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The Political Economy of COVID- 19 in Nigeria

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Abstract
The advent of Covid-19 pandemic in the global economy in the past few months has wrecked global economy due to lockdown policies which has affected economic activities. Its impact in the early post-lockdown era (from September to October, 2020) has changed the pre-formal way of life to a new normal where policies globally (WHO) exerts a significant influence on developing nations like Nigeria. Since 27th February 2020 where the first Case of Covid-19 was reported in Nigeria, the political economy of the country has witnessed a significant draw-back due to the disbandment of International and local Flight, Tourism, import and export duties, government expenditure and debts, increased unemployment, impact on the nations GDP and the politicization of relief packages during and after the lockdown. This study is aimed at investigating the political economy of Covid -19 in Nigeria. The study specifically focused on government policies during the covid-19 lockdown and the effect of these polices on the economy of Nigeria as a county and on individual wellbeing. The study adopted the exploratory design with focus on secondary data. From the discourse, it was found out that the political economy of Covid 19 rest on power relation, class struggle between the west and distribution of resource across nation states. From the discourse, recommendation were made and few of such is that, there should be an improve health or disease related technology across the globe controlled by World Health Organization to Monitor the emergence of viruses or new disease outbreak, Activities of laboratory scientist should be well regulated by WHO so that the experience of Wuhan experiment will not subsist in the near future. It was concluded that conscious or deliberate effort by African nations will internally or domestically harness the needed resources for future global challenge that may pose a threat to Africans independence and sovereignty against external intrusion in policy formulation.

Keywords; *Covid-19, political economy, government expenditure, Gross-Domestic Products, pandemic*

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Introduction

The late 2019 (November) saw new a phase of a global pandemic known as Corona Virus (Covid 19). The Virus which was reported and Traced from the Wuhan Laboratory witnessed a rapid spread as a significant number of Countries within few months had High Mortality Report. The Wuhan-COVID-19 since it discovery is spreading and unstoppable globally (WHO, 2020). And that it originated from humans eating animals such as Bats in a wet and open- market in natural borne microorganism; thus, making china as the Epicenter of Covid-19. Across the continents of the world like Europe, Asia, North and South America, Africa and beyond, the virus completely wreck a huge economic havoc. Due to its rapid spread, 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 death toll, genetic mutation and mode of transmission of the Corona Virus led WHO to declare a global lockdown to help mitigate it high mortality across the world.

Statistics showed that, as of May 16, 2020, more than 4.4 million cases of infection were reported worldwide resulting in more than 300 thousand deaths, with the majority outside China. It has affected and spread quickly in more than 216 countries and territories around the World (WHO, 2020). On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. COVID-19 is causing a high human cost and putting immense pressure on public health systems. Given high transmissibility, zero herd immunity and until recently, high population mobility, COVID-19 has spread rapidly in many parts of the world. The number of fatalities is increasing rapidly. As the world struggles to prevent the spread of the disease, public health systems in many countries are finding it difficult to cope with the growing need for treatment. While some countries are better prepared like New Zealand, Germen, others lack essential facilities and have seen delays in testing for the disease like USA, UK, Italy, Spain, and etc. Regarding Africa, the spread of COVID-19 is high and it's expected to be serious, given the continent's exposure to China. So far, cases have been reported in South Africa, Egypt, Algeria, Morocco, Cameroon, Nigeria, Tunisia Senegal and Togo. If there is a prevalent outbreak of COVID-19 in Africa, it could crush already weak not only the healthcare systems but also the political economy in the region.

The continues rise in cases of the virus forced a total lockdown to in most part of the world starting from Wuhan China, Italy, Spain, the Netherlands, some states in the United State of America and later African Countries (WHO, 2020). This progression in the virus resulted to suppression strategy by WHO with varying but significant economic and social implications. For instance, in countries where the informal sector makes up 65 percent of its GDP13 with a significant proportion of its population relying on the sector for day-to-day economic survival, individuals were confronted with a choice between survival today and observance to social distancing measures put in place for their survival beyond today. The adoption of social distance of 1 Miter distance also assumes a certain level of spatial freedom.

Since the first reported case of Covid 19 in 27th February 2020 in Nigeria, the Nigerian government in line with other nations of the world concentrated on a specific set of social relations among community of nations like China and the US in order to help control the spread of the virus and also control other people, processes, and things, even in the face of resistance. This strategy or measure may be seen or termed the political economist of communication and bilateral health relation to look at shifting forms of control along the circuit of production, distribution, and consumption Covid 19 palliative or relief funds. Examples include how the shrinking number of big media companies or World Health Organization can control the diversity of content or how international pharmaceutical marketing firms may strengthen their production to the production of a Vaccine through the media business by using new technologies of surveillance and measurement to produce valuable information about Super Powers in the Technology of Covid 19 vaccine development. As a country, Nigeria became part of the global lockdown and preventive measures to curb the spread of the virus. This may have also led nations to consider the extent to which Western or super powers can use new media of Covid 19 to control the universe in a new system through Vaccination to resist the concentration of power in business and government.

