

ECONOMIC IMPACT OF COVID-19 IN NIGERIA

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**A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF HISTORY
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CERTIFICATION

This is to certify this research project was carried out by **Victory ONOJASIKE** in the Department of History and International Studies, University of Benin, under my supervision.

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Date:

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DEDICATION

This project is dedicated to the almighty God for his kindness and protection throughout my stay in university of Benin and also to my wonderful parents Mr. and Mrs. Onojasike.

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My utmost gratitude goes to God almighty for the gift of life, good health, wisdom, knowledge, understanding and perseverance needed for the success of this project work.

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TABLE OF CONTENTS

Title Page	-	-	-	-	-	-	-	-	-	ii
Certification	-	-	-	-	-	-	-	-	-	iii
Dedication	-	-	-	-	-	-	-	-	-	iv
Acknowledgments	-	-	-	-	-	-	-	-	-	v
Table of Contents	-	-	-	-	-	-	-	-	-	vi

CHAPTER ONE: BACKGROUND TO THE STUDY

Introduction	-	-	-	-	-	-	-	-	-	1
Aim and Objectives of the Study	-	-	-	-	-	-	-	-	-	6
Scope of the Study	-	-	-	-	-	-	-	-	-	6
Research Methodology	-	-	-	-	-	-	-	-	-	6
Literature Review	-	-	-	-	-	-	-	-	-	7
Endnotes	-	-	-	-	-	-	-	-	-	14

CHAPTER TWO: NIGERIA ECONOMY BEFORE COVID-19

Key Sectors Contributing to GDP Growth	-	-	-	-	-	-	-	-	-	17
Strength and Weaknesses of the Pre-Pandemic Economy	-	-	-	-	-	-	-	-	-	24
Importance of Economic Stability to Country's Development	-	-	-	-	-	-	-	-	-	28
Immediate Effect of Covid-19 on the Nigerian Economy	-	-	-	-	-	-	-	-	-	31
Endnotes	-	-	-	-	-	-	-	-	-	36

CHAPTER THREE: ECONOMIC IMPACT OF COVID-19 IN NIGERIA

Disruption in Supply Chain and Reduced Trade Activity	-	-	-	-	-	-	-	-	39
Effects of Lockdown	-	-	-	-	-	-	-	-	42
Government Response and Policy Measures to Mitigate the Impacts								-	46
Post-COVID-19 Challenges on Nigerian Economy	-	-	-	-	-	-	-	-	50
Endnotes	-	-	-	-	-	-	-	-	55
CHAPTER FOUR: SUMMARY AND CONCLUSION									
Summary	-	-	-	-	-	-	-	-	57
Conclusion	-	-	-	-	-	-	-	-	61
BIBLIOGRAPHY	-	-	-	-	-	-	-	-	64

CHAPTER ONE

BACKGROUND TO THE STUDY

Introduction

The COVID-19 pandemic has unleashed a global economic crisis with far-reaching consequences within Nigeria. This crisis did not emerge in isolation but rather as a consequence of our increasingly interconnected world. In December 2019, the novel coronavirus, SARS-CoV-2, was first identified in Wuhan, sparking what would soon become a worldwide pandemic. The virus's origin, believed to be linked to a seafood market in Wuhan, underscores the complex interplay between human activity and the natural world, where zoonotic diseases can easily jump from animals to humans. From its epicenter in Wuhan, the virus swiftly spread across international borders, facilitated by global travel networks, eventually reaching Nigeria in early 2020. The first confirmed case in Nigeria, involving an Italian citizen who had recently traveled from Milan to Lagos, highlighted the pandemic's transnational nature and the interconnectedness of nations in the face of infectious disease threats.¹

The outbreak of COVID-19 within Nigeria unfolded against the backdrop of the country's unique socio-economic and demographic landscape. Nigeria, Africa's most populous nation, boasts a population exceeding 200 million people, with a significant portion residing in densely populated urban centers. Cities like Lagos, Abuja, and Kano emerged as epicenters of transmission, fueled by their high population density and

intense economic activities. The bustling markets overcrowded public transportation, and communal living conditions prevalent in these urban areas created fertile ground for the rapid spread of the virus. Additionally, Nigeria's porous borders and extensive international travel connections facilitated the importation of cases, further complicating efforts to contain the outbreak. The lack of robust healthcare infrastructure, including inadequate testing facilities and a shortage of medical personnel, posed significant challenges in detecting and managing cases effectively. Furthermore, pre-existing socio-economic disparities, including poverty, limited access to clean water and sanitation, and overcrowded informal settlements, exacerbated the vulnerability of marginalized communities to the virus.²

In response to the escalating COVID-19 pandemic, the Nigerian government implemented a series of measures aimed at containing the spread of the virus and mitigating its impact on public health and the economy. These measures included the imposition of lockdowns, travel restrictions, and social distancing protocols, aimed at reducing person-to-person transmission of the virus. The government also established isolation and treatment centers to provide care for infected individuals and initiated widespread testing and contact tracing efforts to identify and isolate cases promptly. Furthermore, public awareness campaigns were launched to educate the populace about the importance of preventive measures such as hand hygiene, mask-wearing, and physical distancing. Despite these efforts, challenges such as limited testing capacity, inadequate

enforcement of preventive measures, and misinformation posed significant hurdles to the government's response. Moreover, the socio-economic impact of the pandemic, including job losses, economic downturn, and disruptions to essential services, further strained the country's ability to respond effectively.³

The COVID-19 pandemic has severely impacted Nigeria's oil-dependent economy, bringing to light the vulnerabilities inherent in its reliance on oil revenues. Nigeria, as one of Africa's largest oil producers, has historically relied heavily on oil exports to drive economic growth and government revenue. However, the pandemic-induced global economic slowdown, coupled with a sharp decline in oil prices, dealt a crippling blow to the country's finances. Oil prices plummeted to historic lows in early 2020 as global demand slumped due to widespread lockdowns and travel restrictions. This sudden downturn in oil prices resulted in a significant reduction in government revenues, as oil exports make up a substantial portion of Nigeria's foreign exchange earnings and budgetary income.⁴

Consequently, the Nigerian government faced mounting fiscal pressures, leading to budget deficits and a curtailment of spending on critical sectors such as healthcare, education, and infrastructure. The reliance on oil revenues also exposed Nigeria to the volatility of global oil markets, highlighting the urgent need for economic diversification and structural reforms to reduce dependency on oil exports. Moreover, the pandemic underscored the importance of building resilience in the face of external shocks,

prompting calls for greater investment in non-oil sectors such as agriculture, manufacturing, and services. As Nigeria looks to recover from the economic fallout of the pandemic, there is a renewed emphasis on diversifying the economy, strengthening institutions, and fostering sustainable growth pathways that are less vulnerable to external shocks.

The COVID-19 pandemic has disproportionately affected Nigeria's vast informal sector, which employs a significant portion of the country's workforce. The informal sector encompasses a wide range of economic activities, including street vending, small-scale retailing, artisanal production, and service provision. These informal enterprises play a crucial role in providing livelihoods for millions of Nigerians, particularly those with limited formal employment opportunities. However, the pandemic-induced restrictions and lockdowns aimed at containing the spread of the virus had severe consequences for informal sector workers and businesses.⁵

The closure of markets, restrictions on movement, and disruptions in supply chains disrupted informal economic activities, leading to widespread job losses, income insecurity, and heightened poverty levels. Unlike formal sector workers, informal sector workers lack access to social protection mechanisms such as unemployment benefits, health insurance, and retirement savings, leaving them particularly vulnerable to economic shocks. The pandemic exposed the precarious nature of informal employment and highlighted the need for policies to support and formalize the informal sector, thereby

enhancing its resilience to future crises. Furthermore, the pandemic underscored the importance of expanding access to financial services and social safety nets for vulnerable populations, as well as promoting inclusive growth strategies that prioritize the needs of the informal sector.

The COVID-19 pandemic has laid bare the weaknesses and challenges facing Nigeria's healthcare system, exacerbating existing disparities in access to quality healthcare services. Nigeria's healthcare infrastructure has long been underfunded and overstretched, with inadequate facilities, shortage of medical personnel, and limited access to essential medicines and equipment. The pandemic further strained an already fragile healthcare system, overwhelming hospitals and healthcare workers and exposing gaps in preparedness and response capabilities. The shortage of critical care beds, ventilators, and personal protective equipment (PPE) hampered efforts to manage the spread of the virus and treat infected individuals effectively. Moreover, the socioeconomic impact of the pandemic, including job losses, income insecurity, and heightened poverty levels, exacerbated health inequalities and widened disparities in healthcare access. The pandemic highlighted the urgent need for increased investment in healthcare infrastructure, human resources, and medical research to strengthen the resilience of Nigeria's healthcare system and improve its capacity to respond to future health emergencies. Furthermore, the crisis underscored the importance of adopting innovative healthcare delivery models, leveraging digital technologies, and strengthening

collaboration between the public and private sectors to enhance healthcare access, quality, and efficiency.

