

ECONOMIC AND SOCIAL IMPACTS OF THE MULTIPLE CRISES AND RECOVERY STRATEGIES IN NIGERIA

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INTRODUCTION

Nigeria, Africa's most populous country and largest economy, has been hit by multiple crises in recent years that have had profound economic and social impacts on its citizens. Specifically, the country has faced a triple challenge of the COVID-19 pandemic, security challenges and an economic recession, all under a decade. These crises have led to significant disruptions and slowed down the advances made previously in drawing people out of poverty.

The COVID-19 pandemic affected over 220 million Nigerians, with 207,000 confirmed cases and over 2,700 deaths as of September 2021. The pandemic impacted Nigeria's economy significantly, leading to a decline in GDP by 1.8 *per cent* in 2020, which led to the first recession in the country in a quarter century. The pandemic also led to job losses and reduced income for many Nigerians, especially those in the informal sector, deepening poverty and all the more so when individuals with jobs have many dependents from their nuclear and extended families.

Nigeria has also been grappling with security challenges, including terrorism, banditry and kidnapping, all of which have led to the loss of lives, displacement of communities and large scale disruptions in economic activities. Insurgency attacks have resulted in thousands of deaths between 2015 and now. The security challenges have also affected economic activities in affected regions, with farmers' inability to access their farms due to insecurity leading to food shortages and increased food prices in the urban centers. The ethnic and religious security challenges have lately been complemented with a rise in banditry and kidnap for ransom in the more remote locations, with about several millions paid out as ransom between 2016 and 2020.

Furthermore, the economic recession in Nigeria has led to a decline in economic activities, with a contraction of the economy by 6.1 *per cent* in the second quarter of 2020 (NBS, 2022). The recession led to job losses, a decline in purchasing power and increased poverty levels. The recession occurred several times since 2015 and it is linked to a decline in oil prices, which is the main source of foreign exchange for the country, and the slow recovery of the global economy from COVID-19 induced lockdowns.

This paper aims to analyse the economic and social impacts of these multiple crises on Nigeria's population, identify their effect on vulnerable populations and evaluate the recovery strategies adopted by the Nigerian government. The success of the strategies in reducing the effects of the crises on poverty reduction will also be evaluated in this presentation, along with suggestions for further improvements. By analysing Nigeria's experience in managing these crises, this paper seeks to provide insights for policymakers and researchers on effective strategies for managing multiple crises in developing countries.

MULTIPLE CRISES AND THEIR EFFECT ON NIGERIANS

The COVID-19 Pandemic

The COVID-19 pandemic has had a significant impact on Nigeria's economy, leading to a decline in the gross domestic product (GDP). According to the National Bureau of Statistics (2022), Nigeria's

GDP contracted by 1.8 *per cent* in 2020, following the first recession in the country in 25 years. The decline in oil revenue, which accounts for over 90 *per cent* of Nigeria's foreign exchange earnings, led to a decline in government revenue, making it difficult for the government to fund the budget and provide necessary services. Inflation reached 17.33 *per cent* in February 2021 largely due to supply chain disruptions, reduced production and increased demand for essential goods. Unfortunately, the lethargic recovery from the pandemic has dovetailed into the Ukraine war, leading to even higher inflation at 22 *per cent* in 2023 (NBS, 2022).

Furthermore, the pandemic led to job losses, reduced income and financial hardships for many Nigerians, especially those in the informal sector, who account for over 70 *per cent* of the workforce. According to the National Bureau of Statistics, Nigeria's unemployment rate reached 33.3 *per cent* in the fourth quarter of 2020, the highest rate in over a decade. On the other hand, salaried workers also experienced some pandemic-related financial and economic hardships. During the lockdown, many salaried workers were unable to work due to the closure of businesses, companies and offices. Some companies tried to mitigate the impact of the lockdown by allowing their workers to work from home, but this was feasible for workers in the services sector and near impossible for manufacturing construction firms, with the latter employing many more people than the services firms. Many workers were forced to take pay cuts or unpaid leave, and some were laid off. Moreover, the lockdown led to a rise in prices of essential goods, which further impacted the finances of both informal and formal workers. Many struggled to meet their basic needs, such as food, housing and healthcare (Akinleye *et al*, 2023).