In densely populated areas like Lagos and Kano of Nigeria's urban centers – this assumption witness a lot of setback. Similarly, it became difficult to enforce social distancing in congested IDP camps. There is also a risk of further fragmenting the social values – and the very safety nets required for healing and recovery. Restrictive suppression response interventions, including shut-downs, disproportionately impact the poor and their livelihoods. Compounded by governance deficiency in the country, abrupt cuts in means of livelihood resulted in social unrest. The feasibility and implications of current responses tailored to the Nigerian context in ensuring that those at the bottom of the pyramid are not unduly burdened while at the same time, critically needed suppression and mitigation measures implemented also had a major setback.

The political economy of Covid 19 in Nigeria connotes policies, strategies and measures to which Covid 19 lockdown and resources are distributes in Nigeria and other countries of the world. Empirically, it could be seen that the pandemic have a bearing on the social fabric of society. That is, the stress initiated by economic losses resulted in visible cracks where incidences of once socially unacceptable norms become more frequent. Evidence during the strict lockdown period suggests that health related pandemics like the Covid 19 have the potential to increase the risks of: domestic violence – with police reports in China showing that domestic violence tripled during the epidemic; violence against health workers due serious stress levels that the pandemic places on patients; and abuse and exploitation of women and girls – especially care givers. In Nigeria, empirical evidence showed that, the Covid 19 lockdown period (between March to October 2020) recorded higher case of rape, domestic violence and violence against security personnel. Furthermore, frustrations resulting from economic loss may have also played into existing regional fault lines within Nigeria. Furthermore, the peril of infectious, untreatable and potentially fatal viral epidemics causing pneumonia has been known for decades like SARS in 2002–2004, mainly originated in China, and MERS in 2012–2014, mainly originated in Saudi Arabia. But, while SARS claimed 774 lives after infecting 8,000 people, and MERS killed 886 after infecting 2,519 over two years, the highly spreadable Coronavirus (COVID 19) is still spreading worldwide (James 2020)..

In Nigeria, since 27th February 2020 where the first Case of Covid-19 was reported in Nigeria, the political economy of the country has witnessed a significant draw-back due to the disbandment of International and local Flight, Tourism, import and export duties, government expenditure and debts, increased unemployment, impact on the nations GDP and the politicization of relief packages during and after the lockdown. It is against the backdrop the study is designed to examine the political Economy of Covid 19 in Nigeria.

Study objectives

The general objective of this article is to examine the political economy of Covid 19 in Nigeria. Specifically, the paper seeks to examine the following;

1. To examine the economic impact of Covid 19 on the Disbandment of International and Local Flight in Nigeria
2. Examine the economic impact of Covid 19 on government expenditure in Nigeria
3. To evaluate how Covid 19 pandemic has affected global Tourism in Nigeria
4. Examine the effect of Covid 19 on global import and export duties
5. To examine the impact of covid 19 on increased unemployment and GDP in Nigeria

Theoretical framework

Political economy theory

The Marxist Political Economy approach is deemed fit to be adopted as the analytical construct in this study. The reason has been that, the approach scientifically studies the society in its totality and takes into consideration the interconnection of social relations, class conflict and the organic relationship between the sub-structure (economy) and the super-structure (politics). Political economy is concerned with the social laws of production and distribution (Lange, 1974). The Marxist political economy approach is a holistic, historical orientation, which is used for the analysis of social formations and their contradicting relationships. It mainly focuses on the economic laws which govern the production and distribution of material benefits among individuals and groups at different stages of development of society (Iwarimie, 1991).

Put differently, the approach is seen as the window to understand the laws that govern the economic life of the society. It explains the relationship between what man produces and how he benefits from the surplus he produces. The approach shows how the various parts of the superstructure are used as instruments of the ruling class domination, and as mechanism of oppression of the subject class.

According to Ake (1981), a major advantage of this approach is that, it emphasizes the relatedness of social phenomena. This links exist between the economic structure and social structure. More so, the approach helps to penetrate deep into the processes and policies, lay bare their essence and then explain concrete forms of their manifestation.

In essence the political economy approach unravel the global formation of Covid 19 and the superstructure responsible for the management and control of the virus which is attributed to the obnoxious laws and measures the governs covid 19 lockdown, the lopsided federalism and relief funds by World Bank, IMF,WHO, OAU among others to cushion the financial burden the pandemic may have had on nations of the world. The theory also explains the lack of political will or sovereignty on the part of many nation states.

