**A TERM PAPER**

**IMPLICATIONS OF LOCKDOWN IN NIGERIA**

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**17/ENG05/033**

**SUBMITTED TO THE**

**DEPARTMENT OF MECHANICAL AND MECHATRONICS ENGINEEERING IN PARTIAL FULFILMENT OF ENGINEERING LAW AND MANAGERIAL ECONOMICS**

**COLLEGE OF ENGINEERING**

**AFE BABALOLA UNIVERSITY**

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 **DATE OF SUBMISSION:12TH OF APRIL 2020**

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 ABSTRACT

This term paper is centered on the critical assessment of legal implications and economic impact of the lockdown of activities in Nigeria. The term paper will be centered on how the major prevention technique issued can have a large effect on economic development and how to successfully correct the problems caused. The lock down which was the prevention technique was brought into effect on the 23 of March where by all schools were asked to be closed to avoid the spread of the COVID-19 pandemic by the federal government.

**CHAPTER 1**

**INTRODUCTION**

**LOCK DOWN**

The lockdown preventive measure was brought into effect due to the enormous rise in the number of infected people. The lock down which was the prevention technique that was brought into effect on the 23 of March where by all schools was asked to be closed to avoid the spread of the COVID-19 pandemic by the federal government. On the first of April all religious gathering, shops, stores, school, and parties were asked to be disbanded. The government made a compulsory restriction on the movement of citizens for the duration of two weeks since that was the duration of the virus before full visible symptoms; it was advised that all citizens should remain indoors so as to prevent further spread.

**THE COVID-19 VIRUS**

The corona virus causes an infectious disease. This coronavirus is said to be a newly discovered strain. It is said to be transmitted when you come in contact with it or an infected person. It is introduced into the body through the mouth or nostrils. The virus causes a choking effect after duration of 6 to 14 days after being infected.

**THE VIRUS HISTORY**

The coronavirus disease 19 (COVID-19) is a highly transmittable and pathogenic viral infection caused by severe acute respiratory syndrome coronavirus 2 ,which emerged in Wuhan, China and spread around the world. Genomic analysis revealed that SARS-CoV-2 is phylogenetically related to severe acute respiratory syndrome-like bat viruses; therefore bats could be the possible primary reservoir. The intermediate source of origin and transfer to humans is not known, however, the rapid human to human transfer has been confirmed widely. There is no clinically approved antiviral drug or vaccine available to be used against COVID-19. However, few broad-spectrum antiviral drugs have been evaluated against COVID-19 in clinical trials, resulted in clinical recovery. In the current review, we summarize and comparatively analyze the emergence and pathogenicity of COVID-19 infection and previous human coronaviruses severe acute respiratory syndrome coronavirus and Middle East respiratory syndrome coronavirus. We also discuss the approaches for developing effective vaccines and therapeutic combinations to cope with this viral outbreak.

 Graphical abstract





**THE PURPOSE OF THE LOCKDOWN**

Due to easy of transmission or infection of the corona virus the lockdown system was adopted to restrict citizen movement and contact. Until the cure or vaccine is developed extreme social distancing is pretty much the only intervention available to help individuals stay healthy, and to break the chain of transmission - giving more vulnerable populations a fighting chance of surviving this pandemic. The purpose of a lockdown is to reduce reproduction – in other words, to reduce the number of people each confirmed case infects. The goal is to keep reproduction, or “R,” below one (R<1) – with each case infecting less than one other person, on average.

* **Mitigation**, “slowing but not necessarily stopping epidemic spread – reducing peak healthcare demand while protecting those most at risk of severe disease from infection.” This is done by isolating suspected cases and their households, and social distancing the elderly and people at highest risk of serious illness.
* **Suppression**, or basically, lockdown, which “aims to reverse epidemic growth, reducing case numbers to low levels” by social distancing the entire population “indefinitely” and closing schools and universities.

In actual sense the spread is aimed to be contained by the lockdown.

**HOW NIGERIA IS FAIRING WITH THE VIRUS THREAT**

The Nigerian government is rolling out measures to fight off the coronavirus after launching lockdown procedures on 30 March.

* The Nigerian Presidential Task Force on Coronavirus has urged state governments to ensure that they have isolation facilities in their localities. These facilities should:
* Have at least 300 beds;
	+ And be preferably linked to existing infectious disease centers or medical centers (such as tuberculosis and HIV centers), as this makes it easier to continue to make use of them after the pandemic.

