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Covid-19 Pandemic: Economic and Health Implications for Nigeria



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Abstract

Measures taken to curtail the spread of the Coronavirus causing the Covid-19 disease included restrictions on traveling. Consequently, economic activities dropped with its attendant effects. This paper examines the economic and health effects of the pandemic on Nigeria. Using descriptive research method of analysis, the paper concluded that Covid-19 has considerably affected the Nigerian economy in the form of reduced productivity, dearth of foreign exchange and death of frontline health workers. The paper recommended diversification of the economy, and constant and proper use of personal protective equipment to ameliorate the effect of the pandemic in the country.

Keywords: Coronavirus, Covid-19, Health, Economy, Implication, Disease and Transmission.

Introduction

Sometimes in December 2019, an outbreak of a novel and highly infectious coronavirus disease (Covid-19) of unknown origin occurred in Wuhan, China, (Huang, *et al*, 2020; Wu, *et al*, 2020). Coronavirus disease also known as Covid-19 is basically caused by SARS-COV2 and is the causative agent of the deadly disease that has been a public health burden globally. (Bogoch, *et al*, 2020). Corona virus belongs to the family of Coronaviridae within the order of Nidovirales, and the outer surface of the virus has a crown like surface spike leading to the name

coronavirus. (Shereen, *et al*, 2020). It is suspected that this pathogen may have been transmitted to humans through animals from a seafood market in Wuhan, China. (Li *et al*, 2020; Zhou *et al*, 2020).

Efforts have been made to study and understand this infectious pathogen, its mode of transmission and other features linked with Covid-19, (Adhikari, *et al*, 2020) it was discovered that this infection can be transmitted between humans; from an infected individual as a secondary source of infection of Covid-19, (Nishiura, *et al*, 2020). With this information it started becoming clear that the pathogen can be transmitted through close contacts to the virus. (Li, *et al*, 2020). More recent studies have revealed that certain group of individuals like the elderly, individuals with low immune systems, cardiovascular disease, diabetes, respiratory disease, Renal dysfunction, hepatic dysfunction and cancer, will be at a greater risk of the effects of Covid-19, children may be less likely to be infected or may have lighter symptoms or may be asymptomatic to this infection. (Velavan, *et al*, 2020). This virus which started as an outbreak and became a global pandemic within few months of its discovery found its way into Nigeria and is threatening its economy.

Nigeria is a country endowed with both natural and human resources. It is African's largest exporter of crude oil (Umeji, 2019; Whiting, 2019). According to NNPC (cited in Mogaji, 2020) Nigeria is ranked 6th largest producer of crude oil in the world; with about 90% of its export revenue coming from oil export. Nigeria is an emerging economy (World Bank, 2019) with a GDP per capita of 2, 229.9 USD (World Bank, 2020), it is Africa's biggest economy (Whiting, 2019; Nadioo, 2020). It has a population of 201 million people made up of mostly youths (World Bank, 2019); making it the African continent's biggest market. Unfortunately, Nigeria's performance in growth is still being influenced by the volatility in the price of crude oil; the economy was thrown into a recession in 2016, the first in 25 years due to the oil price collapse between 2014 -2016, making it to contract by 1.6% (World Bank, 2019).

The country is just emerging from this recession with real GDP growth expected to rise to 2.9% in 2020 and 3.3% in 2021 (AfDB, 2020), however, this may be a tall dream with the emergence of covid-19 and its entry into Nigeria. This public health crisis has triggered an economic crisis in Nigeria due to the resultant collapse of crude oil price; Nigeria's major source of foreign exchange. Following the rapid spread of the virus both internationally and locally, the Nigerian government put measures in place to curtail the spread of the virus in Nigeria. Some of these measures include immediate closure of schools, ban on travels and large gatherings, social gathering restrictions amongst others (Mogaji, 2020). By 29th of March, 2020 the Nigerian government announced a total lockdown of Lagos, the country's financial hub and home to about 20 million people, Ogun State and Abuja, the Federal Capital Territory, having recorded 111 cases and one death in the country (Mbah, 2020). Thus, the covid-19 pandemic became not just a health crisis but also an economic emergency.