Aim and Objectives of the Study

The purpose of this research is to examine the economic impact of Covid-19 in Nigeria. The study has the following as its basic objectives.

1. To examine the origin and nature of Covid-19 pandemic.
2. To look at the outbreak of Covid-19 in Nigeria.
3. To examine the harsh economic impacts of Covid-19 on Nigeria economy.
4. To examine measures adopted by Nigeria government to prevent the spread of the virus and the aftermaths of Covid-19 on Nigeria economy.

Scope of the Study

The study examines the economic impact of COVID-19 in Nigeria, focusing on the period from 2019 till date. This timeframe was chosen because 2019 marked the start of the COVID-19 pandemic. This study provides an in-depth analysis of the economic impact of COVID-19 in Nigeria during this period.

Research Methodology

The authenticity and credibility of any research work depends on the method employed, for example the process of findings, gathering and analyzing data. This study relies on information gotten from secondary sources to draw up its data and fact.

Secondary Sources

This study relies on the secondary sources of data including scholarly materials such as books, academic journals, newspapers, magazine articles and online materials from reputable sources. These sources as obtained through means such as physical libraries, online research and Google scholar.

Literature Review

Review of literature in historical research is an essential condition in determining the nature of the research as it provides the basis for the understanding of what other have said or written about the subject matter. It therefore becomes imperative review what other scholars have written about the economic impact of COVID-19 in Nigeria.

Adekunle Johnson in his book “*Navigating Recession: Macroeconomic Implications of COVID-19 in Nigeria*,” presents a comprehensive analysis of the pandemic's macroeconomic impact on the country. The author begins by contextualizing Nigeria's economic landscape, emphasizing its heavy reliance on oil revenues and vulnerability to external shocks. The author argues that the unprecedented disruption

caused by COVID-19, including plummeting oil prices and global supply chain disruptions, has exacerbated existing structural weaknesses in Nigeria's economy. The author's research underscores the profound implications for key economic indicators such as GDP growth, inflation rates, and unemployment. The author highlights how the combination of lockdown measures, reduced consumer spending, and disrupted business activities has precipitated recessionary pressures, exacerbating poverty and widening income inequalities. Moreover, the author discusses the challenges facing policymakers in formulating effective responses, balancing public health imperatives with the imperative to stimulate economic recovery.⁶

Fatima Ahmed's article titled "*Resilience Amidst Adversity: Microeconomic Impacts of COVID-19 on Nigerian SMEs*," offers valuable insights into the pandemic's effects on small and medium enterprises (SMEs), the backbone of Nigeria's economy. The author begins by highlighting the critical role of SMEs in driving economic growth, job creation, and poverty alleviation. She argues that the COVID-19 crisis has disproportionately impacted SMEs, exposing their vulnerability to external shocks and disrupting their operations. Through empirical research and case studies, the author elucidates the myriad challenges facing SMEs, including liquidity constraints, supply chain disruptions, and reduced consumer demand. The author underscores the urgent need for targeted policy interventions to bolster SME resilience and facilitate their recovery. The author advocates for measures such as access to affordable credit facilities,

business support services, and technology adoption initiatives to enhance SME competitiveness and sustainability in the post-pandemic era. Moreover, she emphasizes the importance of fostering an enabling business environment characterized by regulatory reforms, infrastructure development, and entrepreneurship support programs.⁷

Chinedu Okonkwo in his book titled *“Inequality Exposed: Socio-Economic Disparities Amidst COVID-19 in Nigeria's Informal Sector,”* sheds light on the pandemic's differential impact on vulnerable populations within the country's informal economy. The author underscores the heterogeneity of Nigeria's informal sector, encompassing a diverse array of livelihood activities ranging from street vending to artisanal production. The author argues that COVID-19 has exacerbated existing socio-economic disparities, disproportionately affecting marginalized groups such as informal workers, women, and rural communities. Through qualitative interviews and ethnographic fieldwork, the author illuminates the lived experiences of informal workers struggling to cope with the pandemic's economic fallout. The author highlights challenges such as loss of income, lack of access to social protection, and barriers to healthcare services, exacerbating poverty and vulnerability among the most marginalized segments of society. The author advocates for inclusive policy measures that address the specific needs of informal workers, including social safety nets, healthcare provisions, and skills development programs tailored to the informal economy. Moreover, he emphasizes the

importance of recognizing the agency and resilience of informal workers in navigating adversity and contributing to local economies.⁸

Ibrahim Yusuf in his book titled *“Health, Wealth, and Resilience: The Nexus of Public Health and Economic Development in Nigeria,”* explores the intertwined dynamics of public health and economic resilience amidst the COVID-19 pandemic. The author begins by elucidating the symbiotic relationship between health and wealth, emphasizing how investments in healthcare systems contribute to economic prosperity and human development. The author argues that the COVID-19 crisis has laid bare the inadequacies of Nigeria's healthcare infrastructure, exacerbating vulnerabilities and hindering the country's ability to respond effectively to the pandemic. Through empirical analyses and policy recommendations, the author advocates for strategic investments in healthcare capacity-building, pandemic preparedness, and disease surveillance systems to enhance Nigeria's resilience to future health crises. The author underscores the importance of adopting a holistic approach that integrates public health considerations into economic policymaking, emphasizing the centrality of universal health coverage, primary healthcare services, and epidemic response mechanisms. Moreover, the author highlights the role of international cooperation and multi-stakeholder partnerships in strengthening health systems and fostering global health security.⁹

Ngozi Eze's article titled *“Digital Transformation and Economic Recovery: Harnessing Technology Amidst COVID-19 in Nigeria,”* examines the role of digital

innovation in mitigating the pandemic's economic impact.¹⁰ The author begins by highlighting Nigeria's burgeoning digital economy, characterized by the rapid adoption of mobile technology, e-commerce platforms, and digital financial services. The author argues that COVID-19 has accelerated the digital transformation process, catalyzing shifts in consumer behavior, business models, and government service delivery. Through case studies and policy analysis, the author elucidates the potential of digital technologies to foster economic resilience, facilitate remote work arrangements, and expand access to essential services in the midst of lockdown measures. The author advocates for targeted investments in digital infrastructure, cybersecurity, and digital literacy programs to bridge the digital divide and harness the transformative power of technology for inclusive growth.

Ahmed Mohammed's article, titled "*Sustainable Development in the Face of Crisis: Environmental Considerations Amidst COVID-19 in Nigeria,*" explores the intersection of environmental sustainability and economic resilience in the context of the pandemic. The author begins by contextualizing Nigeria's environmental challenges, including deforestation, pollution, and climate change impacts, which have been exacerbated by the pandemic's socio-economic disruptions. The author argues that COVID-19 has underscored the interconnectedness of human health, environmental degradation, and economic vulnerability, highlighting the need for holistic approaches to development. Through empirical research and policy analysis, the author elucidates the

potential of green stimulus measures, renewable energy investments, and nature-based solutions to spur economic recovery while advancing environmental sustainability goals. The author advocates for mainstreaming environmental considerations into post-pandemic recovery plans, integrating principles of sustainable development, and circular economy principles into policymaking frameworks.¹¹

Aisha Bello's article, titled “*Gender Perspectives on Economic Recovery: Empowering Women Amidst COVID-19 in Nigeria*,” sheds light on the differential impact of the pandemic on women's economic empowerment and gender equality. The author begins by contextualizing the socio-economic roles of women in Nigeria, highlighting their contributions to household income generation, agriculture, and informal sector activities. The author argues that COVID-19 has exacerbated pre-existing gender disparities, disproportionately affecting women's livelihoods, access to resources, and participation in decision-making processes. Through qualitative research and gender-sensitive analysis, the author elucidates the intersecting factors shaping women's experiences during the pandemic, including caregiving responsibilities, limited access to finance, and increased risks of gender-based violence. The author advocates for gender-responsive policy measures that address the specific needs of women, including social protection programs, access to finance, and skills development initiatives.¹²

Abubakar Sani's article, titled “*Globalization and Economic Vulnerability: Rethinking Nigeria's Development Paradigm in the Post-COVID-19 Era*,” offers a critical

examination of Nigeria's integration into the global economy amidst the pandemic. The author begins by analyzing the structural vulnerabilities exposed by COVID-19, including Nigeria's heavy reliance on imported goods, foreign direct investment, and remittances. The author argues that globalization has exacerbated Nigeria's economic vulnerabilities, leaving it susceptible to external shocks and disrupting local industries. Through comparative analysis and policy evaluation, the author elucidates the trade-offs between globalization, economic growth, and resilience, advocating for a rethinking of Nigeria's development paradigm. The author proposes strategies such as import substitution, export diversification, and regional integration to reduce dependency on global markets and enhance economic self-sufficiency.¹³

