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Socioeconomic Impact of COVID-19 in Oil Exporting Countries: An Analytical Review of the Macroeconomic Indicators in Nigeria

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Abstract

One of the most burning issues that have dominated the public sphere in Nigeria and other oil exporting countries is the covid-19 pandemic and its attendant challenges. This pandemic is a shock on real economic fundamentals and frictionless of the market. It introduces a barrier between the market forces with strong complementary feedbacks in the real economy. The absence of precise vaccine or medication for the virus has necessitated the adoption of several precautionary measures with the aim of containing its wide spread. Critical among which are the travel restrictions, lockdown measures as well as social and physical distancing. These measures have detrimental effect on the demand and price of oil in the international market. In view of that, this study evaluates the social and economic impact of covid-19 in Nigeria taking into cognisance the effect on certain critical macroeconomic indicators. The study adopted an analytical approach to supplement the much ongoing documentations on the subject matter. Result shows that virtually all essential macroeconomic indicators are grossly affected with tax, remittances and employment exhibiting severe consequences. Also, uncertainty, panics and lockdown measures are key to motivating higher decrease in world demand. The supply disruptions and huge death toll generates a heightened uncertainty and panic for household and business. This uncertainty and panic leads to drop in consumption and investment thereby causing a decrease in corporate cash flows and triggered firm's bankruptcy. Also, lay-off and exiting firms produce higher unemployment while labour income decreased significantly. Since it entails a large amount of government expenditure especially in the health sector which is required to contain the spread of the virus, there is needs for government to diversify its revenue sources and thus drop over dependency on the oil remittance. Furthermore, there is a need to support the financial system to avoid the health crisis becoming a financial crisis in the long-run.

Keywords: Analytical approach; COVID-19 pandemic; Macroeconomic indicators; Socioeconomic impact; Nigeria and oil exporting countries.

1. Introduction

In the global economy, countries with abundant natural resources have a comparative advantage as they can export at lower prices and consequently the international quantity demanded for their product would be on the increase. With this, export growth can be sustained in the global market and higher economic growth ensues. However, it is an argument among economist that natural resource endowment is not necessarily required for economic prosperity, thus the issue of resource curse emerge. This implies that natural resource endowment does not always enhance output but rather hinder economic growth taking into consideration the Dutch disease. The outbreak and fast spreading of covid-19 pandemic has made many countries of the world to imposed travel restriction and domestic lockdown, resulting to the reduction in the demand for oil.

It is feared that after the covid-19 pandemic, another resource curse is blooming. Presently, crude oil is witnessing the biggest demand shock in its history, as the price falls below USD 30 per barrel, following cessation of world trade (which started in China since January, 2020) in the wake of the Covid-19 pandemic and which coincide with the time of trade dispute between Saudi Arabia and Russia. Consequently, a considerable decline in the transportation activities due to travel restrictions and lockdown measures have adversely decrease the demand for oil. Hence oil exporting nations including Nigeria, Saudi Arabia, Russia and Iraq have recorded huge losses. Nigeria depends so much on oil and gas revenue accounting to over 60% of its GDP growth, Saudi Arabia is also highly dependent on its petroleum exports. Oil and gas contribute 50% of its total GDP. Russia, the world's largest country by landmass, exports oil and gas that constitute 60% of its total exports and contribute 30% of its GDP. In Iraq, oil plays an important role in boosting economic growth as it captures 65% of its GDP, and petroleum accounts for 94%

of total exports. As such, oil revenue and aggregate output growth rate in those countries are expected to shrink in the fiscal year 2020 due to oil slump.

African largest oil producing countries such as Nigeria and Angola where oil revenues represent more than 90% of exports and more than 70% of their national budgets will be greatly affected by the fall in oil prices in similar proportion (African Union, 2020). This falling of oil prices will lead to the decline in the sustainability of the Nigerian economy.

Scenario simulations of the International Monetary Fund (IMF) shows that the growth in global economy could fall by 0.5 for the year 2020 (African Union, 2020). Other observers are also expressing fears that a fall in global growth occur as a result of the direct effects of the covid-19 pandemic. There is apprehension that the global economy may fall into recession in probably the first half of the year 2020.