Statement of the Problem

Covid-19 has not just become a global pandemic but also a public health crisis leading many countries to implement measures aimed at mitigating the spread of the virus. Some of the measures adopted include ban on travels and in extreme cases total lockdown of some states as the case of Nigeria and total lockdown of the whole country as was the case in South Africa, Italy and United States of America.

These strict measures implemented in these countries resulting in the significant reductions in income; disruptions in manufacturing, services, transportation, and a rise in unemployment (Anton et al, 2020) have significantly affected the global economy adversely.

In Nigeria, the pandemic has significantly affected the economy in the form of reduced productivity occasioned by loss of lives, closure of businesses and trade. Significant losses have been suffered by the service industry due to the lockdown and restrictions on traveling. The airline and hospitality industries are affected the most.

Besides, the collapse of the crude oil price in the international market due to a decline in economic activities as a result of the pandemic has significantly reduced the revenue of countries like Nigeria that depend majorly on crude oil export for foreign exchange earnings resulting to a larger economic problem for such countries. There is a dearth of information on the economic and health impact of Covid-19 in Nigerian. This paper therefore is an examination of the economic and health implications of the Covid-19 pandemic for Nigeria.

Objectives of the Study

The objectives of this study are to:

1. Examine the economic and health implications of Covid-19 in Nigeria.
2. Proffer solutions for a way forward for Nigeria and other developing nations.

Review of Related Literature

Origin, Transmission, Characteristics, Treatment, Control and Prevention of Covid-19

According to UNEP (2020) 60% of all infectious diseases in human are zoonotic just as 75% of all emerging infectious diseases; it means that they are contracted by humans through interactions with animals. These infectious diseases emerge through human or livestock interaction with wild live which exposes them to the risk of potential pathogens spillover. Some of these recently emerged or re-emerged zoonoses are Ebola, Middle East Respiratory Syndrome (MERS), Sudden Acute Respiratory Syndrome (SARS), Bird Flu, Zika Virus, and now Corona Virus (UNEP, 2020).

The novel Corona Virus, according to Shereen, Khan, Kazmi, Bashir and Siddique (2020) was named SARS-COV-2 and the disease Covid-19, by the international Committee on Taxonomy of Viruses (ICTV). It started as a small outbreak in Wuhan city of Hubei province in the People's Republic of China in December, 2019 and was declared a pandemic on the 11th of March, 2020 by WHO (Gulati et al, 2020; Mogaji, 2020). According to Xie and Chen (2020) the virus was declared a pandemic by WHO because as at 11th of March, 2020, there has been an accumulated 80, 955 confirmed cases, and 3, 162 deaths in China alone and 37, 364 confirmed cases and 1, 130 deaths in other countries.

SARS-COV-2 belongs to the zoonotic beta corona virus with a single stranded RNA (Xie & Chen, 2020; Lai, Shih, Ko, Tang, Hsueh, 2020; Gulati et al, 2020). It is a human – to – human transmitted virus through droplets and or direct contact. It is closely related to the bat derived viruses with 88 – 89% similarities (Gulati et al, 2020; Lai, Shih, Ko, Tang, Hsueh, 2020; Shereen, Khan, Kazmi, Bashir and Siddique, 2020). Generally, corona viruses (COVs) are known to exhibit subtle multi-organ system damage signs and symptoms which are often unnoticed even by trained medical experts (Gulati et al 2020). Gulati et al (2020) further stated that Covid-19 has its fatality rate highest in adults 85 years and above (10 – 27%) followed by people aged 65 – 84 years (3 – 11%), 50% admission in ICU of people aged 65 years and above.

The common symptom for Covid-19 is dry cough with delayed onset of respiratory failure occurring at approximately one week after a patient has become symptomatic (Gulati et al, 2020). According to Wu and McGoogan as cited in Xie and Chen (2020) 81% of Covid-19 cases are mild with recovery occurring in 2 weeks. However, cases rapidly progress to acute respiratory distress syndrome (ARDS), septic shock with eventual multiple organ failure (Xie & Chen, 2020). Citing Li et al; Yang et al; Backer et al; Xie and Chen (2020) said that 14 days is set for medical observation if contact is suspected with the virus.