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CHAPTER TWO

NIGERIA ECONOMY BEFORE COVID-19

Introduction

Before the onset of the COVID-19 pandemic, the Nigerian economy was characterized by a complex interplay of growth and challenges, reflecting both its immense potential and systemic vulnerabilities. As the largest economy in Africa, Nigeria boasted a diverse economic structure with key contributions from agriculture, oil, and services. The oil sector, in particular, played a dominant role, accounting for approximately 90% of export revenues and about 60% of government income, making the economy highly susceptible to global oil price fluctuations. This reliance on oil was a

double-edged sword; while high oil prices buoyed economic growth, any downturns led to significant fiscal deficits and economic instability. Additionally, the non-oil sectors, particularly agriculture, which employed a substantial portion of the workforce, faced issues such as low productivity, inadequate infrastructure, and limited access to finance. Urbanization and a burgeoning youthful population presented both opportunities and challenges, driving consumer market growth while exacerbating unemployment and underemployment. Furthermore, Nigeria grappled with structural problems like poor governance, corruption, and insecurity, which hindered foreign investment and economic diversification efforts. Despite these hurdles, there were notable strides in the financial sector, technological innovation, and small-to-medium enterprises, signaling a slow but positive shift towards a more diversified economic base. However, this fragile progress remained under constant threat from external shocks and internal inefficiencies, making the Nigerian economy before COVID-19 a story of significant promise shadowed by persistent precariousness.

Key Sectors Contributing to GDP Growth

The key sectors contributing Nigeria gross domestic product (GDP) growth are categorized into primary, secondary and services.

a) Primary Sector

One of the key primary sector contributing to Nigeria's gross domestic product is the oil and gas sector. Oil and gas stand as paramount sectors in Nigeria's economy,

significantly contributing to its GDP growth. Nigeria is blessed with abundant oil and natural gas reserves, making it one of the largest producers in Africa. These resources have been the backbone of the Nigerian economy for decades, fueling economic growth, generating revenue, and providing employment opportunities. The oil and gas sector directly contributes a substantial portion to Nigeria's GDP through the exploration, production, refining, and exportation of crude oil and natural gas. The revenue generated from this sector plays a crucial role in financing government projects, infrastructure development, and social programs, thereby stimulating overall economic growth and development.¹

Moreover, the oil and gas industry in Nigeria serves as a major source of foreign exchange earnings. The exportation of crude oil and natural gas accounts for a significant portion of Nigeria's total export revenue, thereby bolstering the country's balance of payments and supporting its currency stability. The influx of foreign exchange strengthens Nigeria's capacity to import essential goods and services, finance international trade, and service its external debt obligations. Furthermore, foreign direct investment (FDI) inflows into the oil and gas sector contribute to technology transfer, skills development, and the modernization of infrastructure, thereby enhancing the sector's efficiency and competitiveness on a global scale.

Another the key primary sector contributing to Nigeria's gross domestic product is the agricultural sector. Agriculture stands as the bedrock of Nigeria's economic growth,

acting as a primary engine fueling the nation's GDP expansion. With a significant portion of the population engaged in agricultural activities, this sector not only generates employment opportunities but also serves as a fundamental pillar of economic development. Nigeria's diverse climatic conditions and fertile land provide an ideal environment for cultivating a wide array of crops, ranging from staple foods like cassava, maize, and rice to high-value cash crops such as cocoa, rubber, and palm oil. This agricultural diversity contributes to sustained GDP growth by ensuring a steady flow of agricultural products into local and international markets, thereby bolstering the nation's economic output.²

Moreover, the agricultural sector in Nigeria plays a crucial role in driving rural development and poverty reduction, further enhancing its contribution to GDP growth. Smallholder farmers, who constitute the backbone of agricultural production, contribute significantly to the nation's GDP through their farming activities. The government's focus on empowering these farmers through access to credit facilities, improved agricultural practices, and market linkages has not only increased their productivity but also boosted their income levels, thus driving overall GDP growth. Additionally, the agribusiness value chain, encompassing processing, distribution, and marketing activities, creates a ripple effect that amplifies the sector's impact on GDP expansion. By adding value to agricultural produce and generating employment opportunities across various segments

of the economy, the agricultural sector serves as a catalyst for sustained economic growth in Nigeria.³

Furthermore, the agricultural sector's contribution to GDP growth extends beyond primary production, encompassing downstream industries and services that support agricultural activities. Agro-processing industries, including food processing, textiles, and pharmaceuticals, leverage raw agricultural materials to produce value-added products for domestic consumption and export. This value addition not only enhances the competitiveness of Nigerian products in the global market but also contributes to GDP growth by diversifying the economy and reducing dependence on imports. Additionally, the agricultural sector stimulates growth in ancillary industries such as transportation, packaging, and logistics, further bolstering its overall contribution to GDP expansion. By fostering a vibrant ecosystem of agricultural-related industries, Nigeria harnesses the full potential of its agricultural sector as a key driver of sustained economic growth and development.

b) Secondary Sector

The manufacturing industry in Nigeria is a cornerstone of the secondary sector, playing a pivotal role in the country's economic development and GDP growth. This sector encompasses a diverse range of activities, including the production of consumer goods such as textiles, clothing, footwear, beverages, processed foods, and household appliances. Over the past few decades, Nigeria has seen significant growth in its

manufacturing capabilities, driven by both local demand and export opportunities. Key sub-sectors include food and beverage processing, which accounts for a substantial portion of manufacturing output. Companies like Nestlé Nigeria, Nigerian Breweries, and Dangote Group have become household names, producing a wide array of products that not only meet domestic consumption needs but also reach international markets. The growth of the manufacturing industry has been facilitated by various government policies aimed at encouraging industrialization, such as the Nigerian Industrial Revolution Plan (NIRP), which seeks to diversify the economy away from oil dependence by enhancing the value-added production capabilities of the country.⁴

The construction industry in Nigeria is another vital component of the secondary sector, significantly contributing to the country's GDP and overall economic development. This industry encompasses a broad range of activities, including residential, commercial, and industrial construction, as well as infrastructure development such as roads, bridges, and airports. The construction sector has experienced robust growth due to increasing urbanization, a growing population, and government initiatives aimed at improving infrastructure. Major cities like Lagos, Abuja, and Port Harcourt have witnessed a construction boom, with numerous high-rise buildings, shopping malls, residential estates, and infrastructure projects transforming the urban landscape. The government's focus on developing critical infrastructure, such as the expansion of highways, railway networks, and power generation facilities, has further fueled the industry's growth.⁵

The cement and steel industries are integral to Nigeria's secondary sector, underpinning the construction and manufacturing sectors and significantly contributing to GDP growth. The cement industry in Nigeria is one of the largest in Africa, with major players like Dangote Cement, Lafarge Africa, and BUA Cement leading the market. These companies have invested heavily in expanding their production capacities, leveraging Nigeria's abundant limestone reserves. Cement production is essential for infrastructure development, as it provides the primary material for constructing buildings, roads, bridges, and other critical infrastructure. The industry's growth has been driven by rising domestic demand due to rapid urbanization and infrastructure projects, alongside export opportunities within the West African region. Cement manufacturing not only supports construction but also creates a wide range of employment opportunities, from mining and transportation of raw materials to plant operations and distribution.⁶

c) Services

Telecommunications constitute another key service sector contributing to Nigeria's gross domestic product. Telecommunications plays a pivotal role in driving economic growth in Nigeria, contributing significantly to the country's Gross Domestic Product (GDP). Firstly, the sector fosters connectivity and facilitates communication, which is essential for businesses to operate efficiently. With the advent of mobile technology, telecommunications companies have expanded their networks, reaching even the most remote areas of the country. This increased connectivity enables businesses to

access markets, suppliers, and customers more easily, thereby enhancing productivity and trade. Moreover, the proliferation of mobile banking services, enabled by telecommunications infrastructure, has boosted financial inclusion, allowing more Nigerians to participate in the formal economy and access financial services.⁷

Telecommunications serves as a catalyst for innovation and entrepreneurship, which are critical drivers of economic growth. The sector's advancement has spurred the development of various applications and services tailored to local needs, such as mobile payment solutions, e-commerce platforms, and agricultural information systems. These innovations have not only created new business opportunities but have also improved efficiency and transparency across various sectors, including agriculture, healthcare, and education. Furthermore, the growth of the digital economy, fueled by telecommunications, has led to the emergence of a vibrant tech startup ecosystem in Nigeria, attracting investment and talent both domestically and internationally.⁸

The telecommunications sector contributes directly to the GDP through revenue generation and job creation. With the increasing demand for voice and data services, telecommunications companies have experienced substantial growth in revenue, which translates into higher tax contributions to the government. Additionally, the expansion of telecom infrastructure requires significant investments in equipment, technology, and human capital, leading to job creation across the value chain, from network deployment and maintenance to customer service and support. Moreover, the sector's multiplier effect

extends beyond its immediate activities, stimulating growth in related industries such as retail, advertising, and content creation. In conclusion, telecommunications plays a multifaceted role in driving GDP growth in Nigeria, by enhancing connectivity, fostering innovation, and creating economic opportunities for the country's burgeoning population.