The United Nations Economic Commission for Africa (UNECA) predicted the losses associated with the fall in oil prices of the barrel at 65 billion US dollars, with as high as up to 19 billion US dollars of these losses expected in Nigeria (African Union, 2020). For instance, Nigeria as a country made its budget estimate for the first quarter of 2020 based on expectation of oil price of a barrel at USD 67. The price of crude oil presently has dropped by more than 50% (OECD, 2020). The Nigerian scenario explains the situation in other African countries that depends on oil revenues in particular and raw materials in general, all of which will now be required to reduce their revenues estimate for at least the next two quarters.

This has the potential of reducing the foreign exchange reserves of these oil exporting countries and their ability to implement their development programs with ease, and with multiplier effect on ability to fight poverty and improve on the welfare of their citizen. More worrisome is the fact that these countries will require significant resources to fight the present Covid-19 pandemic with severe health and economic impact. As of April, 2020, it is estimated that about 70 percent of the loaded cargoes of crude oil from Angola, Nigeria and African oil exporters such as Gabon and Congo were unsold as the countries struggle with difficulty of finding buyers for their products (African Union, 2020).

Instability in oil prices and of mineral resources generally has significant effect on economic growth and exchange rate for Nigeria and other African countries as well as indirect impact on inflation through the exchange rate (Akalpler and Nuhu, 2018). This development places oil producing countries of Africa at greater risk of depreciation of their currencies during this covi9-19 crisis. It is estimated that Nigeria could lose up to $19b as the country will be compelled to reduce its total exports of crude oil in 2020 by between US $14 billion and US$ 19 billion (compared to predicted exports without covid-19) (African Union, 2020).

Covid-19 pandemic has resulted into sudden falls in the prices of commodities, fiscal revenues, foreign exchange receipts, foreign financial flows, travel restrictions, declining of tourism and hospitality, frozen labour market, among others. The pandemic has impacted negatively on critical sectors of the Nigerian economy such as tourism, hospitality, entertainment, travel, exports; with falling commodity prices and declining governments' resources to finance public investment.

Nigeria depends so much on foreign sources of financing of its current deficits. This sources include FDI, portfolio investment, remittances, official development assistance, and external debt. However, the anticipated contraction or slowdown in origin countries could lead to a decline of the level of Official Development Assistance (ODA), Foreign Direct Investment (FDI), Portfolio investment inflows and Remittances flows to the country. The anticipated losses in tax revenues and external financing as a result of the disruption of economic activities by the covid-10 will make it difficult for Nigeria to finance its development projects and lead to the external value of the local currency reducing and a depreciation (African Union, 2020).

The covid-19 crisis has had enormous social and economic disruption to the Nigerian economy. As the pandemic progresses slowly across the globe, studies by international organizations have less addressed the economic impact on individual African countries and Nigeria in particular. Although, the rampaging effect of the covid-19 is still on, it is important to examine the socio-economic impact of the pandemic on Nigerian microeconomic indicators in order to have a better picture of the potential social and economic impact on the country.

Exports and imports commodities of African countries are expected to drop by at least 35% from the level attained in 2019. Thus, the loss in trade value is projected at around 270 billion US dollars. To contain the spread of, the virus and medical treatment to contain it will require increase of public spending in Africa estimated to be at least USD130 billion (African Union, 2020).

It has been estimated by UNTACD that the total African trade average value for the period (2015-2019) was US$ 760 billion per year, which represents 29% of Africa's GDP. Trade among African countries accounts for only 17% of total trade in the continent (African Union, 2020). Trade among African continents is seen as one of the lowest when compared to other regions of the world, at 16.6% of the total. Experts observed that this situation is very much rooted in the low levels of large industrial establishment, infrastructure development, financial and monetary integration and the tariff and non-tariff barriers. This development makes the African economy more of extrovert economy and sensitive to shocks and external decisions.