Despite being a global clinical threat, knowledge on Covid-19 is limited globally (Gulati et al, 2020; Lai, Shih, Ko, Tang, Hsueh, 2020). According to Gulati et al (2020), though knowledge is still evolving the medical team is managing the pandemic using gleaned evidence from outbreak of SARS-COV and MERS-COV in the past to predict the behavior of Covid-19; its clinical behavior and treatment. At the moment there is no vaccine for Covid-19 or a specific effective antiviral therapy; treatment is generally nutritional interventions and immune-enhancers (Xie & Chen, 2020). More importantly is control and prevention.

Control and prevention of the virus include observation of symptoms by the patients, observing extra safety measures and precautions for individuals already suspected to be infected, and also for persons who had been in contact with infected individuals, observing standard precautions at all times when dealing with Covid-19 infected persons, and formulating and implementing policies by authorized bodies that will ensure the safety of all within the community, (WHO, 2019; WHO, 2020). It is also important that awareness statement of the symptoms of this infection be circulated in all cities, most especially in the remote areas this will help in easy and fast identification of cases. Besides, awareness should be created on easy and quick steps to follow in an event of infection or contact with infected individuals, (WHO, 2020).

Methodology

The study adopts descriptive statistical method for its analysis on the economic and health impact of the Covid-19 pandemic for Nigeria.

The Economic and Health Implications of Covid-19 for Nigeria

This pandemic has significantly impacted the growth of the global economy. According to OECD (2020) it is estimated that almost 30 million people will become poor as a result of the expected decline in GDP especially in Africa. This is majorly a consequent of a decline in economic activities leading to a fall in productivity due to the lockdown. Covid-19 has significantly affected the Nigerian economy in the form of reduced productivity resulting from loss of lives and closure of businesses. The economic and health impact of the pandemic on the Nigerian economy is discussed below.

Decline in Oil Revenue

The Nigerian 2020 budget is based on \$57 per barrel of crude oil (Olurounsi, 2020) with the historic collapse in oil price, the export earnings of Nigeria will fall drastically with its adverse effect on the national budget. The crude oil price falling to as low as \$19.33 for Brent on 21st April, 2020 and \$12.22 for OPEC Basket a day later on 22nd April, 2020 (Sonnichsen, 2020) due to the lockdown and restrictions on travels during the pandemic and at \$44.15 for Brent and \$44.02 for OPEC Basket as at 3rd August, 2020 (Sonnichsen, 2020), the devastating effect on Nigeria's export earnings can only be imagined as dearth of foreign currency will hit the nation. This is because oil revenue accounts for more than 90% of export revenue to Nigeria and over 70% of its national budget (OECD, 2020).

Food Security Crisis

Like most African countries, Nigeria is a net importer of food items. As a result of the lockdown and travel restrictions due to the pandemic, there could be a shortage of food items worsening the existing pressure on food security.

Besides, a tremendous decline in importation could lead to domestic shortages and hence high prices just as panic buying of the available food items will further worsen the inflationary pressure; and this will affect both households and businesses negatively. More so, many importers and traders will be significantly affected adversely as their means of livelihood is in trading products such as textiles, electronics, and other household items from China and other countries, (OECD, 2020).

Decline in Foreign Direct Investment (FDI)

Due to the devastating effect of the pandemic in most developed countries, fewer funds will be available for investments abroad. This is because the developed countries require funds to manage the pandemic in their home countries. As OECD, (2020) puts it, it is expected that FDI flows globally is expected to fall by more than 30% this year. This is consequent of the decline in economic activities globally. FDIs in Nigeria will also drop drastically due to the lockdown in China, it may cause delays or outright cancellation of investment projects as China is a major source of FDI into Nigeria.

Similarly, with the high spread of the virus in Nigeria, Nigeria will become less attractive to foreign investors which could even lead to capital flight as some investors may want to cash out or just offload their portfolio investments.

Decline in Remittances

Remittance is one of the biggest sources of foreign exchange flows into Nigeria. The financial flow into Nigeria has been adversely affected by the decline in economic activities as a result of the lockdown and loss of jobs by Nigerians abroad occasioned by the Covid-19 pandemic. Remittances in Nigeria dropped to \$5,629.04 million in the first quarter of 2020 against \$5,925.68 million in the fourth quarter of 2019 (tradingeconomics.com). This will put untold pressure on the naira. Besides, most poor families in Nigeria depend on the remittances from their relations abroad for survival; this will further worsen their already poor living condition.