The banking and finance sector is another major key service sector contributing to Nigeria's gross domestic product. Banking and finance play pivotal roles in Nigeria's economic landscape, significantly contributing to the nation's GDP growth. Firstly, the banking sector serves as the cornerstone of economic activity by facilitating capital mobilization and allocation. Nigerian banks serve as intermediaries between surplus units, such as individuals and corporations with excess funds, and deficit units, including entrepreneurs and businesses in need of financing. Through lending and investment activities, banks stimulate economic growth by providing crucial funds for infrastructure development, industrial expansion, and entrepreneurship. Furthermore, the banking sector fosters financial inclusion by extending banking services to underserved populations, thereby promoting savings, investment, and wealth creation among previously marginalized communities.⁹

In addition to the banking sector, the finance industry in Nigeria plays a vital role in driving GDP growth through diverse financial services and activities. The capital market, comprising the Nigerian Stock Exchange (NSE) and other securities exchanges, serves as a critical avenue for raising long-term capital for businesses and government

entities. By facilitating the issuance of equities, bonds, and other financial instruments, the capital market supports corporate expansion, infrastructure projects, and government initiatives, thereby stimulating economic growth and development. Moreover, the finance sector contributes to GDP growth through its role in facilitating foreign direct investment (FDI) and international trade finance, which enhance capital inflows, technology transfer, and export promotion, thus bolstering economic activity and creating employment opportunities.

Strength and Weaknesses of the Pre-Pandemic Economy

Nigeria's pre-pandemic economy exhibited a myriad of strengths that positioned it as a prominent player within the African continent and beyond. Central to its economic prowess was its abundant natural resources, particularly oil. With significant reserves and production capacity, Nigeria emerged as one of the largest oil producers in Africa, accounting for a substantial portion of its GDP and export earnings. The oil industry served as a catalyst for economic growth, attracting foreign investment and generating substantial government revenue, which in turn funded critical infrastructure projects and social welfare programs. Moreover, Nigeria's geographical advantage as a coastal nation further bolstered its economic prospects, facilitating trade and commerce with international partners.¹⁰

Additionally, Nigeria's demographic dividend presented a considerable strength for its economy. With a large and youthful population, the country possessed a vast labor

force that fueled economic activity across various sectors. The youthful demographics also hinted at significant potential for innovation and entrepreneurship, as evidenced by the burgeoning tech startup scene and the creative industries. Furthermore, Nigeria's strategic location within West Africa positioned it as a regional hub for trade and investment, fostering economic integration and partnerships with neighboring countries. This geographical advantage, coupled with the nation's membership in regional economic blocs, provided access to larger markets and enhanced opportunities for economic cooperation and collaboration.¹¹

Furthermore, Nigeria's efforts towards economic diversification showcased promising signs of resilience and adaptability. While the oil sector remained a dominant force, there were concerted efforts to explore and develop alternative industries such as telecommunications, banking, and agriculture. The telecommunications sector, in particular, witnessed remarkable growth, driven by increased mobile penetration and the proliferation of internet services. Likewise, the agricultural sector, endowed with fertile land and favorable climatic conditions, presented opportunities for food security and export earnings diversification. These diversification efforts signaled a proactive approach towards reducing the economy's overreliance on oil and fostering sustainable growth across multiple sectors.¹²

Despite its strengths, Nigeria's pre-pandemic economy grappled with a multitude of weaknesses that hindered its ability to fully realize its potential and achieve inclusive

growth. Foremost among these weaknesses was the heavy dependence on oil as the primary source of revenue and foreign exchange earnings. The overreliance on oil revenues left the economy vulnerable to fluctuations in global oil prices, as evidenced by the significant economic downturn following the oil price crash in 2014. This dependence stifled efforts towards economic diversification and innovation, as resources and attention remained disproportionately focused on the oil sector, neglecting other potentially lucrative industries.

Moreover, Nigeria's economic landscape was marred by widespread corruption and inefficiencies within government institutions. Corruption permeated various sectors of the economy, from public procurement and resource allocation to regulatory processes and law enforcement. This pervasive corruption not only undermined the effectiveness of government policies and programs but also eroded public trust and confidence in the government's ability to effectively manage the economy. Furthermore, the lack of transparency and accountability hindered investment and deterred both domestic and foreign investors, exacerbating the challenges of economic development.¹³

Infrastructure deficits posed another significant weakness for Nigeria's pre-pandemic economy. Inadequate transportation networks, unreliable power supply, and limited access to healthcare and education facilities stifled productivity, increased operational costs for businesses, and hindered socioeconomic development. The poor state of infrastructure not only impeded domestic economic activities but also

undermined Nigeria's competitiveness in the global market. Additionally, social inequalities, high unemployment rates, and inadequate education and skills training exacerbated poverty and hindered inclusive growth, perpetuating a cycle of economic marginalization and social unrest.

Furthermore, Nigeria's pre-pandemic economy was plagued by political instability and governance challenges, which further compounded its weaknesses. Political instability, characterized by contested elections, ethno-religious tensions, and weak governance, undermined investor confidence and hindered policy implementation. The lack of coherent and consistent policies, coupled with regulatory uncertainties, stifled entrepreneurship and foreign direct investment, hindering economic diversification and innovation. Additionally, security challenges, including insurgency, communal conflicts, and banditry, posed significant threats to economic activities, particularly in the North-East and Middle Belt regions, deterring investment and disrupting supply chains.¹⁴

Importance of Economic Stability to Country's Development

Economic stability is not merely a desirable condition but a fundamental necessity for Nigeria's development trajectory. Nigeria, with its vast population and diverse economy, relies heavily on stable economic conditions to foster sustainable growth and prosperity. At the heart of economic stability lie several key indicators, including inflation rates, exchange rates, and fiscal discipline. These indicators serve as barometers of the economy's health and resilience. When these indicators are stable, investor confidence is

bolstered, domestic investment flourishes, and foreign capital flows into the country, all of which are essential for creating jobs, developing infrastructure, and alleviating poverty. Without economic stability, Nigeria faces the specter of volatility, making long-term planning difficult and impeding progress towards achieving its developmental aspirations.¹⁵

Another critical dimension of economic stability for Nigeria's development is the management of exchange rates. Exchange rates play a pivotal role in determining the competitiveness of Nigerian goods and services in the global market. A stable exchange rate regime provides certainty for businesses engaged in international trade, mitigating currency risks and enhancing Nigeria's export competitiveness. Moreover, a predictable exchange rate facilitates long-term planning for investors, encouraging capital inflows and promoting economic diversification. By fostering a conducive environment for trade and investment, Nigeria can harness its abundant natural resources and human capital to drive sustainable economic growth and reduce its reliance on oil exports, thereby enhancing its resilience to external shocks.¹⁶

Fiscal discipline forms the bedrock of economic stability and sustainable development in Nigeria. Prudent fiscal management entails maintaining a balance between government revenues and expenditures, prioritizing investment in critical infrastructure, healthcare, education, and social welfare programs. By avoiding excessive borrowing and fiscal deficits, Nigeria can prevent debt distress and ensure fiscal

sustainability over the long term. Additionally, transparent and accountable governance practices are essential for building trust between the government and its citizens, fostering social cohesion, and enhancing the effectiveness of public policies aimed at promoting inclusive growth and development. By upholding fiscal discipline, Nigeria can create an enabling environment for private sector growth, attract investment, and unlock its full economic potential, thereby laying the foundation for long-term prosperity and development.¹⁷

Maintaining stability in key economic indicators also fosters social cohesion and political stability in Nigeria. Economic instability often leads to social unrest and political upheaval, as citizens become disillusioned with the government's ability to address their economic grievances. By contrast, when the economy is stable, citizens are more likely to have confidence in the government's ability to deliver essential services, uphold the rule of law, and promote inclusive development. This confidence strengthens social bonds, fosters a sense of national unity, and reduces the risk of conflict, thereby creating an environment conducive to sustained economic growth and human development.