Consequently, the rest of the paper is organised as follows: section 2 presents and highlights the social and economic impact of covid-19 in Nigeria in relation to sustainable growth; section 3 provides the challenges and other complications of managing the pandemic in Nigeria; section 4 deals with the government response and other initiatives as instituted by the federal authority in Nigeria; section 5 contains the materials and methodology used in providing clarification to the covid-19 happenings in Nigeria; section 6 presents the results based on review from the literature; section 7 provides the concluding remarks; and finally section 8 deals with the policy recommendations based on observations from the current realities.

2. Social and Economic Impact of COVID-19 in Nigeria

In the global economy, countries with natural resource endowment have a lead as they can export at lower prices and consequently the international quantity demanded for their product would be on the increase. Due to the covid-19 pandemic, many countries have imposed a travel restriction and domestic lockdown, resulting to a decline in the demand for oil. These however, have produced a detrimental impact related to social and economic measures on the Nigeria economy. These measures are presented in the following sub-sections.

2.1. Social Impact

a. Increase in sickness and deaths - impact on human health (as shown by the increase in morbidity and mortality).
b. Travel bans and lockdown - A lockdown means that the economy, in general, is not producing, and people are not consuming. It would be practically difficult to achieve wealth distribution if there are no economic activities generating revenue for the government. The disruptions to livelihoods are inevitable and will be long-term, and the rebuilding process will outlast the presence of the virus in the country. The impact of the general lockdowns weighs most heavily on the poor, who constitute a greater part of the informal sector of the economy and depended on face-to-face contact. Many of them can hardly survive a day without work, as they earn their food daily. The Federal Government policy of lockdown as a result of the pandemic brought to a stop all income-generating activities for people engaged in non-essential services. The lockdown also disrupted the food supply chain which led to increase in prices of foodstuffs and household consumables across the country.
c. Closure of schools and educational institutions – thereby forcing students to remain at home indefinitely.
d. Increase number of corpses in mortuary – many mortuaries are already filled up and government is calling on people to come and carry their dead relations and burry.
e. Cancellation of most social activities such as weddings, burial ceremonies etc. – with heavy financial losses and inconveniences.
f. Increase in criminal activities.
g. Affected tourism activities – through shutdowns, movement restriction and cancellation of flights and hotel reservations.
h. Stoppage of flight operation by airlines and road transporters – all airports are closed for both domestic and international flights.

2.2. Economic impact

i. Cut down on Nigerian GDP growth in 2020 by some percentages: prior to the outbreak of the pandemic, the situation of the economy of the world economy and that of developing countries like Nigeria was fragile, as the global GDP growth was projected at 2.5 percent in 2020. The weak capacity of the healthcare system in the country is likely to aggravate the pandemic and its associated economic impact.
ii. Oil price shock leading to economic contraction - oil prices lost over 50% of their value dropping from US$ 67 a barrel to below US$ 25 a barrel. In response to support crude oil prices hit by the covid-19 pandemic, major oil producers proposed to reduce production, as people consume less and decline in travel.
iii. Interruption of commodity supply chain leading to shortages of most basic household consumable goods and food stuffs. The prices of key food commodities across the globe has the potential of impacting Nigeria greatly because of the country's high dependence on importation.
iv. Delayed or reducing Foreign Direct Investment (FDI)
v. Slowing down in overall economic growth.
vi. Disrupting ways of working for many individuals, businesses and government agencies.
vii. Many businesses especially SMEs are under great pressure and face potential closure and bankruptcy.
viii. Main stock market shares loss value and decline.
ix. Most non-essential industries closed down and workers settled.
x. Drastic decline in manufacturing in the country. The lockdown policy made most factories to shut down operation.
xi. Discretionary spending as a result of uncertainties occasioned by the covid-19 pandemic.