The COVID-19 pandemic did have significant impact on public health and other social services in Nigeria. It led to a decline in access to healthcare services, as resources were diverted to address the pandemic. Also, the health and well-being of many Nigerians was negatively impacted, particularly those with chronic illnesses or disabilities, who were unable to meet up with scheduled hospital appointments because of the lockdown and the diversion of healthcare facilities to the pandemic. Education was also disrupted, with school closures affecting millions of students across the country. Lastly, the pandemic disrupted social interactions, economic activities and daily routines, leading to increased stress, anxiety and social isolation (Ozili, 2020).

Security Challenges

The security challenges are varied but location specific. There is a religion fueled insurgency in the North East zone which is part of the Sahelian religious fundamentalist movement. While mostly dislodged, the remnants of the movement in the Lake Chad region are still formidable and cross into neighbouring countries to evade the army with ease, no thanks to the paucity of border security. The dislodged militants from the North East are now mostly scattered across the North West and North Central zones where they operate kidnap for ransom gangs. The ransoms received are in turn used to procure arms to fortify their positions. Lastly, there is the Biafran insurrection across the South East, where members of the Independent People of Biafra and the Eastern Security Network unleash mayhem on the citizens who flout their weekly sit at home orders.

The economy in Nigeria has been significantly impacted by the security issues, particularly in the afflicted areas. They have resulted in fatalities, community uprooting, and economic sabotage, which has caused a decline in economic activity. The agriculture industry, which contributes over 20 *per cent* of Nigeria's GDP and employs more than 60 *per cent* of the country's workforce, has been significantly impacted. Due to insecurity, farmers are unable to reach their farms, which reduces food output and drives up food costs. As a result of some highways and crossings being blocked owing to insecurity, the security difficulties have also had an impact on commerce and transportation, driving up transportation costs and reducing economic activity.

Terrorism, banditry, and kidnappings have all had a substantial influence on the general populace's quality of life in Nigeria. As a result of the instability, communities have been forced to relocate, individuals have died and lost property and access to healthcare and education has been reduced. As a result of the instability, businesses have closed and investment inflows have reduced, which has also had a significant impact on economic activity. Furthermore, insecurity has disrupted supply chains and markets, making it difficult for consumers to access food and farmers to access inputs such as seeds and fertiliser. This has resulted in higher food prices and lower farmer income, exacerbating poverty and food insecurity.

Economic Recession

The principal reasons of the recession, which followed from the decline in economic activity during and after the outbreak, were the oil glut and subsequent drop in oil prices. It resulted in lower government revenue and lower economic investment. According to the National Bureau of Statistics, Nigeria's GDP fell by 6.1 *per cent* in the second quarter of 2020, the greatest loss in more than ten years. Nigeria is heavily reliant on oil exports, which accounts for more than half of its income and more than 90 *per cent* of its foreign exchange gains. Poverty levels was estimated to rise from 40.1 *per cent* in 2019 to 43.3 *per cent* in 2020 and 42.4 *per cent* in 2022, a result of the loss of numerous employment in the oil and gas sector and other related sectors (World Bank, 2020). The reduction in oil export profits affects the value of the naira, Nigeria's national currency. As a result, the cost of imported goods rose, making life more difficult for Nigerians on low incomes. Since the country's manufacturing sector was in such poor shape, a large portion of consumables had to be imported. Additionally, the devaluation of the currency caused cost-push inflation, which trickled down to the population's poorest members and worsened an already dire situation. Nigeria has also seen substantial economic effects from the recession, including a slowing of GDP growth, rising prices, and an increase in unemployment.

The economic downturn in Nigeria has had a far-reaching impact on social well-being, with a sharp rise in unemployment and poverty levels. The impact has been particularly severe, leading to reduced access to healthcare and educational opportunities. In addition, the crisis has contributed to a significant increase in crime and social unrest across the country. The recession has also resulted in less access to fundamental amenities like sanitary facilities and clean water, which has compounded the social effects of the crises. Additionally, as many households turn to harmful coping mechanisms like child labour and early marriage to deal with financial hardship, the recession has made pre-existing social issues like inequality, gender-based violence, and child labour worse. The effects of these several crises on social wellbeing have intertwined and multiplied one another. For instance, the security issues have forced populations to relocate, increasing their susceptibility to the COVID-19 epidemic. The impact of the security issues has also been magnified by the economic downturn, which has increased community vulnerability to crime and insecurity due to high rates of poverty and unemployment. The epidemic has also had an effect on the country's security and economic conditions, resulting in decreased economic activity and increasing societal discontent.