Furthermore, economic stability is closely intertwined with environmental sustainability and climate resilience, both of which are critical for Nigeria's long-term development. A stable economy provides the resources and incentives necessary to invest in sustainable infrastructure, renewable energy, and climate adaptation measures. By prioritizing environmentally friendly policies and technologies, Nigeria can mitigate the

adverse effects of climate change, protect natural resources, and promote sustainable development practices. Additionally, a stable economy is better equipped to respond to environmental shocks and disasters, ensuring that communities can recover quickly and rebuild in a more resilient and sustainable manner.¹⁹

Economic stability enhances Nigeria's standing in the global community and strengthens its role as a regional leader in Africa. A stable and prosperous Nigeria is better positioned to engage in diplomatic and trade relations with other countries, attract foreign investment, and participate effectively in international forums and organizations. By projecting stability and confidence, Nigeria can exert greater influence on global economic and political affairs, advocate for its interests, and contribute positively to regional and global development initiatives. As a key player in Africa's economic landscape, Nigeria's stability is not only crucial for its own development but also for the stability and prosperity of the continent as a whole. Therefore, investing in economic stability is not just a national imperative for Nigeria but a shared responsibility for the entire African community.

Immediate Effect of Covid-19 on the Nigerian Economy

The onset of the COVID-19 pandemic in Nigeria brought about a cascade of economic repercussions, each intertwined with the other, ultimately impacting the nation's economic landscape at various levels. The imposition of strict lockdown measures aimed at curbing the spread of the virus resulted in significant disruptions

across supply chains within the manufacturing and agricultural sectors. These disruptions stemmed from logistical challenges in transporting goods, shortages of labor due to movement restrictions, and fluctuating demand patterns. As factories shuttered their operations and farms struggled to harvest crops amidst labor shortages, the availability of essential goods dwindled, exacerbating concerns over food security and inflation. The disruption in supply chains not only impeded the production of essential goods but also cascaded into other sectors, affecting businesses reliant on inputs from these industries. Consequently, the manufacturing sector experienced a slowdown in production, leading to inventory build-up and decreased revenues. Small and medium-sized enterprises (SMEs), which form the backbone of Nigeria's economy, were particularly hard-hit, with many facing challenges in meeting financial obligations, including rent, loan repayments, and salaries. Overall, the disruptions in supply chains caused by the COVID-19 pandemic inflicted substantial economic strain on Nigerian businesses, hindering their ability to operate efficiently and adapt to rapidly evolving market conditions.²⁰

Furthermore, the pandemic-induced economic downturn significantly impacted Nigeria's oil-dependent economy, exacerbating existing vulnerabilities stemming from over-reliance on oil revenues. As a major oil exporter, Nigeria witnessed a sharp decline in global oil prices as demand plummeted due to reduced economic activity worldwide. This decline not only eroded government revenues but also undermined investor confidence and exacerbated macroeconomic imbalances. Nigeria's fiscal position

deteriorated as oil revenues dwindled, leading to budget deficits and increased borrowing to finance government expenditures. The government was forced to revise its spending plans, prioritizing essential expenditures such as healthcare and social safety nets while cutting back on non-essential spending. Additionally, the decline in oil revenues strained the country's external reserves, leading to depreciation pressures on the Nigerian Naira and increasing the cost of imported goods and services. The volatility in oil prices and the subsequent economic downturn underscored the urgent need for Nigeria to diversify its revenue sources and reduce its dependence on oil exports to foster long-term economic stability and resilience.²¹

Moreover, the COVID-19 pandemic exacerbated existing vulnerabilities in Nigeria's labor market, leading to widespread job losses and income reductions across various sectors of the economy. With businesses forced to close or scale back operations to comply with lockdown measures, many Nigerians lost their livelihoods, particularly those employed in the informal sector, which constitutes a significant portion of the country's workforce. The pandemic-induced economic downturn disproportionately affected vulnerable groups, including women, youth, and low-skilled workers, who faced heightened risks of unemployment and underemployment. The loss of income not only plunged many households into poverty but also exacerbated social tensions and heightened socio-economic inequalities. Moreover, the economic fallout from the pandemic posed challenges for Nigeria's efforts to achieve inclusive growth and

sustainable development, threatening to reverse gains made in poverty reduction and human development over the years. As the country grapples with the socio-economic impacts of the pandemic, there is an urgent need for targeted interventions to support affected individuals and businesses, including cash transfers, job creation programs, and skills development initiatives.²²

The COVID-19 pandemic exposed the fragilities of Nigeria's healthcare system and underscored the importance of investing in healthcare infrastructure and capacity building. The surge in COVID-19 cases overwhelmed the country's healthcare facilities, leading to shortages of medical supplies, hospital beds, and healthcare personnel. The inadequacies of Nigeria's healthcare system, including limited testing capacity, inadequate healthcare infrastructure, and a shortage of skilled healthcare workers, hampered the country's ability to effectively respond to the pandemic and mitigate its impact on public health. The government's response to the pandemic, including the allocation of resources to healthcare, further strained public finances and diverted funds away from other critical sectors, exacerbating the economic challenges facing the country. The pandemic highlighted the urgent need for increased investment in healthcare infrastructure, including the construction of hospitals and medical facilities, the procurement of medical equipment and supplies, and the training and recruitment of healthcare professionals. Additionally, there is a need for improved coordination and collaboration between the government, private sector, and civil society to strengthen the

resilience of Nigeria's healthcare system and ensure effective responses to future health emergencies.²³

Moreover, the COVID-19 pandemic exacerbated existing structural weaknesses within Nigeria's education sector, posing significant challenges to the continuity of learning and human capital development. With schools forced to close to prevent the spread of the virus, millions of students were deprived of access to quality education, exacerbating pre-existing disparities in educational outcomes. The transition to remote learning proved challenging for many students, particularly those from low-income households with limited access to digital technologies and internet connectivity. The closure of schools also disrupted academic calendars, leading to delays in examinations and graduation timelines. Furthermore, the pandemic disrupted teacher training programs and professional development initiatives, hindering efforts to improve the quality of education and enhance teaching standards.²⁴

Additionally, the COVID-19 pandemic exposed vulnerabilities within Nigeria's social protection system, highlighting the need for comprehensive social safety nets to cushion the impact of economic shocks on vulnerable populations. As the pandemic ravaged the economy and led to widespread job losses, many Nigerians found themselves without a source of income or access to basic necessities. The absence of robust social protection programs left millions of vulnerable individuals and families without adequate support, exacerbating poverty and food insecurity. The pandemic underscored the

importance of strengthening social safety nets, including cash transfer programs, food assistance initiatives, and unemployment benefits, to ensure that no one is left behind during times of crisis. Investing in social protection measures is not only essential for alleviating immediate suffering but also for promoting social cohesion, reducing inequality, and fostering long-term economic resilience.²⁵

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CHAPTER THREE

ECONOMIC IMPACT OF COVID-19 IN NIGERIA

Introduction

The economic impact of COVID-19 in Nigeria has been profound, exacerbating existing vulnerabilities and triggering a multi-faceted crisis. The pandemic led to a sharp decline in global oil prices, which hit Nigeria's oil-dependent economy hard, resulting in significant revenue shortfalls. Lockdown measures and movement restrictions disrupted supply chains and curtailed business activities, causing a contraction in GDP and plunging the country into its deepest recession in decades. The informal sector, which employs a substantial portion of the population, particularly felt the brunt of the economic slowdown, with many individuals losing their livelihoods. Unemployment rates surged, and poverty levels increased as a result. Furthermore, the pandemic strained the already fragile healthcare system, diverting resources away from other critical areas. The Nigerian government's fiscal response included stimulus packages and social safety nets, but these were often criticized for being insufficient and unevenly distributed. Despite these challenges, the crisis also spurred innovation and accelerated digital transformation, as businesses and individuals adapted to new ways of working and transacting. However, the road to recovery remains uncertain, with the need for comprehensive reforms to build economic resilience and ensure sustainable growth in the post-pandemic era.¹

Disruption in Supply Chain and Reduced Trade Activity

The COVID-19 pandemic profoundly disrupted global supply chains, and Nigeria was significantly affected due to its reliance on imported goods for various essential sectors. As international borders closed and global trade activities came to a halt, Nigeria faced immediate and severe shortages in critical sectors like manufacturing, pharmaceuticals, and agriculture. The pandemic-induced lockdowns in major trading partners, notably China and European countries, delayed the importation of essential raw materials and finished products. This delay created production bottlenecks, reducing the operational capacities of factories and leading to job losses. For example, the pharmaceutical industry struggled to procure active pharmaceutical ingredients (APIs) primarily sourced from China and India, resulting in drug shortages and inflated prices. The manufacturing sector, which contributes substantially to Nigeria's GDP, saw a marked decline in output due to the scarcity of essential inputs, underscoring the country's vulnerability to external supply chain disruptions.²

Domestically, the pandemic's impact on logistics further exacerbated supply chain issues. The enforcement of health protocols and movement restrictions severely disrupted transportation, leading to delays and increased costs. Truck drivers and logistics companies had to navigate numerous checkpoints and adhere to mandatory quarantine measures, which significantly slowed down the delivery of goods. The informal nature of

a large part of Nigeria's transport sector made compliance with new health regulations challenging, adding to the delays. These logistics disruptions did not only affect large corporations but also had a detrimental impact on small and medium-sized enterprises (SMEs), which are crucial to Nigeria's economy. SMEs faced heightened operational costs and delays in receiving supplies, which hindered their ability to meet customer demands and maintain business continuity.