On the other hand, the history of all hitherto existed society is the history of class struggle (Marx, 1977). Thus, the class analysis framework of the approach best explains the endemic class struggle between the exploiters (between China and the US) and the exploited dependent nations. According to Marxist thought, consciousness means man's ability to ideally reproduce in his mind the surrounding reality existing beyond and independent of him, the production of which is engendered by contradictions domination, exploitation and marginalization in society. It posits that the dominated, exploited and marginalized groups, which paradoxically generated or bears the burden of creating resources, seeks to change the status quo when it becomes conscious through agitation (the invention of the Corona Virus) and protest to better their living condition. In an attempt to do this, developming nations will have to fight and struggle for independence to fight the status quo (Libman & Borisox, 1985 Marx and Engels, 1977; Luckac, 1968).

It is imperative to note that the consciousness of exploitation is enhanced by the movement of a class from a class-in-itself, an unconscious class category, to a class-for-itself (which is a conscious class category). The above explanation also captures the transition from Ethnic group-in-itself to Ethnic group-for-itself (Ibaba, 2005). Therefore, the agitations (now very violent) in with many nations to ease lockdown against WHO recommendation are attributed to the consciousness of exploitation and the struggle to change the status quo.

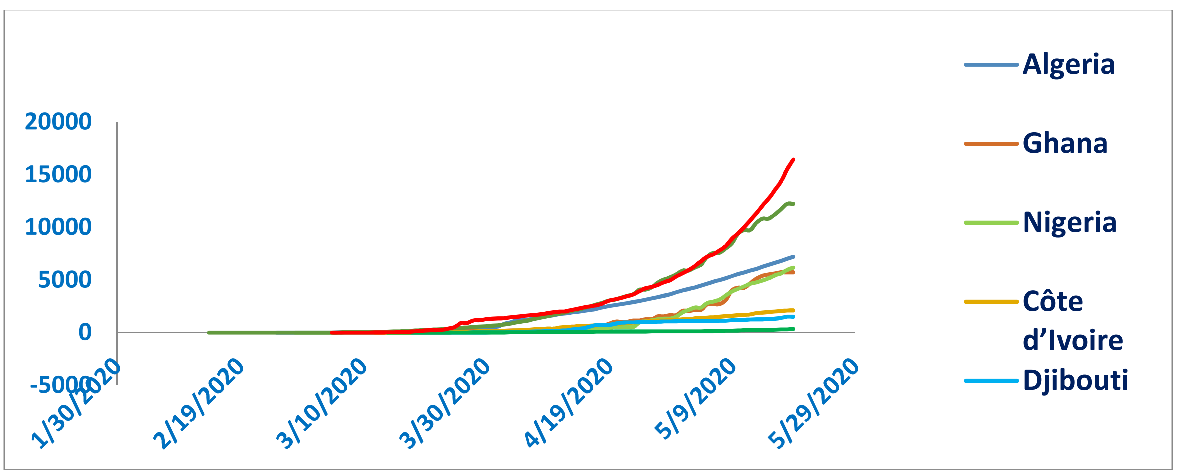
Literature review

Political economy of COVID 19

Generally, political economy looks at social relations, particularly the power relations that mutually constitute the production, distribution and consumption of resources. The conception of political economy assumes that in any society or nation state, we can easily recognize and distinguish among producers, distributors, and consumers. But this is not always so and particularly not in some of the more interesting cases. For example, in the business world, it is useful to separate film producers, those who organize and carry out the steps necessary to create a finished product, from distributors or wholesalers who find market outlets. But film-making is not so simple. Distributors are often critical to the production process because they can guarantee the financing and marketing necessary to carry on with production. Does that make our distributor in reality a producer or a producer distributor? Similarly, notwithstanding the common-sense value of seeing audiences as consumers of media products, there is a sense in which they are producers as well. One might say that consumers produce the symbolic value (or meaning) of media products (or texts) as they consume them. Similarly, producers consume resources in the process of production. They also distribute by virtue of their reputation as producers. This suggests that while the definition is a useful starting point, it is limited by what we miss when we apply it in a too rigidly categorical or mechanistic fashion.

In recent times (2019 to 2020) according to Fentahun (2020), the world has witnessed a drastic ravage of the Covid 19 Pandemic. In the African Continent like any other continent of the world, the Covid 19 pandemic witnessed a colossal damage or havoc on the economy due to lockdown measures leading high rate of unemployment, poverty and high mortality. In Nigeria, the lockdown declaration on the 24th of March 2020 due to rise in Covid 19 case saw a New Normal in the society. Since the declaration of the COVID-19 outbreak on 31 December 2020, up to May 19, 2020 there has been increase in the number of cases reported in the WHO African Region. As a result this has seen 54,130 cases and 2,078 deaths were recorded. The most affected countries according to the report of WHO African Region are: South Africa (16,433), Egypt (12226), Algeria (7,201), Moroco (6,930), Nigeria (6,175), Ghana (5,735) and Cote d'Ivoire (2,119). Among countries that reported lowest confirmed COVID-19 cases were observed in Leseto (1), our country Ethiopia has reported 352. This shows that the spread of the pandemic in Africa significantly increasing specially in May. But the world as efforts to develop a vaccine for COVID 19 gather momentum globally health experts and WHO suggest that development of a vaccine generally takes 12-18 months using the Sars-CoV-2 virus as a reference point. As such, in the medium-term authorities continue to focus their efforts on "flattening the curve" or containing the spread through lockdowns, social distancing and isolation measures.