EFFECT OF MULTIPLE CRISES ON VULNERABLE POPULATIONS

The Nigerian crises have disproportionately impacted women. While the recession has increased the poverty rates among women, security issues have increased the rates of sexual and gender-based violence against women. In Nigeria, women make up more than 60 *per cent* of the impoverished population, and since the epidemic began, 48 *per cent* of women have endured sexual and physical violence. The COVID-19 epidemic has significantly impacted women as well,

since they are now responsible for more caregiving and have less access to healthcare services. Financial difficulties, a decline in purchasing power parity, and worries about contracting the virus all contributed to this (Akinleye *et al*, 2021).

The conflicts in Nigeria have had a big impact on children as well. The security issues have resulted in increased rates of child labour and reduced access to education. The COVID-19 pandemic has also disrupted education, with millions of children out of school. Currently, Nigeria has over 20 million out of school children. This is a red flag which can ultimately hinder quality human capital in the nearest future.

The economic downturn has had a tremendous impact on youth, with high rates of unemployment and limited access to education and training options. The security challenges have also led to increased rates of youth involvement in criminal activities and drug abuse. Lastly, the elderly population in Nigeria has been particularly vulnerable to the COVID-19 pandemic, with higher mortality rates. The economic recession has also had a significant impact on the elderly, with reduced access to healthcare services and increased poverty rates. About 70 *per cent* of recorded COVID-19 fatalities were people aged 60 years and above.

The insecurity and COVID-19 pandemic in Nigeria have significant implications for the achievement of the SDGs, as it affects poverty eradication, food security and agriculture, health, education, gender equality, and sustainable cities and communities. Poverty levels have continued to rise and this undermines the efforts to eradicate poverty, a key objective of the SDGs. Also, displacement of farmers and destruction of farmlands, has greatly affected food production and availability, thus posing a threat to the attainment of SDG 2. A decrease in the number of people accessing health services, and disruption of vaccination campaigns, COVID-19 outbreak and other outbreak of contagious diseases (such as Ebola, lassa fever, amongst others) has negatively impacted the health sector. This is a challenge for SDG 3. The fourth Sustainable Development Goal also hinges on the strength and quality of the education sector. Sadly, closure of schools and the displacement of students due to insurgency and kidnapping is showing no signs of waning. Insecurity has also led to gender-based violence, including sexual violence, abduction, and forced marriage, which undermines the efforts towards achieving gender equality (SDG 5). The impacts of these multiple crises on SDG 11 (sustainable cities and communities) cannot also be over-emphasised. The displacement of people from their communities and the destruction of public goods and amenities have undermined the achievement of the eleventh goal.

The government has faced significant challenges in addressing the root causes of the crises, including insecurity, poverty and weak health and education systems as well as the social consequences therefrom. A key challenge has been the limited resources available to address them.

IMPACT OF THE CRISES ON KEY ECONOMIC SECTORS

Security concerns have had a debilitating effect on agribusinesses, the major employer of labour in Nigeria. There has been widespread decline in agricultural productivity as well as food security, with insecurity identified as a key cause. Northern Nigeria, with agriculture as the principal economic activity, has been especially hit hard. The COVID-19 outbreak exacerbated the weakening of the sector, with the spillover effects leading to a disruption in supply lines and limiting the demand for agricultural commodities. The spate of banditry and kidnapping has been felt especially by subsistent rural farmers, who have had to pay a toll to access their farms and keep their families safe. Unfortunately, there does not seem to be an end in sight as the military is stretched much too thin to protect them, because of their residency in isolated and dispersed locations. Additionally, the climate of fear and insecurity brought on by kidnapping makes it challenging for farmers to plan

and invest in their farms. The agriculture industry in Nigeria is no longer sustainable over the long run as a result of this.

The economic downturn has also had an effect on the manufacturing sector, which resulted in decreased investment and a loss in production capacity. The epidemic has also had an impact on the industry, causing supply chain disruptions that have resulted in shortages of the raw materials and intermediate products that are crucial for the manufacturing sector. Reduced demand for goods has had an impact on the industry as well. The cost of conducting business has significantly increased as a result of the regular occurrences of abduction, armed robbery, and other criminal activity in numerous regions of the nation. The cost of security measures such as private security officers, surveillance systems, and the construction of high walls and fences surrounding manufacturing plants must be increased. This drives up manufacturing costs overall, which are ultimately passed on to customers in the form of higher prices.