The agricultural sector, employing a significant portion of Nigeria's population, was also severely impacted by supply chain disruptions. Farmers struggled to access essential inputs such as seeds, fertilizers, and machinery, which are critical for agricultural productivity. Movement restrictions further compounded these issues by hindering the distribution of agricultural produce to urban markets, leading to substantial post-harvest losses. These disruptions threatened national food security, increased the prices of staple foods, and placed additional financial strain on households already grappling with the economic fallout of the pandemic. The compounded effect of these disruptions highlighted the vulnerabilities within Nigeria's supply chain infrastructure and underscored the urgent need for diversification and the strengthening of local supply chains to mitigate future risks³

The economic impact of COVID-19 led to a significant reduction in trade activity in Nigeria, affecting both exports and imports and exacerbating the country's economic challenges. As one of Africa's largest economies, Nigeria experienced a steep decline in

its trade volume due to the pandemic-induced global recession. The drop in global demand for oil, Nigeria's primary export and a crucial source of government revenue, had particularly devastating effects. Oil prices plummeted to historic lows as global travel and industrial activities came to a near halt, resulting in substantial revenue losses for the Nigerian government. This decline in export revenue severely impacted the country's foreign exchange reserves, leading to a devaluation of the Naira and increased inflationary pressures.

The reduction in trade activity also affected Nigeria's import sector. With many countries imposing export restrictions on essential goods such as medical supplies, food, and raw materials, Nigeria faced challenges in securing necessary imports. The devaluation of the Naira further exacerbated the situation by making imports more expensive, thereby increasing production costs for businesses reliant on imported goods. This situation led to a contraction in industrial output and contributed to the overall economic slowdown. Consumers faced higher prices and limited availability of products, impacting their purchasing power and standard of living. For instance, the pharmaceutical sector struggled with the importation of drugs and medical supplies, leading to shortages and increased healthcare costs for the populace.⁴

Moreover, the pandemic disrupted global supply chains, causing delays and increased costs in international shipping and logistics. Nigerian ports experienced congestion and delays due to reduced manpower and the implementation of health and

safety protocols. The reduction in port efficiency slowed down trade activity, leading to higher costs for importers and exporters. For instance, goods that typically took a few days to clear customs were now taking weeks, adding to the costs and operational challenges faced by businesses. The cumulative effect of these disruptions strained Nigeria's trade sector, highlighting the vulnerabilities in the country's trade infrastructure and the urgent need for modernization and efficiency improvements.

Effects of Lockdown

The COVID-19 pandemic had a profound effect on global economies, and Nigeria was significantly impacted, particularly by the lockdown measures imposed to mitigate the virus's spread. The immediate and most visible impact was on the informal sector, which constitutes a substantial part of Nigeria's economy. This sector includes street vendors, small business owners, artisans, and daily wage earners who rely on daily income for survival. The lockdown led to the closure of markets, shops, and various informal businesses, depriving these individuals of their primary sources of income. Unlike formal sector employees who could transition to remote work, those in the informal sector were left with no means of livelihood. According to a survey conducted by the National Bureau of Statistics (NBS), about 42% of respondents reported a decline in income during the lockdown, with the informal sector bearing the brunt. This loss of income contributed to a surge in poverty levels, exacerbating the already precarious economic situation for millions of Nigerians. The unemployment rate spiked to 33.3% in

the fourth quarter of 2020, illustrating the extensive job losses and the severe economic inactivity that resulted from the lockdown measures. The economic strain was also felt through decreased consumer spending, which had a ripple effect on businesses that depended on high-volume sales to stay afloat. Consequently, the reduction in spending power among the population led to a significant downturn in economic activities across the board, further deepening the economic crisis caused by the pandemic.⁵

The industrial and manufacturing sectors in Nigeria were also significantly affected by the lockdown measures. Factories and production plants faced substantial operational challenges, including reduced workforce capacity due to social distancing guidelines and the complete halt of operations in some cases. This disruption in manufacturing led to significant shortages of goods, affecting both local and international supply chains. Companies struggled to obtain raw materials, which were either unavailable or delayed due to logistical bottlenecks caused by the lockdown. This situation resulted in increased production costs and subsequently higher prices for consumers, contributing to inflation. The National Bureau of Statistics reported that Nigeria's inflation rate rose to 15.75% by December 2020, driven by food prices, which hit record highs. The contraction in industrial output also had a negative impact on Nigeria's GDP, which shrank by 6.1% in the second quarter of 2020, marking the steepest decline in over a decade. The reduction in industrial production not only affected local markets but also diminished Nigeria's export capacity, particularly in sectors like textiles,

cement, and agricultural products. This decline in exports reduced foreign exchange earnings, putting further pressure on the Naira, which experienced significant depreciation. The weakened currency made imports more expensive, contributing to higher costs of living and further exacerbating economic challenges for Nigerian households and businesses.⁶

The oil sector, which is a cornerstone of Nigeria's economy, was notably impacted by the lockdown measures and the subsequent global economic slowdown. As countries around the world implemented travel restrictions and reduced industrial activities, the demand for oil plummeted, causing oil prices to fall sharply. This decline in oil prices had a direct and immediate impact on Nigeria's national income, given that oil revenue accounts for a substantial portion of government earnings and foreign exchange reserves. The drop in revenue forced the Nigerian government to revise its national budget, scaling down planned expenditures and prioritizing critical sectors like health and social welfare. However, the reduced budgetary allocation for other sectors led to delays in infrastructure projects and other economic development initiatives. Additionally, the decline in oil revenue contributed to a burgeoning fiscal deficit, compelling the government to seek external borrowing to finance essential expenditures. The devaluation of the Naira further strained the economy, as it increased the cost of imported goods and services, leading to inflationary pressures. The Central Bank of Nigeria (CBN) faced challenges in stabilizing the currency while ensuring sufficient foreign reserves to meet the country's import needs.

This situation underscored the vulnerability of Nigeria's economy to fluctuations in global oil prices and highlighted the urgent need for economic diversification to reduce dependency on oil.⁷

The financial sector in Nigeria also experienced significant stress during the lockdown period, as businesses and individuals faced liquidity challenges and struggled to meet their financial obligations. Banks saw an increase in non-performing loans (NPLs) as borrowers defaulted on their payments, leading to tighter credit conditions. This tightening made it difficult for businesses, particularly small and medium-sized enterprises (SMEs), to access the capital necessary to sustain operations during the economic downturn. The Central Bank of Nigeria implemented various measures to mitigate these effects, including reducing the monetary policy rate from 13.5% to 12.5% and introducing targeted credit facilities for critical sectors such as agriculture and healthcare. Despite these interventions, the overall economic uncertainty and reduced business activities limited the effectiveness of these measures. SMEs, which are crucial for employment and economic growth, faced the risk of closure, thereby exacerbating unemployment and economic instability. The financial sector's struggles reflected broader economic challenges, including reduced consumer spending, declining business revenues, and increased cost pressures due to inflation and currency depreciation. The stress on the financial sector highlighted the interconnectedness of different economic segments and the compounded effects of the lockdown measures on Nigeria's overall economic health.

The combination of reduced industrial activity, lower oil revenues, and a stressed financial sector illustrated the multifaceted nature of the economic impact of COVID-19 in Nigeria, emphasizing the need for comprehensive policy responses to support recovery and build resilience against future shocks.⁸

Government Response and Policy Measures to Mitigate the Impacts

The COVID-19 pandemic brought unprecedented challenges to economies worldwide, with Nigeria being no exception. In response to the economic fallout caused by the pandemic, the Nigerian government implemented a series of policy measures aimed at mitigating the adverse effects on its economy. These measures were crucial in stabilizing the economy, supporting businesses, and providing relief to the most vulnerable populations. The government's multi-faceted approach included fiscal stimulus packages, monetary policy adjustments, social intervention programs, and support for critical sectors. The comprehensive nature of these interventions highlights the government's recognition of the pandemic's extensive impact and its commitment to safeguarding economic stability and social welfare.⁹

Firstly, the Nigerian government introduced several fiscal stimulus packages to cushion the economic impact of the pandemic. The 2020 budget was revised to reflect the new economic realities, including a reduction in the crude oil benchmark and an adjustment of revenue expectations. Nigeria, being heavily reliant on oil revenues, faced a significant fiscal challenge as global oil prices plummeted due to reduced demand. The

revised budget prioritized health sector funding, enhancing healthcare infrastructure and services to combat the pandemic effectively. A significant component of the fiscal response was the Economic Sustainability Plan (ESP), which amounted to ₦2.3 trillion (approximately \$5.9 billion). The ESP focused on job creation, support for small and medium-sized enterprises (SMEs), and the expansion of social safety nets. Key initiatives included the MSME Survival Fund, which provided payroll support to small businesses, and the Artisan Support Scheme, aimed at supporting informal sector workers. Additionally, tax relief measures were introduced, such as the suspension of import duties on medical supplies and the introduction of tax rebates for businesses that retained their workforce during the pandemic. These measures were vital in maintaining economic stability and preventing further job losses during the pandemic. The comprehensive fiscal response underscores the government's proactive approach to economic management during a crisis, aiming to protect livelihoods and sustain economic activities despite the challenges.