3. Challenges of COVID-19 pandemic in Nigeria

With the increased number of daily infection and many workers lay-off and no definite end in sight, the covid-19 pandemic has upended nearly every aspect of the Nigerian economy in terms of human and economic losses. Including Nigeria, various governments around the globe are tremendously pursuing broad monetary and fiscal policies to combat the economic fallout from the covid-19 pandemic. Unfortunately, such measure is appropriate for combating cyclical fluctuations, not for this public health crisis. At present, Nigeria is facing a trade-off between social order and economic collapse. This is because, much economic activities in the business environment involves physical interactions among populace, and with the social distancing and lockdown policies being enforced, such business activities come to a halt.

In the last 100 years, covid-19 crisis is the only pandemic that hit the integrated global economy, and most of the market goods are outcomes of global supply chains where it involves physical interactions. As a result of the covid-19 pandemic, economic growth in sub-Saharan Africa will fall from 2.4 percent in 2019 to between -2.1 percent and -5.1 percent in 2020, depending on the success of measures taken to mitigate the pandemic's effect. In other words, the region will experience it first recession in 25 years (Madden, 2020). This is necessary due to the fact that, decreased economic activities in the region and disruption in the world economy will negatively affect Africa's participation in trade and value chains as well as limits foreign financing flows to the continent. The decline will be primarily due to large contractions in South Africa, Nigeria and Angola driven by their reliance on oil exports whose prices have fallen drastically. However, the region is projected to recover growth to positive level by 2021, although it will remain below the levels attained in 2018 and 2019, respectively (Madden, 2020).

High public expenditure, better terms on interest rates and lower taxes may lure populace in the short-run, but do not stimulate productive activity when people cannot work. The current challenge is not a generalised decreased in aggregate demand as experienced during the Great Depression of 1930s, but a dramatic fall in the production and consumption of goods and services that rely heavily on physical interactions, equally combined with increase in production and consumption of products that do not rely on physical interaction. That is why business is at present thriving for online stores but collapsing for transportation sector, restaurants, hotels and private educational services. To curtail the negative impact of this pandemic, the Nigeria government have introduced several fiscal measures to mitigate the undesirable economic impact. But such measures and other palliative initiatives are aimed to provide income for closed (non-existing) businesses rather than generating income from the opening (existing) businesses. While this initiative is appropriate for fighting economic depression or temporary decreased in aggregate demand, it leads to misallocation of resources. Providing income support to people without jobs is inadequate without free access to essential goods and services such as food and medical care. In Nigeria, access to these services is far from assured leading to widespread anxiety and despair.

However, it would be negligent and reckless for any government to formulate policies on the assumption that the present pandemic is a temporary phenomenon. It is irrational for policy makers to assume that given palliatives to employers and employees is adequate to sustain them until the prompt return of economic normalcy. No one knows the length and duration of this pandemic. If it takes longer time to contain the virus, then misallocation of resources would induce public authorities to plan for a determined structural change. As a result, distributing palliative and fiscal measures to closed businesses would cease to be an option, but providing employment opportunities to larger populace become paramount and essential. On the other hand, if the pandemic is of short duration, the Nigerian government must ensure that they are never caught as unprepared. This implies strengthening the health sector and economic resilience to pandemic shock by ensuring that adequate skilled workforce are available for any health or economic emergency. Therefore, regardless of the pandemic duration, there is need for ultimate change in organisation and management of economic activities.

4. Government Response to COVID-19 Pandemic in Nigeria

Like it counterpart within sub-Saharan region and other oil exporting nations, the Nigerian government has responded to the pandemic by developing adequate measures with the view to combating the menace and further avoid it widespread and contamination. A good number of these measures include but not limited to:

i. Constitution of Presidential Task Force (PTF) to coordinate and oversee Nigeria's multi-sectoral and intergovernmental efforts to contain the spread of the disease.
ii. Establishment of network of testing laboratories.
iii. Lock down – banning of movement within and out of states.
iv. Social distancing – restriction of all forms of movement and maintaining of minimum of 1 metre distance with one another.
v. Frequent hand washing with flowing water every 10 mins. Every government offices and private businesses were required to provide free flowing water and hand sanitizers at the entrance of their premises.
vi. Establishment of isolation camps and isolation of suspected cases and individuals.
vii. Quarantine of exposed individuals and groups
viii. Distribution of palliative measures such as payment of conditional cash transfer to the poorest of the poor, N-Power and distribution of food materials to vulnerable groups.
ix. Nigerian government seeking a combined $6.9 billion loan from international financial institutions such IMF, World Bank and African Development Bank to enable it contain the challenges of covi-19 in the country (Oni-Egboma, 2020).
x. Central Bank of Nigeria (CBN) fiscal stimulus package of 50-billion-naira credit facility to households and Micro, Small and Medium Enterprises (MSMEs) most affected by the pandemic (Oni-Egboma, 2020). This will enable beneficiaries to access funds to a maximum of N3 million. However, qualification requires proof of collateral, such as property, which is exclusionary for the most vulnerable households (CSEA, 2020). There is fear that lack of a comprehensive database of informal workers, and their institutional financial exclusion, will lead to the added risk that the funds will not reach the right people.

5. Materials and Method

The study adopted a conceptual review based on the available literature to explore the trend of the pandemic and evaluates the social and economic effect of covid-19 epidemic on certain critical macroeconomic indicators that provide the required nutrients and serves as fertiliser to the sustainable growth in Nigeria. The study is purely qualitative and generated it data based on observational occurrences and documented evidences from the literature. In other words, secondary materials are used and obtained through web-based generic search engines. This is necessary due to the difficulties in quantifying the real impact of the pandemic as posed by high level of uncertainty, volatility trend and a rapidly changing nature of the situation. The aim is to provide better understanding of covid-19 harms by exposing it socioeconomic effects and further assess the influence on national economy.

6. Result and Discussions

There is no sector or sub-sector of the global economy that is not affected by the covid-19 crisis given it continued mutilation on aggregate output growth. In line with the methodology adopted for this study, various macroeconomic indicators that play a significant role in revitalising and accelerating the pace of sustainable development are reviewed with the view to assessing the social and economic impact of covid-19 pandemic in Nigeria. This would provide a clear understanding of how depth and magnitude is the pandemic towards affecting social and economic wellbeing of the populace. The rationale for selecting these indicators is due to their relevance and essential role played in the international economy. A good number of these essential macroeconomic indicators include the followings:

Remittances: Financial remittances have been seen to be the largest source of international financial flows to Nigeria since 2010, which account for about a third of total external financial inflows into the country. It represents the most stable source of financial flows, as it has consistently increased in volume since 2010 (AU, 2020). The global socio-economic impact of covid-19 pandemic has grossly decreased the financial remittances from international development partners. As tourism remains significant sector of the economy, it employs over a million people in Nigeria. But due to the pandemic, it has heavily been affected as countries begin to impose travel restrictions and encourage social distancing. Similarly, with the economic activities in stagnation among many advanced and emerging countries, remittances to Nigeria would significantly decline.

Foreign Direct Investment: The flow of FDI to Africa according to UNCTAD (2019), rose to $46 billion notwithstanding the global downward, an 11 percent increase after consecutive declines in 2016 and 2017 (AU, 2020). Furthermore, there have been large-scale capital withdrawals from the continent before now; for instance, in Nigeria the All Share Capital Index recorded its worst performance for a decade in early March, 2020 as overseas investors withdrew their investment. This negative trend combined with deterioration in fiscal balances and the decline in economic activities due to covid-19 pandemic, will make it more difficult for Nigeria to prosper.

Official Development Assistance: Nigeria has continued to heavily rely on official development assistance to finance its development programmes because of its present economic conditions aggravated by the covid-19 health crisis. As a commodity-exporting nation and high dependency on foreign inflows, the pandemic is expected to widen fiscal deficit in Nigeria. The revenue collected by various governments within the sub-Saharan region is projected to be 12 percent lower than without covid-19 pandemic. Since government expenditure will remain high in order to combat the effect of the health pandemic, Africa's overall fiscal balance is projected to deteriorate substantially to around 2.7 percent higher than in non-covid-19 situation (Madden, 2020).