The service industry, which contributes well over half of the country's GDP, has been especially affected by the pandemic. Economic activity decreased as a result of the epidemic, particularly in the transportation and hotel subsectors. The security issues have had an impact on the industry, which has resulted in less demand for services and higher operating expenses. Additionally, terrorism, kidnapping, and other acts of violence have decreased the number of tourists coming to the nation, which has had an impact on regional tourism businesses. The hospitality sector, a significant part of Nigeria's service economy, has suffered as a result.

GOVERNMENT RESPONSE TO THE CRISES AND CHALLENGES

The government has put several programmes in place to combat the different crises. All have succeeded in meeting some of the set objectives but also failed at others. A summary of these is provided hereafter:

Economic recovery plan: The government launched the Economic Recovery and Growth Plan (ERGP) in 2017 to address the economic recession and promote sustainable economic growth. The plan focused on improving macroeconomic stability, promoting economic diversification, and improving infrastructure. In 2021, the central bank maintained the policy rate at 11.5 *per cent* in order to provide support for economic recovery. The country's current account deficit decreased from 4 *per cent* in the previous year to 2.9 *per cent* of GDP, due to a recovery in oil receipts. The increase in oil exports and the distribution of the SDR allocation of \$3.4 billion (equivalent to 0.8 *per cent* of GDP) contributed to the growth of gross reserves to \$40.1 billion in 2021. In terms of economic recovery, the ERGP has had some success in improving macroeconomic stability and promoting economic diversification. However, the plan has not been able to address Nigeria's infrastructural deficit adequately, and the COVID-19 pandemic has set back some of the gains made under the plan. The pandemic has also exposed weaknesses in the health system and highlighted the need for further investment in healthcare infrastructure. There has been little investment in vital industries including housing, transportation, and power. The strategy also didn't deal with the significant unemployment rate, which still exists, particularly among young people.

Response strategy for COVID-19: For the purpose of addressing the pandemic's effects on the economy and public health, the government created the National COVID-19 Response Plan. The strategy called for actions including expanding healthcare capacity, offering monetary stimulus to help people and companies, and enhancing the social safety net. The President also set up the Presidential Task Force (PTF) on COVID-19, whose job it was to coordinate and oversee the nation's multi-sectoral and intergovernmental efforts to control the outbreak and lessen the effects of the COVID-19 pandemic in Nigeria. The National COVID-19 Multi-Sectoral Pandemic Response Plan,

which served as the framework for the federal government's all-inclusive response, was approved by the PTF. To lessen the pandemic's negative financial effects on people and companies, the strategy offered financial stimulus packages. By constructing isolation facilities, purchasing medical gear and supplies, and hiring and training healthcare personnel, it also boosted healthcare capacity. However, the plan fell short of addressing the fundamental flaws in Nigeria's healthcare system. For instance, the nation's capacity to respond to upcoming pandemics is limited by the absence of sufficient healthcare infrastructure and staff.

Security measures: The country has been grappling with security challenges over the last decade. This has led to increased security spending and the marshaling of resources to halt, and push back, the worst of the security infractions. Specifically, community policing projects for intelligence gathering and massive deployment of security forces have been employed to the most vulnerable locations. Poor socioeconomic development, dearth of infrastructure and weak governance institutions, which are the triggers of the security challenges, remain unaddressed however.

Social protection programmes: The government has implemented various social protection programmes to support vulnerable populations, including cash transfer programmes, school feeding programmes, and emergency food assistance. Some social policy response included the economic stimulus bill, national conditional cash transfer and school feeding programme. The programmes have provided relief to vulnerable populations, especially during the COVID-19 pandemic. They improved school attendance rates and reduced child labour. The coverage of the programmes is limited though. Many vulnerable populations, especially in rural areas, have not benefited from the programmes. Also, the programmes have not been adequately targeted towards the poorest and most vulnerable households. Human Rights Watch's report highlights the significant gap in social safety net spending between Nigeria and other African countries, particularly South Africa. In 2016, Nigeria spent only 0.3 *per cent* of its gross domestic product (GDP) on social safety programmes, while South Africa spent 3.4 *per cent* of its GDP on social protection. The report also notes that the average spending on social safety nets in Sub-Saharan Africa is 1.5 *per cent* of GDP, which is significantly higher than Nigeria's spending. The government's economic aid programmes for households during the lockdown have been impacted by this low spending on social safety nets. The Nigerian government offered disadvantaged households a variety of economic relief measures, such as cash transfers and food aid. However, it appears that many needy households did not profit from the government's efforts based on the low coverage of households in these programmes.

