



# **Securing Nigeria's Future: Urgent Economic Recovery and Resilience Strategies**

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## Abstract

COVID-19 has shown and exacerbated health, social and economic vulnerabilities in Nigeria, just like in most other emerging nations of the world. With long-standing economic issues that predate the pandemic in Nigeria, this paper examines ways by which opportunities brought about by the pandemic in the form of social, technological, and environmental benefits could be adapted for reversing shocks and building resilience for a post-pandemic environment. The impact of the pandemic and the recommendations that follow in this paper were developed around key economic agents such as the individual (household), firms, institutions and the government.

## 1. Introduction

Since its emergence in Wuhan, China, the COVID-19 crisis has led to a dramatic loss of human lives and livelihoods worldwide and presents an unprecedented disruption to public health, global and local supply chain systems and the world of work. In Nigeria, the social and economic impact of the pandemic has been devastating as the total number of confirmed cases rose to 165,110 by the end of April 2021 (NCDC, 2021). In the extractive sector, where oil counts for 90 percent of foreign exchange and half of the government revenue, there has been a major decline in both price and demand for oil over the past year (White, 2021).

Notwithstanding the disruption brought about by the spread and containment measures for the pandemic in Nigeria, it has also brought into focus opportunities for rebuilding and facilitating economic transformation and catch-up with the rest of the world. For example, information technologies (IT) and related innovations have been of key importance in ensuring business continuity and productivity among firms that quickly re-designed their work processes. Some COVID-19 induced opportunities have been highlighted in telecommunications and payment systems. It has also been highlighted in the e-commerce sub-sector where Jumia reported a 50 percent jump in transactions during the first half of 2020 (UNCTAD, 2021). Such ambitious trends, amongst others, require assessments especially in relation to building resilience, and what can be done going forward, to harness these opportunities for growth and long-term economic development.

## 2. Background

The COVID-19 pandemic, according to the International Monetary Fund (2021), has placed Nigeria at a critical juncture for some reasons: First, trends of de-carbonisation and the green economy and the subdued global recovery are expected to keep prices of oil at low rates; and secondly because of expected sluggish growth of non-oil sectors. While the Nigerian economy is diversified in terms of production, it is far from diversified in terms of earnings and revenue generation (Proshare, 2020). The export structure of the country, over the past decades, has fundamentally remained the same as 90 percent of the country's exports are still accounted for by hydrocarbon products (IMF, 2021). With fragmented exchange rates and loss in value of the naira relative to the US dollar, the current system creates uncertainties not just for the government but also for the other major agents that facilitate the economy. These are households, the private sector and the apex institution (Inegbedion, 2021). The extent to which these agents can efficiently and effectively carry out their roles has implications on the Nigerian economy (Inegbedion, 2021).

One of the implications of the COVID-19 crisis in Nigeria is that it unraveled longstanding unsustainable practices, economic deprivation and inequalities in our societies that pre-date the outbreak of the virus and have intensified its impact. Consequently, the major economic agents, including the government and the private sector institutions all have important roles to play in facilitating economic recovery in the country. With respect to the government, interventions meant to protect small businesses and households have been prioritized with the launch of the Nigerian Economic Sustainability Plan in July 2020 with a number of recovery plans, including palliatives for MSMEs, discounts and waivers for small scale industries and artisans, among others (PWC, 2020; World Resources Institute, 2021). The recovery plans also include investments in infrastructure, public works, agriculture, and the clean energy sub-sector where about \$619 million is committed to the Solar Homes Systems Project, which is aimed at serving about 25 million individual Nigerians and up to 5 million households (WRI, 2021).

At the level of the household, unemployment rates are higher for Nigerian youths. Without the means to earn an income in some sectors of the economy during the lockdown, many have fallen into extreme poverty (World Health Organisation, 2020). Although this has triggered temporary relief packages from the government and the easing of certain business regulations and laws, it also should lead to a review of other policies that undermine the friendliness of the business environment and ease of doing business factors. Such policies should aim at improving the formalization and standardization of MSMEs and consumer protection in Nigeria. Reforms should also consider policies that encourage public-private sector collaborations and social innovations.