Figure1: Cumulative COVID 19 Infected Countries in Some Africa



Source: WHO COVID 19 Global Data, 2020 in Fentahun (2020)

WHO and UNICEF have released a joint statement on COVID-19 vaccine stating that the urgent need for a COVID-19 vaccine underscores the pivotal role played by immunization in protecting lives and economies. As scientists around the world work to develop a vaccine against the novel coronavirus and health care capacities are stretched in responding to COVID-19, national routine immunization programmes are more critical than ever before. Governments must use every opportunity possible to protect people from the many diseases for which vaccines are already available.

Responding to COVID-19 urgently requires sharp increases in global production of quality essential medical supplies. Well-functioning value chains can help quickly ramp up production while containing cost increases. As new production becomes available, trade will be essential to move supplies from where they are abundant to where they are lacking, especially as the disease peaks at different times in different locations. However, a lack of international cooperation risks hampering the urgently required supply response.

Impact of Covid 19 in various sector of the economy

As a global pandemic declared in March 2020, corona Virus has created a significant impact of major sector of the global economy there by leading to relative recession in many countries of the world. It effect ranges from currency devaluation, GDP, Aviation, import and Export duties, global tourism, oil Sector but with a more significant impact of media. While the virus continues to ravage other sector, media operators like Facebook, Twitter, Instagram and other Telecommunication companies are said to have made a significant millions of Dollars.

Tourism and Avaition Industry

Fentahun (2020) noted that Tourism as an important sector of economic activity for many Africa nations has been heavily affected by COVID-19 with the general travel restrictions, closing of borders and social distancing. According to IATA (2020) it is estimated that economic contribution of the air transport industry in Africa at US$ 55.8 billion dollars, supporting 6.2 million jobs and contributing 2.6% of GDP. These restrictions affect international airlines including African giants Ethiopian Airlines, Egyptair, Kenya Airways, South African Airways, etc. The first effects will result in the partial unemployment of airlines staff and equipment. However, in normal times, airlines transport around 35% of world trade, and each job in air transport supports 24 others in the travel and tourism value chain, which creates around 70 million jobs. In addition, IATA indicated that "international bookings in Africa declined about 20% in March and April; domestic bookings declined about 15% in March and 25% in April and not only Ticket refunds increased by 75% in 2020 compared to the same period in 2019 (01 February 11 March) but also African airlines have already lost US$ 4.4 billion in revenue by March 11, 2020 due to COVID19. Ethiopian Airlines has indicated a loss of $190 million the number of tourists on the continent has continued to grow with an average annual growth rate of 5% in a constant proportion in recent years.

The tourism sector for 15 African countries represents more than 10% of the GDP and for 20 of the 55 African countries; the share of tourism in the national wealth is more than 8%. This sector contributes much more to GDP in countries like Seychelles, Cape Verde and Mauritius (above 25% of GDP). Tourism employs more than a million people in each of the following countries: Nigeria, Ethiopia, South Africa, Kenya, and Tanzania. Tourism employment comprises more than 20 percent of total employment in Seychelles, Cape Verde, São Tomé and Príncipe, and Mauritius. During the past crises, including the 2008 financial crisis and the 2014 commodity price shock, African tourism experienced losses of up to $7.2 billion.

Exports and Import

According to UNTACD in Fentahun (2020), for the period (2015-2019), total Africa trade average value was US$ 760 billion per year which represents 29% of Africa's GDP. Intra-African trade accounts for only 17% of total trade of African nations. Intra-African trade is one of the lowest as compared to other regions of the world, at 16.6% of the total. The low levels of industrial transformation, infrastructure development, financial and monetary integration and the tariff and non-tariff barriers, are at the root of this situation. This makes the African economy an extrovert economy and sensitive to shocks and external decisions.

Africa's major trading partners include the European Union, China and the United States and its exports are dominated by raw materials, which subjects it to low offers from European, Asian and American industries. The fall in crude oil prices and demand contraction also directly affect the growth of African countries. For example the European Union, through EU due to strong historical ties with the African continent, carries out numerous exchanges, which accounts for 34%. Fifty-nine percent (59%) of North Africa's exports are to Europe, compared to 20.7% for Southern Africa. China in its industrialization dynamic has for a decade raised the level of its trade with Africa: 18.5% of Africa's exports are to China. Forty-four percent (44.3%) of Central Africa's exports are to China, compared to 6.3% for North Africa (AUC/OECD, 2019).

