AN ASSESSMENT OF IMPACT OF COVID -19 ON ECONOMIC DEVELOPMENT OF NIGERIA

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Abstract

Nigeria's economy took a hit from the coronavirus outbreak, exposing deeper flaws while shaking up plans for progress. The research looks at how the crisis slowed economic gains, focusing on key areas: manufacturing, services, oil and gas, and farming, one after another.

The study shows clear declines in public earnings, overseas funding, and overall expansion data pulled from existing reports. On top of that, the outbreak sharpened struggles like joblessness, financial gaps, and hardship, hitting at-risk populations hardest. It also highlights how legal updates could reduce damage caused by the crisis while speeding up rebound efforts. Proposed steps include:

Overall, this research gives a clear look at how the pandemic shaped Nigeria's economy, offering insights that can help decision-makers, researchers, or anyone interested stay informed - while keeping things practical and grounded.

INTRODUCTION

The virus called SARS-CoV-2 leads to a sickness named COVID-19. First spotted in Wuhan, China, back in December 2019. Most scientists believe it jumped to people just like SARS and MERS did - through animals, which fits past patterns. Things such as trading wild animals, losing forests, along shifting weather helped push this crossover. From there, the infection moved fast across countries, sparking a global outbreak.

Fever, tiredness, coughing, trouble breathing, these pop up a lot when someone's got COVID, even if signs differ from person to person. Smell and taste fading out is common, too. It can take just a day or even two weeks for things to kick in after contact with the virus. A big chunk of people, around one in three, don't feel sick at all but still carry it. Most who get noticeable issues, about 81%, deal with light stuff like a dry hack or low-grade pneumonia. Not quite hospital-level serious. Then there's 14% landing harder, winded fast, oxygen dipping, lungs showing major fogging on scans. And roughly 5%? They crash hard: failing breathers, body systems going quiet, blood pressure nosediving. Older folks tend to get hit harder by serious issues. Some problems can end in death. Damage to organs has shown up, while others deal with ongoing troubles like long COVID that stick around for months or even longer after getting sick. Researchers are running multi-year studies so they can better understand what lasting effects the illness might have.

Infectious particles may cause COVID-19 if breathed in or if they reach your mouth, nose, or eyes. While being near others raises the danger, transmission can happen farther away, particularly inside buildings, if small contaminated droplets float in the air. Touching your face after handling a tainted object could also pass on the infection. Some individuals carry and share the virus without feeling sick, sometimes staying infectious for around three weeks.

Most folks catch COVID-19 by inhaling air filled with tiny drops carrying the virus. When someone sick breathes out, talks, coughs, or sings, those germs float into the space around them. The risk goes up if you're standing near that person. But even far away, transmission can happen, particularly inside buildings.

Fluid bits filled with viruses come out of your mouth and nose; these form in the breathing tubes. That's one way germs move from person to person. There are three ways this happens: tiny drops floating in the air, bigger ones flying short distances, or direct touch plus surface contact. When droplets are larger than a specific limit, they drop fast before drying up, landing on nearby things. If they're smaller - usually under 100km wide - they dry out quicker than they fall, turning into light mist that hangs in the air, drifting far.

Four or five days before feeling sick, people might already have passed on the virus. Some folks show no signs, but they're still able to transmit it. When symptoms kick in, the amount of virus in the nose and throat tends to hit its highest point after that; it usually goes down within a week. Studies suggest most with light or medium cases stay contagious about 10 days after getting ill; however, if someone's case is serious - or their body struggles to fight germs - that window could stretch to 20 days.

NIGERIA'S ECONOMY BEFORE THE PANDEMIC

The Nigerian economy ranks among Africa's biggest. Starting in the late 1960s, oil became its main driver. When global oil prices jumped in 1973, growth sped up. Fast transport, building, factories, and public jobs expanded quickly. That rush pulled many from villages into big cities. As more left farms behind, farming barely grew; once major exports like palm oil, groundnuts, or cotton lost their edge. Besides, starting around 1975, Nigeria had to bring in staples like rice and cassava for local use. Things ran smoothly while oil money stayed steady; yet after the late '70s, farming struggled due to shaky global oil prices along with rapidly rising population numbers. Even though many folks still farmed, output lagged, so more expensive imports became unavoidable. Different regimes, including several under army control, responded through bans on farm product imports, also pushing short-term programs aimed at boosting agriculture plus homegrown production.

In the late 90s, officials started selling off state-controlled businesses, mainly in telecom, energy, or transit, to improve services while cutting public funding needs. By 2000, quite a few firms were under private ownership instead, though some still stayed under state control.