Tax: The greatest source of tax revenues was tax on goods and services. Tax-to-GDP ratio ranged from 5.7% in Nigeria (African Union, 2020). It has been observed that credit default swap rates on five-year sovereign issues have increased year on year in late March 2020 in Nigeria by 270% (EIU, 2020). Thus, the covid-19 crisis will create scarcity of resources that is feared will affect public spending. There is general apprehension that government spending on infrastructural development could drop by at least 25% as a result of lower tax revenues and challenges in mobilizing external resources (African Union, 2020). This notwithstanding, Government spending to health care system is expected to rise greatly as a result of the need to contain the spread of covid-19 pandemic and reduce the impact on the economy.

Employment: While the economic measures are intended to support the formal sector, it is very important to note the fact that the informal sector in developing countries contributes to about 35 percent of GDP and employs over 75 percent of the labour force (African Union, 2020). The size of the informal sector represents nearly 55% of the cumulative gross domestic product (GDP) of sub-Saharan Africa (AfDB, 2018), not minding if further studies showed that it ranges from a high of 50 to 65 percent in Nigeria (International Centre for Tax and Development ICTD, 2018). Excluding the agricultural sector, informality represents between 30% and 90% of employment (African Union, 2020). Additionally, the informal economy in Nigeria is seen as one of the largest in the world, which act as a kind of social shock-absorber in most of the largest cities of the country. In many African countries, it is believed that as much as 90% of the total work force is in informal employment (AUC/OEDC, 2018). Close to 20 million jobs, found in the formal and informal sectors may likely be loss in the African continent if the present situation of covid-19 pandemic continues. The disruption of the value chains, the lockdown of the population and the closing down of businesses such restaurants, bars, retailers, informal commerce among others, would result to disruption in many informal activities that provide the basic means of livelihood for the population. Considering the size of the informal sector in Nigeria, the Federal government is expected to take measures that will support people to make their daily living out of it. Supporting the informal sector is one effective measures that will help reduce the spread of the covid-19 disease and support household consumption that is expected to reduce the potential of conflicts and social unrest.

Health care system: it is feared that the covid-19 crisis will exacerbate the poor health systems on the African continent. The requirements to manage covid-19 patients will overcrowd the existing health facilities and thereby make it difficult for patients with high burden diseases such as AIDS, TB and Malaria to access adequate care, thereby resulting into more morbidity and mortality. Furthermore, the covid-19 crisis will consequently create shortage and scarcities of medicines and health equipment. Africa's largest suppliers of medicines are the European Union and Asia (African Union, 2020). Notwithstanding, the drug manufacturing firms in these countries were forced to shut down their factories because of the drastic eradication measures taken in is such heavily affected European countries such as Spain, UK, Italy and France. Therefore, if the covid-19 crisis is at its high stage, it will be difficult for these countries to treat their patients. Landry and Gurin-Fakim (2020), predicted that African countries will require additional $10.6 billion health spending to contain the pandemic. This anticipated health crisis could have serious negative impact on the treatment of other diseases in Africa.

Nigeria as a country imports about 90% of its pharmaceutical products from foreign countries such as China and India. Unfortunately, studies have shown that the annual earnings from substandard and/or counterfeit drugs in Africa has risen above US$30 billion, according to the World Health Organization 2017 report of fake drugs trade in Africa (African Union, 2020).

Furthermore, the present covid-19 crisis has proven to the African continent that it cannot continue to rely on external suppliers for its internal consumption in products as very important as pharmaceuticals. Hence, African countries are expected to use the opportunity provided by the pandemic to accelerate the implementation of the Pharmaceutical Manufacturing Plan of the continent and the establishment of African Medicine Agency by prioritizing investment for regulatory capacity development; pursuing the efforts towards convergence and harmonization of medical products regulation in RECs; making adequate resources available for AMA as stipulated by the successive AU Assembly resolutions on the matter.