According to AUC (2019), over one third of African countries derive most of their resources from the export of raw materials. The impressive economic growth of almost 5% experienced by Africa in the 14 years preceding 2014 was mainly supported by high commodity prices. For instance, the late 2014 drop in oil prices contributed to a significant decline in GDP growth for sub-Saharan Africa from 5.1 percent in 2014 to 1.4 percent in 2016. Today, crude oil is facing the biggest demand shock in its history, falling below 30 dollars a barrel, due to the cessation of world trade (which started in China since January) following the Covid-19 pandemic and at the same time the disagreement between Saudi Arabia and Russia. Because of the current oil price drops, the largest disruption to trade will be for commodity-sensitive economies, with Algeria, Angola, Cameroon, Chad, Equatorial Guinea, Gabon, Ghana, Nigeria, and the Republic of the Congo among the most affected (AUC/OECD, 2019).

The United Nations Economic Commission for Africa estimates the losses linked to the collapse of the prices of the barrel at 65 billion US dollars, of which up to 19 billion US dollars losses are expected in Nigeria. For example, Nigeria has made its budget forecasts for the first quarter based on an assumption of the old price of a barrel at 67 US dollars. This price has now dropped by more than 50% (OECD, 2020). The case of Nigeria sums up the situation of the countries depending on oil revenues in particular and raw materials in general, all of which must now reduce their revenues forecast for at least the first two quarters. Estimates show that Angola and Nigeria could together lose up to $65 billion in income. This will have the effect of reducing the foreign exchange reserves of these countries and their ability to implement their development programs with ease, and efforts to reduce poverty will take a hit. As of March 4, about 70 percent of the April loading cargoes of crude oil from Angola and Nigeria were still unsold, and other African oil exporters such as Gabon and Congo also have difficulty finding buyers. South Sudan and Eretriaare also affected by the collapsing trade and broken supply chains in China. China purchases account for 95 percent of all of South Sudan's exports and 58 percent of Eritrea's.

On the other hand according to AfDB (2020) Africa's imports are hit by the Covid-19. The drop-in imports and the shortages of basic consumer goods imported from China have increased inflation in South Africa, Ghana, etc. Rwanda has recently imposed fixed prices for basic food items such as rice and cooking oil. Many small poor importers, traders and consumers in Nigeria, Uganda, Mozambique, and Niger are seriously affected by the crisis as they earn their livelihood trading Chinese products such as textiles, electronics, and householders' goods.

Export prohibitions and restrictions applied by large exporters may in the short run lower domestic prices for the goods in question and increase domestic availability. But the strategy is not costless: the measures reduce the world's supply of the products concerned and importing countries without the capacity to manufacture these products suffer. And exporters also risk losing out in the long run. On the one hand, lower domestic prices will reduce the incentive to produce the good domestically, and the higher foreign price creates an incentive to smuggle it out of the country, both of which may reduce domestic availability of the product. On the other hand, restrictions initiated by one country may end-up triggering a domino effect. If trade does not provide secure, predictable access to essential goods, countries may feel they have to close themselves from imports and pursue domestic production instead, even at much higher prices. Such a scenario would likely result in lower supply and higher prices for much-needed merchandise. The long-term effects could be significant (AfDB, 2020).

The General Agreement on Tariffs and Trade (GATT) 1994 Article XI, broadly prohibits export bans and restrictions, it allows members to apply them temporarily to prevent or relieve critical shortages of foodstuffs or other essential products. If members move to restrict exports of foodstuffs temporarily, the Agreement on Agriculture requires them to give due consideration to the food security needs of others. Of course WTO rules also contain more general exceptions, which could be used to justify restrictions provided that they do not constitute a means of arbitrary or unjustifiable discrimination between countries, or a disguised restriction on international trade.

Government Revenue, Expenditure and Debt

According to UNECA (2020) in Fentahun (2020) Africa may have lost close to 20 to 30% of its fiscal revenue, which is estimated at 500 billion in 2019. Governments have no option than to rely on international markets which may increase countries debt levels. Debt should be used for productive investment or growth enhancing investments rather than maintaining their spending plans. There is a high probability that many countries could face an implosion in the stock of external debt and servicing costs due to the increase in fiscal deficits as more emphasis will be put to fulfilling social needs including health care systems, socioeconomic stimulus to householders, enterprises. Yet one third of African countries are already or about to be at high risk as a result of recent sharp increase of debt levels owing to favorable international (rise of bilateral donors and the non-residents subscriptions to nationally issued bonds on the African market).