Many of the current policies are aimed at absorbing the shocks induced by the pandemic. However, an economy that seeks to recover and build resilience should be one that puts innovation and creativity at the centre of its goal. As vaccine rollout is gradually gaining pace in Nigeria, issues around cost, availability and vaccine distribution, especially where cold storage is needed, give the impression that full national coverage is unlikely in the country in the next few years. This will ultimately delay the complete lifting of certain restrictions related to the pandemic (World Bank Group, 2021). Recovering better from these challenges will require innovation and solidarity (UN, 2021). This means improving the lives of the most marginalized and making the right fiscal and macroeconomic choices that will help close the inequality gap and place people's hard work and their creative and innovative abilities at the centre of recovery.

While the pandemic has helped to fast track the transition to the fourth industrial revolution innovations (Urama, 2020), issues still exist as regards the extent of investment and adoption of digital technology. The potential for novel technologies and digital health innovations have already been seen in many parts of the world (UN, 2021) but in other parts of the world, including Nigeria, many businesses and consumers have not fully capitalized on pandemic-induced IT opportunities in commerce, education, agriculture, and other priority sectors owing to prevalent barriers. Some of these barriers include the government's constrained attention to e-commerce, poor digital skills among the population, lack of consumers' trust and online fraud, over-reliance on cash, electricity issues, poor network coverage, high cost of broadband services, and other long-standing issues. Currently, many of the solutions used for cloud computing are provided by a relatively small number of organisations, mainly in the U.S. and China (UNCTAD, 2021). Much is happening in the Nigerian digital space and engagement

and incentives for smaller players within the country to improve their market presence have become necessary. By prioritizing investments in digital infrastructure, organisations can begin to learn how collaborations in the digital space can help in building resilience for future shocks. While encouraging investment in the digital space, it is equally important to put the appropriate regulations in place for data privacy and security.

Further, investments in promising digital and technological innovations will improve flexible working schedules while delivering cost-saving benefits at the level of the organisation. Telecommuting and other variants of flexible work arrangements as seen during the peak of the pandemic in Nigeria and the rest of the world is a case in point. Beyond economic benefits, this work arrangement, if sustained, can yield both environmental and social sustainability benefits in a post-COVID-19 environment. Such work arrangements, however, call for a greater focus on the electricity sector and closer coordination with the telecommunication sector. Not only will an investment in the electricity sector benefit the corporate world, but it would also speed up the diversification agenda in both agricultural and non-agricultural activities. For example, investments in cold storage facilities in Nigeria suffered huge losses during the nationwide lockdown as a result of unreliable electricity and supply chain limitations. Therefore, investments in the electricity sector will ensure the preservation of agricultural produce and prevent losses to farmers. Rural incomes could also rise as improved rural electricity is essential to raising the incomes of the rural population.

Finally, institutions such as the Apex bank can scale up the adoption of clean energy to fast-track a sustainable economic recovery process. As the population of Lagos state, for example, is predicted to increase by 77 people every hour and 1848 people daily till 2030 (World Economic Forum, 2016), it has become extremely important to attract the population to sustainable public transport alternatives. The government can achieve this by expanding road connectivity to both commercial and residential centres and other similar measures that will discourage the use of vehicles for non-essential activities in congested cities. This would be essential to reduce the pressure on the road transport network and air pollution as seen during the nationwide lockdown. Such measures will also be important to prevent economic losses due to traffic congestion. A study by Business Day suggests that Lagos state loses about N4 trillion annually to traffic congestion. The report also revealed that medium-sized businesses in the state lose as much as N14.94 million every month to traffic (Ojewale, 2021). In part, promoting measures that facilitate technological innovation and clean energy can help individuals, businesses, and the government in mitigating practices that sabotage the economy and help in building adaptive measures for competitiveness in a 'new normal'.

### 3. Conclusion

The impact of the pandemic, as depicted in this paper, has unraveled longstanding unsustainable practices, economic deprivation and other issues that are reversible with reforms that are aimed at fostering greater inclusion of key economic agents. Whilst there is no one-size-fits-all policy for harnessing COVID-19-induced opportunities, this paper has identified certain measures that are critical to building resilience and boosting an economic recovery plan. This means that to build resilience for present and future pandemic-related shocks, it is crucial to take into consideration the impact of the pandemic on each of the economic agents identified in this study and what context-specific policies might help deliver significant gains to building resilience in Nigeria.

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