%, thereby enabling a striving business environment.
6. Individuals should take risk of starting business and industries without necessarily waiting for the government.

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