Fentahun (2020) observed that debt in many African countries is on concessional terms and multilateral institutions have no other choice than to help countries to secure even easier terms. However, countries with commercial debt from emerging economies will need to refinance in the current economic crisis. Whereas according to EIU Viewswire (2020), credit default swap rates on five-year sovereign issues have increased (Angola by 408% year on year in late March, Nigeria's by 270% and South Africa's by 101%. This trend is particularly worrisome since fiscal policy in African countries is highly pro-cyclical, meaning that spending increases in the good times but falls in the bad. Public spending is affected due to the scarcity of resources that the Covid-19 crisis it create. Spending in infrastructural development could drop by at least 25% due to lower tax revenues and difficulty in mobilizing external resources.

According to UNECA (2020), Government expenditure of African countries represent 19% of the continent's GDP and contributes 20% to annual economic growth. Public spending in Africa is dominated by spending on health, education and defense and security. These three areas represent more than 70% of public spending. Government spending to health care system is expected to increase in order to contain the spread of Covid19 and limit the impact on the economy. As a reminder, Ebola claimed 11,300 lives and World Bank estimated an economic loss of $2.8bn, yet the virus hit only Central and Western Africa.

Covid 19 and pressure on the health care system

Fentahun (2020) noted that 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 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. The Aminu Kano Teaching Hospital, designated as a treatment center, is still under construction currently with 2 makeshift beds. The spread of the virus, as patients are transferred to treatment centers, such as the one in Abuja, could be intensified putting more pressure on the already weakened healthcare infrastructure. If confirmed cases reaches numbers similar to that in Italy – 53,578 at the time of writing– it is projected that almost 15,000 people would need to be hospitalized/ require intensive care in Nigeria.

Based on the trends experienced in Italy, in the first month after the first 30 confirmed cases, this could mean as much as 3500 Nigerians requiring intensive care in the next 30 days. It is not just the sheer number of cases that will need medical care over the course of the pandemic, vast amounts of cases will get sick at the same time which will rattle the healthcare system. It is unclear how many treatment centers there are in the country but based on the above projections, within 3-5 days, critical bed care capacity in the WHO assessed designated treatment centers could be exceeded. This could be compounded by lack of supportive medical equipment such as surgical masks, gloves and ventilators in adequate quantities. While the impact on the older population has been the greatest, especially in Italy where the average age in the fatal cases is 79, infection and hospitalization rates among the younger population are not trivial. Between Feb 12 – March 16, the United States Center for Disease Control reported that 20-44 years old accounted for 29 percent, 20 percent and 12 percent of confirmed cases, hospitalized and ICU admissions, respectively. Based on these proportions, as much as 2600 young Nigerians could require hospitalization/ intensive care.

Covid 19 impact on Global oil prices

The decline in oil prices by 55 percent between the end of 2019 to March 2020, is one of the most serious economic shocks that Nigeria has faced in its memory, especially as the oil sector contributes 65 percent and 90 percent to government and total export revenues, respectively.8 As of 18 March, 2020, the price of crude oil dipped to US$29.62/barrel. Given that the Federal budget estimates for 2020 have pegged oil prices at US$57/ barrel and production at 2.18 million barrels per day, if prices continue to remain at this level, it would translate to a decline in 48 percent of expected revenue from oil sales per month. This alone could reduce fiscal revenue by close to $10B and export earnings by $19B. The decline in export revenues is projected to have a combined effect of 0.55 percentage points drop in GDP.

Revenue contribution from EITI Nigeria country report, 2017 and export percentages calculated from UNCTAD Stats databased, 2019. 9ECA – Economic Impact of the Covid-19 on Africa The lack of demand could also reduce domestic oil production (supply) in the short to medium term. As such, fiscal space could be narrowed significantly further limiting the Government's ability to cope with an emergency response. These estimates, however, do not consider the adverse effects of the virus and related disturbances to other economic activities such as domestic trade and services which account for the bulk of GDP. The agricultural sector may not be seriously impacted immediately assuming that the virus does not spread to rural areas before the agricultural season starts next month.

Impact of Covid 19 on Nigerian Currency and GDP

Fentahun (2020) observed that the impact is already partially felt in the exchange rate which has depreciated by 1.0% since mid-February 2020 but the informal market indicates an expectation of a larger depreciation of the Naira. Amidst the pressure, on March 20th, the Central Bank adjusted the currency to 380 per dollar. A week before the announcement, informal sources indicated that the Naira was trading at 380 per dollar in the parallel/black market. The impact of the outbreak in the advanced economies on jobs and financial transactions could have further negative impact on remittances, which in 2018 represented 80 percent of the Federal budget10, affecting the livelihood and spending patterns, which in turn could have a negative impact on the economy and wellbeing of the people. The changes made to the policy rate and exchange rate depreciation (assuming the official exchange rate will follow the black-market rate with a time lag) alone could raise the inflation rate to 14% against the projected 11% for 2020. The inflation rate could be significantly affected by a shortage in consumer goods in the event of disruptions to imports and local supply, particularly as Nigeria is a net importer of basic foodstuff.

