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***TITLE:- CRITICAL ASSESSMENT OF LEGAL IMPLICATIONS AND ECONOMIC IMPACT ON LOCKDOWN OF
ACTIVITIES IN NIGERIA***

BY

PRECIOUS UTOMOBONG OKON

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CERTIFICATION

This is to certify that this term paper assignment was done by Precious Utomobong Okon.

SUPERVISORS

ENGR.

ABSTRACT

Abstract

We are in the midst of the worst recession since the global financial crisis. The economic downturn in Nigeria was triggered by a combination of declining oil price and spillovers from the Covid-19 outbreak, which not only led to a fall in the demand for oil products but also stopped economic activities from taking place when social distancing policies were enforced. The government responded to the crisis by providing financial assistance to businesses, not to households, that were affected by the outbreak. The monetary authority adopted accommodative monetary policies and offered a targeted 3.5trillion loan support to some sectors. These efforts should have prevented the economic crisis from occurring but it didn't. Economic agents refused to engage in economic activities for fear of contracting the Covid-19 disease that was spreading very fast at the time. In this paper, I analyse the Covid-19 spillovers to Nigeria and the structural weaknesses in Nigeria's infrastructure that helped bring on the current economic crisis and discuss prospects for reform.

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CHAPTER 1

Introduction

LEGAL IMPLICATIONS OF LOCKDOWN ACTIVITIES IN NIGERIA

On March 29, President Buhari announced a cessation of movement in the Federal Capital Territory and in Lagos and Ogun States to reduce the spread of COVID-19. The lockdown went into effect at 11:00 pm on March 30 and will remain in place for an initial period of fourteen days. During this time, businesses and offices must remain closed and people are expected to stay at home. The lockdown has some exemptions, including hospitals and healthcare facilities and some commercial establishments in the food, energy, petroleum, and security sectors. **Many hotels have already closed and we anticipate more will close in response to this lockdown announcement.** If you plan to travel to Abuja or Lagos for an evacuation flight, please make sure you have made all necessary arrangements for your transportation and accommodations. **The U.S. Embassy in Abuja and U.S. Consulate General in Lagos are unable to assist with the procurement or funding of lodging, transportation, medication, and food for those affected.**

On March 14, the Department of State authorized the departure from any diplomatic or consular post in the world of U.S. personnel and family members who have been medically determined to be at higher risk of a poor outcome if exposed to COVID-19.

Country-Specific Information

- As of March 28, Nigeria has 97 confirmed cases of COVID-19 within its borders..
- Nigeria has testing capacity for COVID-19. For the most recent number of individuals tested, view Nigeria Centre for Disease Control's (NCDC's) [Daily Situation Report](#).

Entry and Exit Requirements:

- ***As of March 19, the Federal Government of Nigeria has restricted entry into Nigeria for travellers from the following high incidence countries: China, Italy, Iran, Norway, South Korea, Spain, Japan, France, Germany, United States of America, United Kingdom, Netherlands, and Switzerland. Effective from Saturday, 21st of March 2020 for an initial period of four weeks. These are countries with over 1,000 cases domestically. The Federal Government has also suspended the issuance of visa on arrival to travellers from these countries with immediate effect.**
Please visit the [NCDC's Public Health Advisory](#) web page for the most up-to-date information
- Travelers should arrive in Nigeria with their yellow World Health Organization Immunization Record and will be subject to all preexisting health requirements such as proof of yellow fever vaccination.
- Travelers may also undergo temperature checks upon arrival. Concerns on primary screening can trigger secondary screening of high risk or ill passengers.
- Upon arrival, travelers will also be asked to complete a questionnaire regarding their current state of health, recent travel locations, recent sick contacts, and current contact

information while in the country. This will be reviewed upon entry, and persons with positive screening results will be taken aside for further evaluation.