INCORPORATING LESSONS LEARNT INTO IMPROVEMENTS OF THE INTERVENTION PROGRAMMES

ERGP: The government must give infrastructure development first priority by boosting spending on vital industries like power, transportation, and housing. Additionally, the plan should prioritise job creation by fostering foreign investment and supporting small and medium-sized businesses. Investments in transmission and distribution infrastructure, renewable energy sources, and incentives for private sector participation in the industry should all be made. The government ought to put measures into place to make it easier to do business, lessen corruption, and strengthen the rule of law. In addition to fostering economic growth, this will make the environment more appealing for both local and international investment. To prepare the workforce for the occupations of the future, investments in education and skill development are also important. The economy will become more productive and competitive as a result. Nigeria is a member of both the African Continental Free Trade Area (AfCFTA) and the Economic Community of West African States (ECOWAS). By enacting laws that promote regional commerce and investment, the government

should give regional integration first priority. This would expand the economy of Nigeria by opening up new markets for its products and services.

Response strategy for COVID-19: Nigeria's healthcare system has to be strengthened by the government investing in the necessary infrastructure, hiring more healthcare professionals, and expanding training opportunities. Distribution of vaccines to at-risk groups should be given top priority in the effort to lessen the effects of upcoming pandemics. Strong health policies that direct the provision of healthcare services and provide high-quality treatment for all individuals are required in Nigeria. The government should work with healthcare professionals and stakeholders to develop and implement policies that address the unique healthcare needs of the Nigerian population. The government should also invest in campaigns to educate citizens on preventive measures such as vaccination, proper hygiene, and healthy lifestyle habits.

Security interventions: The government needs to address the root causes of the security challenges by increasing socioeconomic development in affected areas, strengthening governance structures and addressing corruption. The government should also encourage dialogue and reconciliation between conflicting parties. Effective intelligence gathering and sharing between security agencies is critical to preventing and addressing security threats. The government should invest in modern technology and human intelligence gathering to enhance the ability of security agencies to gather and share intelligence.

Social protection programmes: The programmes should be better targeted towards the poorest and most vulnerable households. The government should also increase the coverage of the programmes to reach more vulnerable populations. The non-digitalisation of the programmes' processes highlights the need for greater investment in digital infrastructure and capacity building to improve the transparency, efficiency and effectiveness of social safety net programmes in Nigeria.

RECOMMENDATIONS AND CONCLUSION

The responses of the Nigerian government, while not insubstantial, do not subsist in resolving the issues that call for their need. Policy and action need to be improved in the following directions:

Strengthen institutional capacity: The Nigerian government needs to invest in institutional strengthening to improve the capacity of its institutions to manage crises effectively. This includes investing in human resource development, improving governance and accountability and enhancing coordination among different agencies.

Develop comprehensive crisis management plans: The government needs to develop comprehensive and integrated plans that anticipate crises and outline the necessary response measures. Such plans should prioritise critical sectors, such as healthcare, education, and infrastructure and should be regularly updated to reflect changing circumstances.

Promote evidence-based policymaking: Data collection and analyses leading to evidence-based policymaking need to be adopted. Sharing these across the different agencies of government is also important to reduce duplication and working at cross purposes.

Address structural issues: Long standing structural problems need to be reviewed and reworked. These make the country prone to crises with enduring after effects. The government has to take the lead in this through legislation and facilitation

Social protection measures: These will have to be retooled using lessons from the past and experience in other climes. This should improve the capacity of the programmes to mitigate the worst consequences of crises on vulnerable people.

International cooperation: Access to technical prowess, adequate funding and timely information are necessary tools in crisis management and recovery activities. Regional and continental collaboration are good starting points which can be scaled to intercontinental levels over time

Conduct research on crisis management: There is a dearth of research on crisis management in Nigeria. Best practices and lessons learned from earlier experiences with crisis management are important in building resilience and adaptation to local needs.

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