Decline in Productivity – Nigeria is expected to experience a significant decline in productivity due to the decline in economic activities during the lockdown resulting from the pandemic. Also, the decline in productivity will result from the reduction in the size of the labour force due to untimely deaths resulting from the Covid-19 disease and high rate of absenteeism from work due to illness, as the lockdown eases. More so, fewer funds will be available for production, as the lockdown eases, because more funds will be directed to the treatment of people infected by the virus and to measures aimed at curbing the spread of the virus.

This will further deepen the youth unemployment crisis in the country. At 55% (UNDP, 2020) youth unemployment in Nigeria is already high; low productivity will lead to a further deep in the GDP leading to loss of jobs thereby worsening the already bad youth unemployment crisis in the country.

High Cost of Pharmaceuticals and Medical Items

The pandemic has caused a sharp rise in the global demand of these items due to hoarding and panic buying. A large part of these items are imported into Nigeria from Europe or Asia, especially China, where the spread rate of the virus is very high. With disruption in economic activities in these countries production is at the all-time low, coupled with a global increase in the demand of these products and increased demand too in their countries of production, such items will be less available for export leading to scarcity and a sharp rise in their prices both in Nigeria and globally. For instance, there have been surge in the price of surgical mask, N95 respirators and gowns since the pandemic (WHO, 2020).

Besides the economic implications, the dearth of these items has health implications as the frontline workers, especially the doctors and nurses are dangerously exposed to the virus as they rely on the personal protective gears for protection against being infected by the virus. According to WHO (2020) Covid-19 cannot be stopped without the health workers being protected first.

Lack of Access to Medical Care

The pandemic has caused the focus of the medical personnel to be on the Covid-19 patients with little or no attention given to patients with other ailments due to the rise in number of patients with Covid-19. The growing number of patients with Covid-19 has over-crowded the hospitals making it near impossible for other patients to access medical care. The situation is worsened as patients with other killer diseases like AIDS, tuberculosis, lassa-fever, and the likes are not seeking medical care for fear of contracting the virus in a health care facility.

The situation is made more worrisome as the country currently faces a dearth of medical doctors; the medical doctor-patient ratio in Nigeria is 1:2753 which is far below the 1:600 WHO recommendation (Onyenefu, 2020). This is making it difficult for patients with other ailments to access medical care as the few doctors available are attending to the Covid-19 patients. Worse still is the unbalanced ratio between the front line health workers and Covid-19 infected patients, this has led to inadequate care for the sick.

In addition, there is a high rate of post-traumatic stress disorder (PTSD), depression, and anxiety among some health care workers after witnessing some of their colleagues being infected and isolated while others have lost their lives, (Li *et al*, 2020). Also, the infection, isolation and ultimately death of professionals in the health sector as a result of Covid-19 disease has significantly reduced the number of frontline health care workers and this is a major setback in the fight against the disease in the Nigerian.

Conclusion and Recommendation

Covid-19 has considerably affected the Nigerian economy in the form of reduced productivity occasioned by premature deaths, long absence from work due to illness, closure of businesses and trade. Substantial losses have been suffered by the service industries due to the lockdown and restrictions on traveling just as fluctuations in oil prices due to the decline in economic activities during the pandemic has led to larger economic crisis for an oil dependent economy like Nigeria.

In order to avoid such adverse effects in the future, the paper recommends that the Nigerian government should encourage local manufacturing of medical and pharmaceutical items to reduce dependence on foreign countries to meet local demand for such items. The Nigeria economy should also be diversified to create other avenues for foreign exchange earnings to cushion the effect of crude oil price volatility.

Also, government should declare a state of emergency in the health sector in order to ensure that the sector is adequately equipped to manage such pandemic in the future and everything should be done to stop the brain drain of medical personnel from the country. Similarly, health care workers should ensure unswerving and accurate use of personal protective equipment (PPE); this will immensely help in reducing the spread of this pathogen. Likewise, proper and constant use of face mask should be made mandatory for the people in order to reduce human to human transmission of the virus.

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