Security challenges: It is also feared the covid-19 crisis is likely to pose security threats in Sahel region, as most of these countries are already experiencing conflicts which have displaced large populations in the region. The covid pandemic came at a time when the country is already overwhelmed by the security challenges and vulnerability, conflict and violence from numerous sectarian group such boko haram terrorisms, community-based militias, bandits, political instability and/or climate change. While the Federal and state governments and their institutions strive to contain widespread of covid-19, this poses serious challenges to efforts to keep enforcing security and defense across the country. The attack by the Boko Haram armed group in recent times along the Lake Chad which led to the death of about 92 soldiers on 25th of March, reveals clearly the vulnerability of the region. More also, the United Nations report of 30th March 2020, reveals that as at February 2020, 765,000 people were internally displaced and 2.2 million required humanitarian support in Burkina Faso (African Union, 2020). The outbreak and fast spread of the covid crisis in this region has the potential to constrained security forces, health providers and international relief organizations to provide support and assistance to local populations in the region.

7. Conclusion

This study has examined the social and economic impact of covid-19 in Nigeria taking into cognisance the effect on certain critical macroeconomic indicators. The study adopted an analytical approach to supplement the much ongoing documentations on the subject matter.

The outbreak of covid-19 has drastically changed the world direction and the conventional way humanity has known life since time immemorial. The world has woken up to identify the rapid and wide spread expansion of the pandemic which has its tentacles on virtually all continents recording a daily number of causalities and infections. The absence of precise vaccine or medication for the virus has necessitated the adoption of several precautionary measures with the aim of containing its wide spread. Critical among which are the travel restrictions, lockdown measures as well as social and physical distancing. These measures have detrimental effect on the demand and price of oil in the international market. Virtually all sectors are affected including industries, transportation and agriculture.

The result of the findings shows that virtually all essential macroeconomic indicators are grossly affected with tax, remittances and employment exhibiting severe consequences. In addition, uncertainty, panics and lockdown measures are key to driving higher decrease in world demand. The supply side disruptions and huge death toll generates a heightened uncertainty and panic for household and business. This uncertainty and panic leads to drop in consumption and investment thereby causing a decrease in corporate cash flows and triggered firm's bankruptcy. Also, lay-off and exiting firms produce higher unemployment while labour income decreased significantly. Accordingly, the covid-19 crisis is threatening the economies of oil-exporting countries and must therefore fight for a predictable economic recession in the long-run.

Policy Recommendations

In line with the analytical results and observations from the literature, the following policy recommendations are proposed:

a. There is a need to support the financial system to avoid the health crisis becoming a financial crisis in the long-run. With the anticipated global recession becoming inevitable and also affecting emerging markets, the glamour for intervention becomes paramount. A coordination between fiscal and monetary policies is required to maximise and multiply impact and further provides a financial support to other policy measures.
b. Government should ensure that firms adequate cash flows to pay workers and suppliers especially small and medium businesses, and to further avoid bankruptcy. More to that, workers should receive pay cheques even in the quarantine to augment with the government palliatives.

c. Cash disbursements to household and businesses are highly imperative in this circumstance. Tax incentives or cut, emergency loans and borrowings at favourable rate would prevent a collapse in the aggregate demand.
d. Since it entails a large amount of government expenditure, especially in the health sector to contain the spread of the virus, there is needs for government to diversify its revenue sources and thus drop over dependency on the oil remittance.
e. The unprecedented nature of the covid-19 crisis has made it very difficult for well to do citizens to depend on foreign healthcare services and more difficult to solicit for international support considering the high level of competing demand for medical supplies and equipment. Hence, integrated response is needed to overcome the structural issues that make the country less resilient to shock and limit its range of policy responses.
f. It is time for global coordination and no country has a fiscal capacity to stand alone. Therefore, Nigerian government should connect with the rest of the world on how to combat the pandemic. Interconnected society and economy requires a global coordination, and also a global shock requires a global response.
g. Government should step up campaigns to educate the general public on best practices including promotion of personal hygiene, physical and social distancing, discouraging large public gathering, and encourage employers to protect the jobs of employees who require quarantine or self-isolation. The campaign should elicit the support and assistance of traditional, religious and civil society leaders for maximum effect.

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