However, any spaces will do, with health minister Osagie Ehanire, saying: “I urge all states to find more beds for isolation and treatment, and this may include hotels.”

* Testing

Nigeria’s policy is one of targeted testing. This involves identifying those who are most likely to be infected, namely those who have just come back from other countries and those they have been in contact with.

In terms of contact tracing, the Nigeria Centre for Disease Control has identified between six and seven thousand contacts cumulatively. The focus of last week was to improve the level of contract tracing, made easier by the lockdown.

With contact tracing, each new case tends to have about 30-40 contacts to follow up. Every contact is followed up with for 14 days.

* **Community responsibility**

Efforts are being made to ensure awareness is spread at the grassroots. The Presidential Task Force is encouraging the cultural arm of the federal government to help in spreading awareness of the coronavirus, as it is able to do so through the use of comedy and drama.

On Monday 6 April, Lagos State health commissioner Akin Abayomi urged the community to take ownership, alongside the government, to see a flattening of the COVID-19 curve in the state.

As of Sunday 5 April, the number of cases per day in Lagos was reducing. In other locations, the norm has been an exponential rise in cases, but in Lagos there seems already to be a flattening of the trend, due to the strategy of increased social distancing.

**PREVENTIVE METHOD FOR THE VIRUS**

Stay aware of the latest information on the COVID-19 outbreak, available on the WHO website and through your national and local public health authority. Most people who become infected experience mild illness and recover, but it can be more severe for others. Take care of your health and protect others by doing the following……as directed by the world health organization

* Regularly and thoroughly clean your hands with an alcohol-based hand rub or wash them with soap and water.
* Maintain at least 1 meter (3 feet) distance between yourself and anyone who is coughing or sneezing.
* Avoid touching eyes, nose and mouth
* Make sure you, and the people around you, follow good respiratory hygiene. This means covering your mouth and nose with your bent elbow or tissue when you cough or sneeze. Then dispose of the used tissue immediately.

**IMPLICATION OF THE LOCKDOWN**

The fall in household consumption in Nigeria will stem from

1) Partial (or full) restrictions on movement, thus causing consumers to spend primarily on essential goods and services;

 2) Low expectations of future income, particularly by workers in the gig economy that are engaged on a short-term/contract basis, as well as the working poor in the informal economy; and

3) The erosion of wealth and expected wealth as a result of the decline in assets such as stocks and home equity.

The federal government has imposed a lockdown in Lagos and Ogun states as well as Abuja (which have the highest number of coronavirus cases combined). Subnational governments have quickly followed suit by imposing lockdowns in their states. Nigeria has a burgeoning gig economy as well as a large informal sector, which contributes [65 percent of its economic output](https://www.imf.org/~/media/Files/Publications/WP/2017/wp17156.ashx). Movement restrictions have not only reduced the consumption of nonessential commodities in general, but have affected the income-generating capacity of these groups, thus reducing their consumption expenditure.

Investments by firms will be impeded largely due to the uncertainties that come with the pandemic-limited knowledge about the duration of the outbreak, the effectiveness of policy measures, and the reaction of economic agents to these measures—as well as negative investor sentiments, which are causing turbulence in capital markets around the world. Indeed, the crisis has led to a massive decline in stock prices, as the Nigerian Stock Exchange records its worst performance since the 2008 financial crisis, which has eroded the wealth of investors. Taking into consideration the uncertainty that is associated with the pandemic and the negative profit outlook on possible investment projects, firms are likely to hold off on long-term investment decisions.

On the other hand, government purchases will increase as governments, which typically can afford to run budget deficits, utilize fiscal stimulus measures to counteract the fall in consumer spending. However, for governments that are commodity dependent, the fall in the global demand for commodities stemming from the pandemic will significantly increase their fiscal deficits. In Nigeria’s case, the price of Brent crude was just over $26 a barrel on April 2, whereas Nigeria’s budget assumes a price of $57 per barrel and would still have run on a 2.18 trillion naira ($6.05 billion) deficit. Similarly, with oil accounting for 90 percent of Nigeria’s exports, the decline in the demand for oil and oil prices will adversely affect the volume and value of net exports. Indeed, the steep decline in oil prices associated with the pandemic has necessitated that the Nigerian government cut planned expenditure. In fact, on March 18, the minister of finance announced a 1.5 trillion naira ($4.17 billion) cut in nonessential capital spending.