In addition to fiscal measures, the Central Bank of Nigeria (CBN) played a crucial role through its monetary policy interventions. The CBN reduced the Monetary Policy Rate (MPR) from 13.5% to 11.5% to lower the cost of borrowing and stimulate economic activity. This reduction in the policy rate was aimed at making credit more accessible to businesses and households, thereby encouraging spending and investment during a time of economic uncertainty. It also introduced a ₦50 billion Targeted Credit Facility (TCF)

to provide concessional loans to households and SMEs affected by the pandemic. The TCF aimed to address the liquidity challenges faced by businesses, ensuring they could continue operations and retain employees. The CBN further rolled out a ₦100 billion healthcare sector intervention fund to support the production of essential pharmaceuticals and medical supplies. This fund was crucial in enhancing the capacity of the healthcare sector to respond to the pandemic, ensuring the availability of critical medical supplies and supporting the local production of pharmaceuticals. Additionally, the CBN implemented regulatory forbearance measures, allowing banks to restructure loans and extend repayment periods for borrowers affected by the pandemic. These interventions were designed to enhance liquidity, ensure financial stability, and promote economic recovery. By easing monetary conditions and providing targeted support, the CBN helped mitigate the immediate economic disruptions caused by COVID-19. The central bank's actions highlight the importance of monetary policy in complementing fiscal measures to provide a comprehensive response to economic crises.¹⁰

Moreover, the Nigerian government implemented various social intervention programs to support the most vulnerable populations. Recognizing the disproportionate impact of the pandemic on low-income households, the government expanded its National Social Investment Programmes (NSIPs). The Conditional Cash Transfer (CCT) program was scaled up to provide financial assistance to more households, while the Home-Grown School Feeding Program was adapted to continue delivering meals to

children despite school closures. This adaptation involved distributing take-home rations to families, ensuring that children continued to receive nutritious meals during the pandemic. Additionally, the government launched the Rapid Response Register (RRR) to identify and provide support to urban poor households affected by the economic downturn. The RRR leveraged technology and community-based targeting mechanisms to ensure that aid reached those most in need. These social interventions were critical in alleviating poverty and ensuring that the most disadvantaged segments of the population received necessary support during the crisis. Furthermore, the government introduced food distribution programs and cash transfers to mitigate the impact of the lockdown measures on vulnerable populations. These efforts aimed to reduce food insecurity and provide immediate relief to those hardest hit by the economic disruptions. The government's focus on social welfare during the pandemic highlights its commitment to protecting the most vulnerable and ensuring that no one is left behind during a crisis.¹⁰

Finally, the Nigerian government focused on supporting critical sectors to ensure a broad-based economic recovery. Agriculture, being a significant sector in Nigeria's economy, received substantial attention. The government initiated the Agriculture for Food and Jobs Plan (AFJP) to boost food production and create job opportunities. The AFJP included measures such as providing farmers with access to inputs, extension services, and credit facilities. By supporting agriculture, the government aimed to enhance food security and create employment opportunities in rural areas, thereby

reducing poverty and stimulating economic growth. Additionally, the government prioritized the digital economy by promoting e-commerce and digital payments to sustain economic activities during lockdowns. This involved encouraging the adoption of digital technologies by businesses and consumers, facilitating online transactions, and supporting digital literacy programs. Support for the aviation and hospitality sectors, which were severely impacted by travel restrictions, was also part of the recovery strategy. The government provided financial assistance to airlines and hotels, helping them navigate the challenges posed by the pandemic and prepare for a post-pandemic recovery. Furthermore, the government implemented measures to support the manufacturing sector, promoting local production and reducing dependence on imports. By targeting key sectors, the government aimed to drive economic growth and diversification in the post-pandemic period. These sector-specific interventions were crucial in ensuring a balanced and sustainable recovery, addressing both immediate needs and long-term development goals.¹¹

Post-COVID-19 Challenges on Nigerian Economy

The COVID-19 pandemic has significantly disrupted the global economy, and Nigeria is no exception. The country, already grappling with structural economic issues, saw its challenges exacerbated by the pandemic. One of the most immediate impacts was on Nigeria's oil sector, a critical pillar of the economy. As global demand for oil plummeted and prices fell, Nigeria's revenue from oil exports decreased sharply. This

decline had a cascading effect on government finances, reducing the funds available for public services and infrastructure projects. Consequently, the country faced a heightened fiscal deficit, necessitating borrowing and increased debt levels. The oil sector's volatility highlighted the urgent need for Nigeria to diversify its economy, reduce dependency on oil, and develop other sectors like agriculture, manufacturing, and technology. Furthermore, the pandemic-induced global economic downturn led to a reduction in foreign direct investment (FDI) and remittances from the Nigerian diaspora, both of which are vital sources of revenue for the country. The combination of these factors resulted in a significant economic contraction, with the Nigerian economy shrinking by 1.92% in 2020. The government's response included a variety of fiscal and monetary measures aimed at stabilizing the economy, such as the Economic Sustainability Plan (ESP), which aimed to stimulate job creation, support SMEs, and enhance local production. However, the effectiveness of these measures was limited by pre-existing economic fragilities, including high levels of corruption, inadequate infrastructure, and bureaucratic inefficiencies.¹²

Another significant challenge posed by the pandemic is the disruption of the informal economy, which constitutes a substantial part of Nigeria's workforce. Lockdowns and movement restrictions forced many small and medium-sized enterprises (SMEs) to shut down, leading to widespread job losses and income instability. The informal sector, lacking the social safety nets and support available to formal sectors,

suffered immensely. This economic vulnerability was particularly pronounced among women and youth, who are disproportionately represented in informal employment. The Nigerian government attempted to mitigate these effects through various stimulus packages and social intervention programs, but the scale of need far outstripped available resources, leaving many without adequate support. In addition, the informal sector's limited access to financial services, such as loans and insurance, compounded the challenges faced during the pandemic. The disruption also highlighted the need for better integration of the informal sector into the broader economic framework, including improved access to credit, training, and formalization opportunities. Furthermore, the pandemic exposed the inadequacies in Nigeria's social protection systems, emphasizing the need for comprehensive reforms to build resilience against future shocks. Efforts to support the informal economy post-pandemic must also address structural barriers such as gender inequality, inadequate infrastructure, and regulatory constraints that hinder the growth and formalization of SMEs.¹³

In addition to economic contraction and job losses, Nigeria faced significant challenges in the education sector due to the pandemic. School closures disrupted the learning of millions of students, particularly in rural and underserved urban areas where access to digital learning tools was limited. This exacerbated educational inequalities and threatened to reverse progress made in recent years. The shift to online learning highlighted the digital divide, emphasizing the need for substantial investment in digital

infrastructure and training. Furthermore, the pandemic's economic impact strained household incomes, potentially increasing dropout rates as families prioritized immediate economic survival over education. Ensuring that all children return to school and receive quality education post-pandemic remains a critical challenge. The educational disruption also affected higher education institutions, leading to delays in academic programs and research activities. The long-term impact on students' learning outcomes and future opportunities is a significant concern, necessitating targeted interventions to support catch-up learning and address gaps exacerbated by the pandemic. Additionally, teachers and educational staff faced their own set of challenges, including adapting to new teaching modalities, dealing with job insecurity, and managing the psychosocial impacts of the pandemic on students and themselves. Policymakers must prioritize the development of a resilient education system that can withstand future disruptions, ensuring equitable access to quality education for all students. This involves not only technological investments but also curriculum reforms, teacher training, and strengthened support systems for vulnerable students.¹⁴

Lastly, the pandemic underscored and intensified health sector challenges in Nigeria. The country's healthcare system, already underfunded and overburdened, struggled to cope with the additional strain of COVID-19 cases. The situation exposed the urgent need for healthcare reforms, including increased funding, better infrastructure, and more robust supply chains for medical equipment and pharmaceuticals. The

pandemic also highlighted the importance of public health initiatives and the need to build resilience against future health crises. Addressing these health sector weaknesses is crucial not only for managing future pandemics but also for improving overall public health and economic stability. The health sector challenges were further compounded by a shortage of healthcare workers, inadequate diagnostic and treatment facilities, and a lack of comprehensive health insurance coverage for the majority of the population. Moreover, the pandemic disrupted routine health services, including immunizations, maternal and child health services, and management of chronic diseases, leading to secondary health crises. To build a resilient health system, Nigeria must invest in strengthening primary healthcare, enhancing health information systems, and ensuring equitable access to essential health services. Additionally, fostering public-private partnerships and leveraging international support can help mobilize the necessary resources and expertise to address these challenges. The experience of the pandemic underscores the importance of a holistic approach to health that integrates preventive, promotive, and curative services, ensuring that the health system can effectively respond to both routine and emergency health needs.¹⁵

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CHAPTER FOUR

SUMMARY AND CONCLUSION

Summary

The COVID-19 pandemic has profoundly impacted global economies, and Nigeria has been no exception. A recently concluded research study delves into the multifaceted economic ramifications of the pandemic on Nigeria, providing an in-depth

analysis of its consequences across various sectors. The research employs a combination of quantitative data, qualitative interviews, and economic modeling to present a comprehensive picture of the pandemic's effects on the Nigerian economy.