Currently, prices and supply of goods remain unaffected indicating the resilience of the domestic production and market. However, this could change rapidly if panic buying sets in resulting in shortages of essential goods leading to civil unrest as seen elsewhere. This could also result in discontent and evolve into social and political unrest, as we see emerging in Bolivia today. OECD March, 2020 report noted that "annual global GDP growth is projected to drop to 2.4% in 2020 as a whole, from an already weak 2.9% in 2019, with growth possibly even being negative in the first quarter of 2020", with global markets plunging in the days thereafter. More than 60% of Africa's GDP contributed from five African countries economies i.e. Nigeria, Algeria, Egypt, South Africa and Morocco. The level of the impact of Covid19 on these 5 economies will be representative for the whole of the African economy. The tourism and petroleum sectors represent on average a quarter (25%) of the economy of these countries. Covid19 outbreak has taken a heavy toll on these economies, as most of them have the highest level of infection cases. Growth is expected to drop drastically in all of them. The falling of oil prices will lead to the decline in the prospect of Nigerian and Algerian economies.

For instance, the effects of Covid19 on global value chains is affecting Morocco's automotive industry; representing 6 percent of GDP over the period 2017-2019. The export of phosphates and remittances, which contributes to 4.4 percent and 6 percent of the country's GDP, will also be hit. Egyptian industries that depend on inputs from China and other foreign countries are affected and unable to meet both domestic and international market needs. Tourism sector is seeing a decline with the restrictions that will negatively impact domestic investments and employment in the country. Remittances are one of Egyptian foreign sources of financing. It reached in 2018 over $25.5 billion, compared to $24.7 billion in 2017 while in Nigeria; remittances were US$25.08 billion in 2018, contributing to 5.74 percent of the GDP. Both countries account for more than 60 percent of Africa's remittances inflows. The Covid19 threatens two main sources of income for South Africa: mining and tourism. The disruption of Chinese market is likely to reduce the demand for South Africa raw materials including iron, manganese and chromium ores to China (which worth an equivalent of 450 million euros exports every year). The country has entered into a recession during the fourth quarter of last year, the current crisis will add on to the already deteriorated public finance and mass unemployment in the country.

The April, 2020 edition of Africa Regional Economic Outlook, IMF forecast a recession of 1.5% across the region as a whole it is the first since 1991 compared with its previous forecast of 3.5% growth. However, nations reliant on single export orientated industries will be hit worst. The island nations of Seychelles, Cabo Verde, Mauritius, and SãoTomé and Príncipe are expected to experience contractions in GDP in the range 4.0% and 10.8% an average drop of 10.8 percentage points from their pre-COVID forecasts. Whereas some nations will prove more resilient, like Senegal, Guinea and Côte d'Ivoire are all projected to see GDP growth of more than 2.7% in 2020 whereas Rwanda, Ethiopia and Uganda are forecast to grow at above 3.2%. These statistics represent a drop of 3.8 percentage points from former growth forecasts. Ofcourse this is a worsen hit, but significantly less than the 5.2 percentage point drop for sub-Saharan Africa as a whole or the 8 percentage point drop for the world's advanced economies. The COVID 19 impact on global order will depend on the length and extent of the pandemic, not only in Africa, but also among its trading partners.

Covid 19 and rise in Unemployment and poverty

As the outbreak intensifies, Nigeria's services, trade and financial sectors suffered significant disruptions. Together, the three sectors which contributes over 30% to GDP. Contraction in these sectors resulted in significant job losses both in the formal and informal job markets. This was a severe blow and a threat to instability as youth unemployment/underemployment is already high at 55%. The economic measures are intended to support the formal sector, it is critical to be conscious of the fact that the informal sector in developing countries contributes to about 35 percent of GDP and employs more than 75 percent of the labour force. The size of informality represents nearly 55% of the cumulative gross domestic product (GDP) of sub-Saharan Africa, according to the African Development Bank (2014) even if further studies showed that it ranges from a low of 20 to 25 percent in Mauritius, South Africa and Namibia to a high of 50 to 65 percent in Benin, Tanzania and Nigeria (IMF, 2018). Excluding the agricultural sector, informality represents between 30% and 90% of employment.

According to ECA (2020) report, COVID-19 employment effect was witnessed in high severity in urban areas. With urban-based sectors of the economy (manufacturing and services) which currently account for 64% of GDP in Africa are expected to be hit hard by COVID-19 related effects, leading to substantial losses in productive jobs. In particular, the approximately 250 million Africans in informal urban employment (excluding North Africa) will be at risk. Firms and businesses in African cities are highly vulnerable to COVID-19 related effects, especially SMEs which account for 80% of employment in Africa. These risks are compounded by a likely hike in the cost of living is expected as shown for example by some initial reports of up to 100% increase in the price of some food items in some African cities.