Quarantine Information

NCDC's Public Health Advisory states the following for traveler's to Nigeria:

- Travelers without symptoms on departure but become unwell in transit are advised to self-report to the Port Health Services on arrival
- Travelers from countries with ongoing local transmission*, but who show no symptoms on arrival should self-isolate at home for 14 days after arrival
- If travelers from countries with ongoing local transmission* feel ill with fever, cough or difficulty breathing within 14 days of arrival in Nigeria, please:
 - Observe self-isolation immediately by staying indoors and avoiding contact with people
 - Call the NCDC 24/7 toll-free line **IMMEDIATELY** on 080097000010
 - Avoid self-medication

CHAPTER2

State and regulatory responses to covid-19 in Nigeria

In Nigeria, federal and state governments are taking proactive steps to curtail the spread of coronavirus throughout the country. As the country experiences a steady increase in the number of confirmed cases, movement restrictions and lockdowns are being instituted to adequately respond to the pandemic. These situational responses affect businesses including in their interactions with their relevant regulators. We have previously highlighted the details of some of the Nigerian Federal Governments responses such as the Nigerian [National Assembly's Emergency Stimulus Bill](#), the [Central Bank of Nigeria's policy measures in response to COVID-19](#), and its [dedicated credit facility to develop the healthcare sector](#). Some of the other state, federal and regulatory responses to COVID-19 that affect businesses are discussed below.

2. Regulatory Responses to COVID-19

Securities and Exchange Commission's (SEC) Response – E-filings of Applications and Returns and Deadline Extensions The SEC, as part of its COVID-19 response efforts, has adopted an electronic filing approach for capital market operators and stakeholders. In its circular dated 14 March 2020, it assigned certain designated email addresses for the electronic filing of applications and returns. It also indefinitely suspended all fresh applications for capital market operators and referred requests and enquiries regarding pending applications to its email address dedicated for that purpose.

The SEC also approved a sixty (60)-day extension for public companies and capital market operators to file their 2019 annual reports and their 1st quarter 2020 reports. It also indefinitely postponed its first Capital Market Committee Meeting for the year 2020, which was previously scheduled to hold on 23 April 2020, along with all its other meetings. Since we are seeing more adoption of virtual meetings in public spaces, it may just be a matter of time before the SEC adopts this approach too.

Please see [the SEC Circular](#) for more information on its response.

The SEC issued an additional circular to all regulated entities on 31 March 2020, directing public companies to continue to make material disclosures to their investors on COVID-19's impact on their business operations. Public companies are also required to continue to disclose the trend and outlook for their companies, as well as updates on the implementation of business continuity plans. These disclosures are to be made on companies' websites and other relevant media. Debt issuers are required to continue to engage Trustees to ensure that relevant disclosures are provided, and Trustees are required to provide updates to the SEC.

The SEC also confirmed in the additional circular that due to the cessation of movement in Lagos, Ogun and the Federal Capital Territory, its staff will be working remotely and all its electronic channels are open to provide support to capital market stakeholders.

Please see [the additional SEC Circular](#) for more information.

The Judiciary's Response – Suspension of Court Sittings Across the Country The National Judicial Council (NJC), through its Chairman, Justice Mohammed Tanko (Chief Justice of Nigeria), has directed the heads of courts across the country to suspend all court sittings for an initial period of two (2) weeks, from 24 March 2020. However, matters that are urgent, essential or time bound under Nigerian law are exempted from the suspension.

Please see [the NJC Notice](#) for more information on its response.

Federal Inland Revenue Service's (FIRS) Response – E-filing of Taxes and Deadline Extensions The Chairman of the FIRS issued an announcement on 23 March 2020, on the agency's response to the COVID-19 pandemic. He encouraged taxpayers to use its e-platforms to file tax returns, pay taxes and apply for tax clearance certificates. He expressed that emails and telephones will be the preferred engagement methods in dealings with the FIRS.

The agency also extended some palliatives to taxpayers during this period including an extension of the timeline for filing Value Added Tax and withholding tax to the last working day of the month, following the month of deduction; and an extension by one month, of the due date for filing corporate income taxes. Taxpayers registered on the e-filing platform are encouraged to submit their tax returns on the platform or submit to the dedicated agency email addresses. Taxpayers are allowed to file their returns without audited accounts insofar as they submit those audited accounts within two months of the revised due date of filing.

Please see [the FIRS announcement](#) for more information on its response.

Nigeria Stock Exchange's (NSE) Response – Remote Trading and Electronic Filings The NSE also issued a Circular in expressing its response to the pandemic. From 24 March 2020, it has activated a thirty (30)-day remote working plan for its employees, excluding essential staff. From 25 March 2020, remote trading via the NSE electronic platforms will be the preferred trading method as all trading floors will be temporarily closed. Issuers are encouraged to continue to submit their regulatory filings electronically via the Issuers' Portal.