The restrictions on movement of people and border closures foreshadow a decline in exports. Already, countries around the world have closed their borders to nonessential traffic, and global supply chains for exports have been disrupted. Although the exports of countries that devalue their currency due to the fall in the price of commodities (like Nigeria), will become more affordable, the limited markets for nonessential goods and services nullifies the envisaged positive effect on net exports.

**WHAT IS THE POLICY RESPONSE BY THE NIGERIAN GOVERNMENT?**

Already, the Central Bank of Nigeria (CBN) has arranged a fiscal stimulus package, including a 50 billion naira ($138.89 million) credit facility to households and small and medium enterprises most affected by the pandemic, a 100 billion naira ($277.78 million) loan to the health sector, and a 1 trillion naira ($2.78 billion) to the manufacturing sector. In addition, the interest rates on all CBN interventions have been revised downwards from 9 to 5 percent, and a one-year moratorium on CBN intervention facilities has been introduced, effective March 1.

With oil being Nigeria’s major source of foreign exchange, amid the steep decline in oil prices, the official exchange rate has been adjusted from 306 to 360 naira. The exchange rate under the investors and exporters (I&E) window has also been adjusted from 360 to 380 naira in order to unify the exchange rates across the I&E window, Bureau de Change, and retail and wholesale windows. Furthermore, the government has introduced import duty waivers for pharmaceutical companies and increased efforts toward ensuring that they receive forex.

**WHAT OTHER POLICY RESPONSES CAN BE IMPLEMENTED?**

Given the size and scope of the economic impact of the pandemic, there is the need to implement other recovery strategies to stimulate demand. Thus, we recommend the following fiscal and monetary policy measures:

* Although there is a [cash transfer program](https://guardian.ng/news/nigeria-government-begins-distribution-of-n20000-relief-fund-to-homes/) in place, the federal government should improve efforts towards enhancing the efficiency and effectiveness of the distributive mechanisms to reach households that are worst-hit by the pandemic.
* The Federal Inland Revenue Service (FIRS) as well as State Inland Revenue Services (SIRS) should waive payments on personal and corporate income tax for the second quarter of 2020, considering that the shock has affected the income and profits of households and businesses.
* The CBN’s decision to increase the cash reserve ratio (CRR) from 22.5 percent to 27.5 percent in January 2020 should be revisited to provide liquidity for banks so that banks can, in turn, create credit to the private sector.
* FIRS and SIRS should delay tax collection for the worse-hit sectors including tourism, the airline industry, and hoteliers in order to enable them recover from the steep decline in demand.
* To provide additional liquidity in the forex market, the CBN should establish a swap facility with the U.S. Federal Reserve and/or the People’s Bank of China, as was done in 2018, to provide dollar and yen liquidity to financial institutions, investors, and exporters. This move would ease up forex shortage in the financial market and economy.
* While the naira has been adjusted as a result of the forex shortage, it is important that the CBN maintains exchange rate stability by deploying external reserves in order to avoid investors selling off naira-denominated assets.

The COVID-19 pandemic is a wake-up call to policymakers as the unusual and unprecedented nature of the crisis has made it impossible for citizens to rely on foreign health care services and more difficult to solicit for international support given the competing demand for medical supplies and equipment. A more integrated response spanning several sectors—including the health, finance, and trade sectors—is required to address structural issues that make the country less resilient to shocks and limit its range of policy responses. In the long term, tougher decisions need to be made, including but not limited to diversifying the country’s revenue base away from oil exports and improving investments in the health care sector in ensuring that the economy is able to recover quickly from difficult conditions in the future.

**WAYS TO GET NIGERIA RUNNING AFTER THE LOCKDOWN IS OVER**

* The central bank of Nigeria has arranged a quick response package in billions of naira so as to kick start the economic flow.
* I think that there should be a reduction in tax rates because the shock of the lock down process has affected business profits for both household and corporate organizations.
* The covid-19 crisis has proven that our nation has adequate prevention techniques and swift decision making; therefore it is without a doubt that the government has funds to reset the economy and not cause inflation or excess cash inflow.
* The Federal Inland Revenue Service (FIRS) as well as State Inland Revenue Services (SIRS) should waive payments on personal and corporate income tax for the second quarter of 2020, considering that the shock has affected the income and profits of households and businesses.
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