Measures to curb the impact of Covid 19

As noted Fentahun (2020), the COVID 19 impact on Africa political Economy needs a monetary and a fiscal response. In Africa, all the Central banks across the continent have approved aggressive monetary policy initiatives to boost liquidity in their economies, particularly, increasing the available funds to commercial banks and announcing debt repayment holidays. The IMF and World Bank declared 17 April that official creditors had mobilised USD 57bn to support Africa to manage with the pandemic, and proposed that support from private creditors could connect to a further USD 13bn in 2020. The IMF alone has provided debt relief to 19 nations in sub-Saharan Africa that cancels six months of its debt payments owed by these nations, so that the nations can divert financial resources to tackling COVID-19. On the other hand, the G20 forum has also approved to a one-year suspension of debt repayments for the world's poorest nations including majority of sub-Saharan Africa, and insisted private creditors to participate in similar actions.

However, these measures have not been enough to mitigate the effects of the pandemic, despite a prompt rise in financial inclusion in Africa over the past years, large parts of many economies including most small businesses and consumers have only limited exposure to formal financial services and therefore will only see limited benefits from the financial measures. So, Africa governments will have to look to fiscal measures, of course many Africa Governments are already doing so, announcing emergency funds and loans for businesses, providing welfare provision for the worst affected communities and lowering or suspending taxes. But most nations went into this crisis with high fiscal deficits and little opportunity to increase spending on a sustainable basis that is any such fiscal stimulus will have to be funded by borrowing and this could push nations with already high debt burdens into sovereign default events.

Conclusion and recommendations

This article is an exploration political economy of Covid 19 in Nigeria. The pandemic since inception has lace a huge financial burden to nations as many countries around to world become dependent on global relief funds for survival. As a pandemic, Covid 19 consequence spans through increased unemployment rate, lust of millions of dollar globally due to lockdown restriction, devaluation of currencies and huge burden on the GDP of many developed and developing nations of the world. In Europe, the effect became more severe in countries like Italy, Spain, Netherland, and France. Among the Americas, the United State of America has been grossly affected as its drastically affected the Nation Economy. Its impact negatively affected football as well as other recreational activities, international flights, Tourism and lots more.

As dependent, Nigeria has witness it fair share of havoc with Covid 19 pandemic which has resulted to huge external debt. The country during the lockdown went into borrowing to ease or cushion which has placed huge external debt burden on the nation. Debt relief fund as well as CarCovid 19 funds has not significantly impacted positive on the nation economy. From the discourse, it could be concluded that, the political economy of Covid 19 revolves around western influence on developing nations to adhere to the policies and lockdown measures imposed by the superstructure.

Furthermore, in Africa, it is practically impossible for the continent to take an economic advantage of the wide spread of Covid-19 in other parts of the world, due to its inability to transform its raw materials to respond to the potential high demand of goods and services of the domestic and international markets unless Africa fully implemented the key COVID 19 response strategy properly and efficiently. The high dependence in Africa subjected the continent into alignment with western policy and projected Neocolonialism in most African countries like Zambia. From the discourse above, the following recommendations are made:

1. Conscious or deliberate effort by African nations the internally or domestically harness it resources for future global challenge that may pose a threat to Africans independence and sovereignty against external intrusion in policy formulation
2. Conscious improvement of internal pharmaceutical companies against future outbreak of disease or pandemic
3. In Africa, the frontiers of disease control should be strengthen and a body setup for future research in virology and pharmaceutical component that can eliminate viruses be given due consideration
4. Lockdown all the contaminated populations at home and within country's boundaries to contain the spread for a short period of time, and assess whether confinement measures should be implemented more broadly
5. Check systematically all suspected cases in order to ensure early detection of the infection, and trace as much as possible infection, and expect contacts between infected patients and the healthy population (Fentahun, 2020).
6. National/Central Banks should follow and provide loan to commercial banks to enrich required liquidity to support economic activities
7. There is need to strengthen African Continental Free Trade Agreement (AfCFTA) as being fundamental in the new global order or new normal system in global economy
8. There should be an improve health or disease related technology across the globe controlled by world health Organization to Monitor the emergence of viruses or new disease outbreak
9. Activities of laboratory scientist should be well regulated by WHO so that the experience of Wuhan experiment will not subsist in the near future
10. Improve telecommunications services to encourage mobile money and other digital payment systems as a means of facilitating commerce
11. Reducing bureaucratic burdens and negotiate external debt payment plans and conditions to ensure smooth servicing of the debt, including suspension of interest rate payments for the time of the recession (Fentahun (2020).

12. Africa leaders should have a global vision and commitment to contribute their effort the new global order

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