The NSE has also temporarily suspended all physical meetings within its premises, encouraging virtual meetings in its place.

Please see [the NSE Circular](#) for more information on its response.

Corporate Affairs Commission's (CAC) Response – AGMs via Proxies The CAC issued a Notice on 26 March 2020, in response to the restrictions resulting from COVID-19 encouraging public companies to take advantage of the provisions of section 230 of the Companies and Allied Matters Act, C20 LFN 2004 (CAMA) to hold their annual general meetings using proxies. It issued guidelines for this process, which provides that: i. the CAC's approval must be obtained before such meeting by proxy is held; ii. the CAC's representative must be present to observe such meeting; iii. the meeting shall only discuss the ordinary business of the annual general meeting as provided under section 214 of

CAMA; iv. notice of the meeting and proxy forms should be sent to all members of the company at the company's expense and evidence of postage or delivery must be made available to the CAC; and v. for the purpose of determining quorum, each duly completed form shall be counted as one.

Please see [the CAC Notice](#) for more information on its response.

3. State Responses to COVID-19

Many states have restricted airport and inter-state travel to curtail the spread of COVID-19. Open markets in many states are being closed or allowed to open at specific hours in order for state agencies to disinfect those spaces for COVID-19. Some state governments such as Lagos State have undertaken more stringent measures such as instituting curfews. Lagos State Governor also issued the Lagos State Infectious Diseases (Emergency Prevention) Regulations 2020 via his powers under the State's Public Health Law and the Federal Quarantine Act, Q2 LFN 2004. The provisions of this Law are discussed below.

Lagos State Infectious Diseases (Emergency Prevention) Regulations 2020 The Regulations designate COVID-19 as a Dangerous Infectious Disease within the meaning of section 2 of the Quarantine Act, noting that it constitutes a serious and imminent threat to the public health of the people of Lagos State. It grants the Governor powers to direct a potentially infectious person within Lagos State to go to a place specified for COVID-19 screening or to go into isolation. A potentially infectious person is defined as a person who is or may be infected or contaminated with COVID-19 and for whom there is a risk that such person may infect or contaminate other persons within the State. A potentially infectious person under the Regulations is also a person who has been in an infected area within fourteen (14) days preceding arrival and entry into Lagos State.

The Regulations grant the Governor the power to restrict movement within, into or out of the State, particularly the movement of persons, vehicles, aircraft and watercraft. This restriction may not apply to the transportation or movement of, as well as movement for the purposes of procuring essential supplies, such as food, water, pharmaceuticals, medical supplies and medicines, and any other essential supplies the Governor may deem necessary. The Regulations grant the Governor the power to restrict or prohibit the gathering of persons without the Governor's consent, restrict the conduct of trade, business and commercial activities within the state, and to order the temporary closure of markets, except those selling or manufacturing essential services. The Governor is also empowered to prohibit the hoarding or inflating the prices of essential goods and services and direct such goods or service to be seized and utilized to address the supply needs of the State.

A breach of the Regulations is an offence under Quarantine Act and Lagos Public Health Law and is liable to a fine or imprisonment or both in accordance with those laws.

4. Federal Government Responses to COVID-19

On 29 March 2020, the Nigerian President, Muhammadu Buhari, addressed the nation on the Federal Government's efforts to curtail the spread of COVID-19 within the country. In his

address, he directed a cessation of all movements in in Lagos State, Ogun State and the Federal Capital Territory for an initial period of fourteen (14) days. Although, the cessation of movement in Ogun State was postponed until Friday, 3 April 2020, lockdown in Lagos and Abuja was ordered to commence on Monday, 30 March 2020. This lockdown is to enable the government to track the spread of COVID-19 within these areas.. Citizens in these states have been directed to stay at home during the lockdown. Inter-state travel within these states are restricted and all businesses and offices within these states are fully closed during the lockdown period.

Certain businesses were exempted from the lockdown restrictions particularly those providing health related and essential services, including hospitals and related medical establishments, organizations in healthcare related manufacturing and distribution, as well as commercial establishments involved in food processing, distribution, and retail companies, petroleum distribution and retail entities, power generation, transmission and distribution companies and private security companies. Workers in telecommunication companies, broadcasters, print and electronic media who are able to prove they are unable to work from home are also exempted. Seaports in Lagos state are also exempted as well as vehicles and drivers conveying essential cargoes from the seaports to other parts of the country, which will be screened before departure by the Ports Health Authority. The President also noted the government's drive to provide relief materials to communities who will be affected by the restrictions.