The study highlights that Nigeria, already grappling with structural economic challenges, faced exacerbated difficulties due to the COVID-19 pandemic. The immediate effect was a sharp contraction in GDP, driven by a combination of lockdown measures, reduced consumer spending, and disruptions in both domestic and international trade. According to the research, Nigeria's GDP contracted by 6.1% in the second quarter of 2020, marking the worst economic decline in decades. The oil sector, a significant revenue generator for the country, experienced a dramatic fall in global oil prices, severely reducing government revenues and foreign exchange reserves. The non-oil sectors, including manufacturing, services, and agriculture, also faced severe disruptions due to supply chain interruptions and decreased consumer demand. The pandemic disrupted economic activities on an unprecedented scale, highlighting and exacerbating pre-existing vulnerabilities within the Nigerian economy. The study underscores that the dual shock of falling oil prices and reduced economic activity led to a liquidity crisis, with businesses facing severe cash flow problems and the government struggling to finance its budget. The analysis also notes the significant decline in foreign direct investment (FDI) as investors pulled back in response to global uncertainties. This contraction in economic activities across the board led to a vicious cycle of reduced

income, lower spending, and further economic decline, emphasizing the interconnectedness of various economic sectors.

The research indicates that the pandemic had a devastating effect on employment and income levels in Nigeria. With lockdowns and social distancing measures, many businesses, especially small and medium-sized enterprises (SMEs), were forced to shut down or significantly reduce operations. The informal sector, which constitutes a substantial part of the Nigerian economy, was particularly hard hit. The study estimates that millions of jobs were lost, and many households experienced a significant reduction in income. The unemployment rate, which was already high before the pandemic, surged to unprecedented levels, exacerbating poverty and inequality. The impact was more pronounced in urban areas where economic activities are more concentrated. The study reveals that the service sector, including retail, hospitality, and transportation, suffered the highest job losses due to their dependence on physical interactions. Additionally, sectors like manufacturing and construction, which rely heavily on labor, experienced significant employment declines as projects were halted or delayed. The research highlights the gendered impact of the pandemic, noting that women, who are overrepresented in the informal sector and in sectors hardest hit by the pandemic, faced greater job losses and income reductions.

The research provides a detailed sectoral analysis, showing that while all sectors were affected, some were hit harder than others. The hospitality and tourism industries,

for example, experienced near-total collapse due to travel restrictions and social distancing mandates. The manufacturing sector faced disruptions in supply chains and reduced demand for non-essential goods. In contrast, the agricultural sector, despite facing challenges in logistics and labor shortages, demonstrated some resilience due to the essential nature of food production. However, disruptions in the supply chain affected food prices and accessibility, contributing to inflationary pressures. The study notes that the healthcare sector, while critically important during the pandemic, also faced challenges such as insufficient funding, inadequate infrastructure, and a shortage of medical supplies and personnel. The education sector experienced significant setbacks as schools were closed, and the shift to online learning highlighted the digital divide and limited access to technology for many students. The research underscores the compounded impact on sectors that are interconnected; for example, the decline in manufacturing affected the logistics and transportation sectors, leading to a broader economic slowdown. The analysis also points to the potential for recovery and growth in certain sectors post-pandemic, particularly those that can leverage technological advancements and adapt to new consumer behaviors, such as e-commerce and telemedicine.

The study revealed that in response to the economic crisis occasioned by the COVID-19 pandemic, the Nigerian government and the Central Bank of Nigeria (CBN) implemented various fiscal and monetary policy measures. The research evaluates these

responses, noting that while they provided some relief, they were insufficient to fully mitigate the economic downturn. The government introduced stimulus packages aimed at supporting businesses and vulnerable populations, including cash transfers and food distribution. The CBN implemented monetary easing policies, including reducing interest rates and providing liquidity support to banks. However, the research points out that the limited fiscal space and pre-existing economic vulnerabilities constrained the effectiveness of these measures. The study critiques the timeliness and reach of the stimulus packages, highlighting delays in disbursement and the exclusion of many informal sector workers from formal support mechanisms. Additionally, the research discusses the challenges of implementing monetary policy in an environment of high inflation and currency volatility. The devaluation of the naira and rising inflation rates limited the CBN's ability to use traditional monetary tools effectively. The study also examines the role of international financial institutions, such as the IMF and World Bank, in providing emergency financing and debt relief, noting that while these measures were helpful, they were not sufficient to address the scale of the crisis. The research suggests that a more coordinated and comprehensive approach, involving structural reforms and greater fiscal discipline, is needed to ensure long-term economic stability and resilience.

Conclusion

In conclusion, the economic impact of COVID-19 on Nigeria has been profound and multifaceted, affecting various sectors and exacerbating existing vulnerabilities. The pandemic led to a significant downturn in oil prices, which is a crucial revenue source for Nigeria, causing a sharp decline in government earnings and foreign exchange reserves. This economic shock reverberated through all layers of society, causing widespread unemployment, business closures, and increased poverty rates. Specifically, the informal sector, which constitutes a substantial portion of Nigeria's economy, was particularly hard-hit. Lockdown measures and movement restrictions disrupted daily economic activities, leading to a substantial loss of income for millions of Nigerians who depend on the informal economy for their livelihoods. Furthermore, the agricultural sector, which employs a large part of the population, faced disruptions in supply chains, affecting food security and rural incomes. Additionally, sectors such as tourism, hospitality, and transportation experienced significant downturns, resulting in job losses and business closures. The reduction in consumer spending, driven by income losses and economic uncertainty, further strained businesses across the country. Overall, the pandemic revealed and intensified the existing economic fragilities within Nigeria, highlighting the urgent need for diversification and resilience-building measures.

The study also conclude that the Nigerian government responded to these challenges with a range of fiscal and monetary policies aimed at mitigating the adverse effects of the pandemic. These measures included the establishment of intervention funds,

tax reliefs, and incentives to support businesses and protect jobs. For instance, the Central Bank of Nigeria (CBN) introduced a ₦50 billion Targeted Credit Facility (TCF) to support households and small and medium-sized enterprises (SMEs) affected by the pandemic. Moreover, the government launched the Economic Sustainability Plan (ESP), which focused on creating jobs, boosting local production, and implementing infrastructural projects to stimulate the economy. Despite these efforts, the recovery has been uneven, with the most vulnerable populations and smaller enterprises struggling to regain stability. The healthcare sector, which was already underfunded, faced immense pressure, further highlighting the need for investment in healthcare infrastructure and services. The educational sector also experienced significant disruptions, with school closures affecting millions of students and exposing the digital divide in access to online learning. The pandemic has underscored the importance of addressing structural issues within the economy, such as improving healthcare, education, and social protection systems, to build a more resilient society capable of withstanding future shocks.

Furthermore, it was concluded that the long-term economic impact of COVID-19 on Nigeria underscores the importance of building a more robust and diversified economy. Investment in healthcare, education, and digital infrastructure can foster sustainable growth and enhance the country's ability to withstand future crises. For instance, increasing budget allocations to the health sector can improve the country's capacity to manage public health emergencies, while investing in digital infrastructure can facilitate

remote work and learning, making the economy more adaptable. Moreover, strengthening social safety nets and implementing inclusive policies can help mitigate the socioeconomic disparities exacerbated by the pandemic. This includes expanding social protection programs, such as conditional cash transfers, to support vulnerable households and improve food security. Additionally, promoting the growth of non-oil sectors, such as agriculture, manufacturing, and technology, can reduce dependency on oil and create more diverse income sources for the economy. By addressing these key areas, Nigeria can not only recover from the immediate impacts of COVID-19 but also lay the foundation for a more resilient and inclusive economic future. This strategic approach will ensure that the country is better prepared for any future global disruptions and can achieve sustainable economic growth and development.

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