By the early 2000s, Nigeria struggled with shaky earnings, so officials turned to loans from abroad, tight spending rules, or sometimes both. Because of this, more and more of the nation's money went toward paying off debts; meanwhile, widespread corruption ensured hardly any cash reached citizens or helped local demands. A break came in 2005 through a deal that cleared most of what Nigeria owed to wealthy nations called the Paris Club, but only after Lagos paid part upfront. In 2006, they pulled it off, making Nigeria the first African nation to fully clear its dues to that group. Then in 2016, the economy dipped into recession, hit hard by dropping worldwide oil rates, yet managed to bounce back gradually over the following few years.

The Nigerian government struggled to bounce back after the 2014 oil crash even before the virus hit; growth had already dipped to about 2.3% by 2019. With oil staying cheap and budget room tight, the IMF downgraded 2020's outlook from 2.5% to 2% in February. On top of that, experts are alarmed by rising debt levels; the latest figures show debt payments eating up 60% of income, which could get worse due to falling revenues from lower oil prices. These hurdles will likely deepen the economy's downturn during the pandemic, making it tougher for officials to respond effectively.

In Nigeria, they'd started boosting overall spending by cutting business taxes while pumping more cash into public projects. Instead of just sitting back, the government lifted its budget from 8.83 trillion naira ($24.53Billion) in 2019 up to 10.59 trillion naira ($29.42Billion) in 2020, hitting about 11.5% of GDP. Now, small firms don't pay corporate income tax at all; meanwhile, mid-sized ones saw their rate drop, slashed from 30% down to 20%. But here's the catch: despite higher state buying, everything else driving total demand is shrinking due to the pandemic.

THE IMPACT OF COVID-19 ON NIGERIA'S ECONOMY

One big reason the pandemic hit Nigeria hard? The economy still hasn't bounced back from 2016's slump. Oil drives much of its growth, yet prices worldwide have crashed lately. By March 2020, forex reserves dropped to $35.3Billion, far below December 2019's $45.1Billion. Fourth, from 2015 onward, the national debt's been climbing. Fifth, the naira keeps losing value while inflation stays high, above ten percent. In the end, healthcare can barely function at all. Together with other issues, this fuels growing fears about how much strain the coronavirus will put on Nigeria's economy. According to Olusanya Olubusoye in his work at the University of Ibadan, the pandemic plus dropping oil income mainly triggered Nigeria's economic drop.

The COVID-19 impact report shows how lockdowns, travel bans, and broken delivery routes changed daily life. These steps slowed down jobs that bring money in while pushing market prices even higher. People depending on odd jobs - like roadside sellers, day laborers, or petty merchants are hit hardest. As money gets tighter, access to enough healthy food drops for kids, women, and men alike. Over 100 million individuals couldn't afford essentials across the area, rising sharply by a third from 2020.

Nigeria's home spending will likely drop because of three big reasons:

i. limited or full limits on travel, pushing people to focus spending on basics instead
ii. low hopes for earning more later, particularly for gig workers stuck in temporary jobs or those barely scraping by in off-the-books work
iii. The loss of current and future wealth happens when asset values drop, such as homes or stock holdings. In Nigeria, Abuja, Lagos, and Ogun states saw the highest virus numbers; because of that, they're now locked down by national order. Local authorities moved fast to impose similar restrictions across their regions soon after.

The outbreak hit the country hard, shaking both daily life and money matters. Families earned less while spending more on basics such as meals (Oyeyinka, Bolarinwa, Obayelu, & Obayelu, 2021). Workplaces across industries faced shortages in workers required to keep things running, especially just before farming kicked off in 2020.

In spite of lockdowns, farming in Nigeria took a hit when the virus arrived on February 27, 2020, spreading fast into food access and eating patterns. Instead of steady markets, farmers faced broken chains that disrupted harvest sales. Because movement slowed, supplies shrank while hunger risks grew. With jobs lost or cut, families struggled to afford meals even as costs climbed. So, empty plates became common not due to a lack of crops, but poor distribution and falling wages. The lack of workers for farming in 2020 came from outdated methods used across Nigerian agriculture. That means higher food costs could hit soon because supply can't keep up. Small farms ended up stuck with extra harvests they couldn't sell, struggled with lower wages when movement was tough, besides lost earnings once global borders shut down. Instead of usual meals, folks started picking cheaper, poorer-quality foods, so what people eat changed fast. On top of this, shaky markets made it hard to count on steady food supplies, which left many unsure about what comes next.