On Monday, 30th March 2020, the President signed the Federal Government's COVID-19 Regulations of 2020 which declared COVID-19 a dangerous infectious disease and granted a legal basis to the directives stated in the President's address. The Regulations further institute a moratorium on loans implemented through Bank of Industry, Bank of Agriculture and the Nigeria Export Import Bank. Financial and money markets are exempted from the lockdown to run skeletal services and allow Nigerians access to online banking services. Critical staff members of the CBN, deposit money banks, the Nigeria Interbank Settlement System (NIBSS), mobile money operators and payment solution providers are also exempted from the lockdown.

CHAPTER 3

Nigeria has announced a lockdown of three major states, Lagos, Ogun and Abuja, to curb the coronavirus pandemic. Those that will be affected the hardest will be households that rely on the day to day activities of self-employed individuals for consumption.

Lagos is the country's major economic centre as well as its financial capital. Ogun state borders Lagos state to the south and is notable for having a high concentration of industrial estates and being a major manufacturing hub. Abuja is the seat of government.

Nigeria is one of many countries to shut down economic activities to prevent the rapid spread of the coronavirus pandemic. Most, especially developed nations, have implemented economic support measures to mitigate the impact of lockdowns on their economies.

In his speech to the nation, the Nigerian President Muhammadu Buhari, acknowledged that the restrictions may make it hard for people to feed themselves and so "relief materials" would be distributed to communities around the states affected.

But the Nigerian government will have to take into account the country's peculiar economic circumstances when it implements its mitigating measures. In particular, it must bear in mind the millions of Nigerian households whose livelihoods depend on the self-employed and small scale entrepreneurs.

Economic circumstances (Impact) on lockdown of activities in Nigeria

Nigeria has a very high self-employment rate. In terms of occupational proportions from a household perspective, my research showed that 41.4% of household members reported being own account self-employment, 26.5% in paid employment, 2.8% reported that they were employers of labour, 15.7% indicated that they were unemployed, while 13.6% reported being non-active in the labour force.

This generally agrees with the figures from the National Bureau of Statistics, although it should be noted that the unemployment rate in Nigeria has recently gotten worse and the national unemployment rate doesn't reflect the situation in individual states.

Own account self-employment occurs where a self-employed individual essentially works for himself or herself with no employees. It is possible that many are in this category because of the scarcity of paid work. This means that the true unemployment figure might be higher.

At least, however, these individuals are engaged in some sort of economic activity.

Own account self-employed workers and employers usually work in the agricultural, services, and manufacturing sectors. Some of them have formalised businesses but a majority of them work in the informal sector.

My research also showed that occupational status had implications for household consumption. Employers were typically the greatest contributors to household consumption – anywhere from 12% to 66%.

Paid workers were typically the second-highest contributors to household consumption especially for wealthier households, while poorer households tended to rely more on the activities of own account self-employed individuals.

There will be significant consequences for household consumption in the cities that are under lockdown.

Loss of income will be the immediate concern for individuals who have been contributing to household consumption through their entrepreneurial activities and engaged in hand-to-mouth self-employment.

It will be hard for such individuals to participate in the lockdown when their households depend on them for consumption.

Solutions

The governor of Ekiti state announced a lockdown and announced the reactivation of the state food bank. Ekiti state is also considering providing a stipend to self-employed citizens whose daily incomes would be interrupted.

This is a positive development and should be followed through. Other state governments should also take note and do the same if they lockdown their self-employed workers.

The Lagos state government has announced an emergency food response but has not gone as far as talking about a self-employment stipend. It would be beneficial to follow the steps of the Ekiti state government, especially if the lockdown is extended.

Nigerian entrepreneurs like Mike Adenuga and Tony Elumelu have donated large sums of money to catalyse a comprehensive pan-African response to fight the pandemic. A sizeable chunk of those donations has gone to the Lagos state government. It would be useful if some of this went to self-employed individuals who are the lifeblood of cities like Lagos.

Entrepreneurs who are employers also need help because they face a double whammy in this scenario. They have to pay the income of their employees at a time when their customers have been told to stay at home.

In addition, their tax burdens have not been reduced. Nigerian entrepreneurs are subject to a plethora of taxes, including, for example, Pay as You Earn, corporate income, land use, and a recently increased VAT tax, to be paid by employers in Lagos.

This is in an environment where the transaction costs of doing business are already high due to the lack of adequate infrastructure and endemic corruption.

It will be beneficial if the tax burdens for employer entrepreneurs were reduced to ease their problems and help them pay the salaries of their employees during this trying period. This will also help reduce job losses and redundancies to paid workers as has been seen in China.

In summary, the federal and state governments in Nigeria should provide creative economic solutions. Other African governments can learn from these suggestions too.

RECOMMENDATIONS

Recommendations: COVID-19 is, first and foremost, a humanitarian crisis. Many people and families have suffered and will suffer from the unexpected losses around the world. It will have a profound impact on the world's social and political environments and on its economy. China has the second largest economy in the world and has accounted for one-third of world economic growth in recent years. Its export of minerals, textile, chemical/pharmaceutical ingredients, and electronic/automobile parts supports 30 to 50 percent of the global supply chain. China also imports about the same percentage of goods from the global market. The coronavirus epidemic in China can therefore affect both the demand and the supply sides of the world economy. I will provide a few recommendations for the U.S. government and SMEs based on my review of China's experience. Considerations for Policymakers and SMEs

1. Social distancing-based public health interventions, such as mass quarantines, extensive travel bans, and transportation system disruption, can shock the economy and shrink the market demand in the service sectors that are critical for many SMEs that rely on visits by regular customers. When considering using these interventions, the cost on SMEs should be considered.
2. SMEs are financially more fragile and cash-strapped when market demand is down. Emergency funding programs that target SMEs could be one important component of a response. Lower interest rates, deferred or waived taxes and fees, or easier lending policies could also help SMEs stay afloat during the period of low market demand. Congress has begun to take actions through supplemental appropriations to address some of the financial challenges of SMEs. The Federal Reserve Bank's recent lending rate cut will also support SMEs.
3. SMEs could benefit from diversifying business platforms. Online-based platforms and virtual service provisions can help SMEs sustain business during quarantines or travel bans. It would be helpful if policymakers could bring tax breaks and technical guidance to help SMEs restructure their business operations.
4. China is currently putting the disease prevention burden on SMEs. This may further stress SMEs. The Nigeria public health system (NCDC) could have a hotline or website to provide SMEs with information on the epidemic, disease prevention methods, PPE resources, and testing sites (or provide mobile testing).
5. The Nigerian government could consider setting aside additional funding for unemployment insurance payments in the event that SMEs affected by the COVID-19 are forced to lay off employees.
6. Additional emergency funding could be considered to help SMEs avoid bankruptcy or help the creditors of bankrupt SMEs.

Considerations for Epidemic Containment

1. Learn the lesson of a wrong epidemiology case definition: The delay in identifying the nature of the epidemic in Wuhan was partly due to an overly narrow epidemiologic case definition—a case definition that posited a direct connection to the seafood market (that was associated with the first few cases). An epidemiology case definition that does not reflect the actual transmission routes will provide a false sense of security that obscures the real epidemic. The United States' testing policy in January and February that narrowly focused on a travel history to China when other countries already had cases fell into the same category of mistake.
2. A concerted public health effort is needed: Social distancing policies—mass quarantines, travel bans, or case tracing policies—should be combined with large health investments, technology- and data-supported surveillance, and high-level government commitment early on to effectively stop the transmissions. Taiwan's 100 percent travel registration at the border and tracing, Taiwan's and Singapore's mandatory self-quarantine with rigorous reinforcement, and large-scale population-level testing with ample medical resources (e.g., Singapore opened 800 public health clinics for a population of 5 million) are good examples of effective policies.
3. Risk communication and coordination are important: Both the public and the health care sector will need well-planned, persistent, and targeted risk communication to help prevent the hysteria associated with an acute outbreak. The Nigerian government should have a hotline or a centralized broadcast source for the public to ask questions and clarify disinformation. Mobile clinics, testing, and identifying resources to help patient care and isolation are necessary. PPEs and essential health care equipment should be well inventoried, and the distribution should be coordinated.
4. Health care surge capacity needs to be estimated: Gaps can be met using temporary space (conference centers, hotels, large gyms, military bases, etc.) that can be converted to temporary quarantine locations for cases with mild symptoms. Hospitals and clinics should consider how to separate the potential infection zones from the regular patient areas.

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