Also, the uncertainties attached to the pandemic, including the lack of complete information regarding the duration of the outbreak, the effectiveness of policy responses, and how the economic actors responded to the responses, and the undesirable investor emotions, which are creating volatility in the world capital markets, did not pose a serious impediment to firm investments. As a matter of fact, the crisis has led to a drastic fall in the prices of stocks, which wiped out the wealth of investors, as the Nigerian Stock Exchange has recorded its dismal performance since the 2008 financial crisis. The uncertainties around the pandemic and the uncertain nature of the prospects of possible profits associated with different types of initiatives are likely to make businesses postpone making long-term investment decisions.

Moreover, the border closures and human migration restrictions were predicted to cause a decrease in exports. The supply chains of exports all over the globe have already been derailed, and countries everywhere across the globe have already shut their borders to unnecessary traveling. The limited markets of non-necessary goods and services nullify the expected positive effect on net exports, even though the exports of countries that devalue their currencies due to the decreasing prices of commodities (as in the case of Nigeria) will become more desirable.

To a greater extent, as a response to the shocks that have been accompanying the COVID-19 crisis, Nigerian households have begun enforcing negative coping strategies. Directly, as the macroeconomic evidence confirms, households did experience an acceleration in the cost of living: approximately 82 percent of households reported that the main food product prices had gone up between July 2020 and December 2020. The most favorable coping behavior was reduced food consumption, and nearly 2/3 of households affected by the shock did so in the period between April/May 2020 and July 2020. More borrowing and saving draining followed, and this could spell a weak financial basis for households.

Naturally, the COVID-19 pandemic increased food insecurity. In April/May 2020, about three-quarters of Nigerian households reported that at least one adult had missed a meal in the previous 30 days.

Acquiring unhealthy coping strategies has both a future and present jeopardized welfare. Since hunger may affect the capacity of children to study, and child stunting had been widespread in Nigeria even before the occurrence of the epidemic, food insecurity can have a long-term impact on human capital.

The COVID-19 situation, however, has predominantly affected Nigeria economically instead of its health dimension. The country experienced the worst recession in Nigeria since the 1980s in the early stages of the COVID-19 pandemic, and the services and industrial sectors were the most affected. In part, this was contributed to by lockdown measures that restricted people with the freedom to report to work. Moreover, the cost of oil dropped by over 60 per cent between February and May 2020. More than 80 percent of Nigerian exports and more than 50 percent of the government income come through oil. Although the economy began to rebound, especially during the second half of the COVID-19 crisis, inflation began gathering momentum, especially on food commodities, which most of the vulnerable and poor populations need to consume. The crisis has aggravated structural distortions that have existed through the disturbing markets. They comprise trade barriers such as the border shutdown of 2019, which were already driving prices up and reducing purchasing power before the outbreak of the epidemic.

The COVID-19 pandemic caused the government revenue in Nigeria to reduce substantially, mainly because of the oil prices in the world market. Nigeria is the 10th largest oil producer in the world and depends on oil exports as a source of revenue. The decrease in oil prices caused the government to earn less, hence it was difficult to finance its important services and infrastructural projects. The pandemic resulted in a supply chain disruption, which led to an increase in the prices of food and other necessary products. This led to a high inflation of 18.17 percent in March 2021. The inflation rate was high and thus decreasing the purchasing power of the Nigerians, especially low-income-earning families, a factor that worsened poverty and inequality. Due to lockdowns, social distancing, and decreased economic activity, many people lost their jobs, especially those in the informal sector. Nigerians lost their source of income as many of these small businesses, such as restaurants, bars, and shops, were forced to close. The formal sector was hit as well in the pandemic, with numerous companies reducing their workforce or ceasing their activities.

With the pandemic, there were closed borders and disruptions in global trade, which impacted the import and export activities in Nigeria. There were difficulties accessing basic commodities, such as food and medicine, in the country. It was also difficult to reach foreign markets by exporters which reduced the level of foreign exchange. The pandemic was a blow to foreign investment, which resulted in a depreciation of the Naira against major currencies. The depreciation increased the cost of imports, which contributed more to inflation. It also made the debt servicing expensive since the government of Nigeria had taken a lot of debts in foreign currencies.

The major sectors, such as aviation, tourism, and hospitality, were severely hit by the pandemic. Travel (air) bans and the social distancing imposed decreased the number of passengers and the hotel occupancy rates. Another sector that was hit is the entertainment industry, where theatres, cinemas, and music halls were shut down.

The pandemic stimulated the use of digital technologies in Nigeria, which generates new possibilities for economic development. Due to the presence of physical distancing measures, online shopping, banking, and education became the preferred option to a large number of Nigerians. This transition towards the digital economy can potentially improve productivity, access to services, and provide new working opportunities.

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