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QUESTION:

The COVID-19 pandemic continues to ravage the world .Briefly assess the pandemic’s impacts on the global economy between December 2019 and April 2020. Basically explain both the intended and unintended consequences of the shutdowns, looking at the statistics of global financials institutions ,for example, the IMF.

**INTRODUCTION**

COVID-19 was truly unexpected after the virus which claimed lives 100 and something years ago ,we are facing another virus which has become a pandemic because of its nature and no country even expected it and could contain the virus and now it has claimed lives all over the world . It is a general knowledge that the virus started in Wuhan which is in China and it seems China is hiding the source of the virus from the world ,so many countries have been affected economically especially ,we all know that import and export isn’t functioning and most countries like Nigeria rely of export .It has been discovered that the most affected countries is the Uk and no one expected that the virus will affect the big dogs more than weaker and less developed states and this boils down first to the way their leaders first attended to the outbreak of the virus ,the American president didn’t take it serious until thousands of people had died ,countries like Nigeria didn’t stop international airline until it go to their country .As we all know that states protect their citizens both in the country or outside the country and that is why many countries had to take their citizens from china except Nigeria and her reason was that she doesn’t have enough health facilities to handle the virus .Below, I will be talking about the impact of COVID-19 on the global economy then move to the consequences of the shutdown globally and then how the financial institution is helping .

**The impact of COVID-19 the global economy between December 2019 to date**

The coronavirus has had a significant impact on the global economy .From stocks to jobs and emerging markets, these charts give a snapshot of what happened in the first quarter of 2020.

Few will regret the end of the first 2020 quarter. Fears of the U.S.-Iran war gave to the coronavirus pandemic which JPMorgan reckons will have pushed the world economy into 12% contraction over January to March .The quarter saw most brutal global equity collapse since the Great Depression, exacerbated by 60% oil price slump. April may not bring much relief, with coronavirus still spreading rapidly and keeping large parts of the global economy shuttered .Banks have rushed to slash Q2 forecasts too, so expect more turbulence on financial markets.

The COVID-19 outbreak has since spread to about 196 countries and territories in every continent and one international conveyance across the globe .While there are ongoing efforts to curtail the spread of infection which is almost entirely driven by human-to-human transfer ,it has accounted for cover 400,000 confirmed cases with over 18,000 deaths .Beyond the tragic hazards and human consequences of COVID-19 pandemic, the economy uncertainties, and disruptions that have resulted come at a significant cost of the global economy . The United Nations Trade and Development Agency (UNCTAD) the cost of the outbreak at about US$2 trillion in 2020. Most central banks, finance ministers and independent economic experts around the world have taken solace in the prediction that the impacts might be sharp but short-lived, and economic activities would return to normal thereafter. This line of thought mirrors the thinking of the events that shaped the 2007 global financial crisis. However, it is quite instructive to note that the 2007 crisis which emanated from US.

Subprime mortgage crisis was mainly an economic phenomenon, with its fallout spreading across many regions of the world. When compared to COVID-19 ,the 2007 crisis could be subscribed as minor and manageable .The tumultuous events that COVID-19 had spread across the globe cut across every facet of human existence and the consequences may linger .

The slowdown in the global economy and lockdown in some countries ,such as Italy , Spain and most Eurozone economies and beyond ,as a result , COVID-19 has also taken its toll on the global demand for oil. The decline in oil demand is estimated to surpass the loss of nearly 1 million barrels per day during the 2007 -08 recession. This is also coming at a time when two key players in the global oil industry- Russia and the OPEC cartel –are at loggerheads on the decision to cut output .The unequivocal oil price war started between these two global oil market giants may have more dire consequences on the oil price that has started to drive. Also ,the pandemic is placing up to 8 million jobs in the leisure and hospitality sector at risk, with travel crashes and cancellations expected to continue . Moody’s Analytics , a rating agency, stated that more than half of the jobs in the United States which is about 80 million may be in jeopardy. The virus is also taking its toll on health facilities and infrastructures across the globe. Italy is currently the largest affected country with a number of deaths surpassing China, since the outbreak of coronavirus .Across northern Italy ,the virus has pushed the country’s National Health service to breaking point, emphasizing the test that other countries ,especially developing and low-income counties , might face in their approach to contain the virus spread .Most hospitals and health facilities that could not handle the hazards are resulting to operating below their capacity by taking a few regular health-related cases or shutting down . What could be more devastating is the fact that the economic pains that accompanied the virus might not go away soon as envisaged.

The impact of school closures in the over 100 countries including Nigeria that has implemented the decisions around the world has implemented over half of the global students ‘ population. These educational disruptions are being escalated particularly for the most vulnerable members of society . The consequences on Nigeria, for most developing economies, the odds of sliding into a downturn are gradually expected as the global coronavirus outbreak puts severe pressure on the economy .For Nigeria ,the country is still sluggishly grappling with recovery from the 2016 economic recession which was a fall out of global oil price crash and a fall out of global oil price crash and insufficient foreign exchange earnings to meet imports. In the spirit of economic recovery and growth sustainability, the Nigerian federal budget for the 2020 fiscal year was prepared with significant revenue expectations but with contestable realizations. The approved budget had projected revenue collections at N8.24 Trillion, an increase of about 20% from 2019 figure. The revenue assumptions are premised on increased global oil demand and stable market with oil price benchmark and oil output respectively at $57 per barrel and 2.18 Million Barrels per Day.

You may have seen news ,or even worse ,you may have even shared the news ; that there are dolphins and swans in Venice or there are elephants in China ,all roaming around freely in this fresh and pure human-free world .We all want to believe in something good in this torrid time but it turns out those news and images were fake ,well not totally fake, just not related to the current coronavirus lockdown throughout the world. Dolphins and swans were always in Venice and the photo of elephants is an old one. The most differences will be seen for Italy, Spain, Iran where the most stringent lockdowns are in place to tackle the widespread of the virus.

It will be more apparent once we take a deeper look at the pollutant levels of 3 countries in Europe :Italy ,Spain and France ,who went into lockdown the earliest. Italy went into complete lockdown on March 10 (represented by the vertical black line ) ,being the hardest-hit nation in this crisis. The NO2 levels speak for themselves .However, the PM2.5 don’t reflect changes that much . March went into lockdown on March 16, so the effects of fewer cars and industrial emissions are very clear, reaching all-time low NO2 level in all 3 countries in question. However, the PM2.5 levels are largely uncorrelated by human absence .CNN compared the NO2 levels between March 19 and March 2020 here. There is no doubt on how a 1-2 weeks of doing nothing can heal our atmosphere.

Trump’s policy on the COVID-19 situation has been inconsistent. Without any nationwide lockdown, states have taken their own precautionary steps . California ,New York has been among the most affected states . California took one of the earliest measures of stay-at-home orders across the state. Los Angeles recorded one of the very cases in the USA and hence measures like work-from-home restricted travel started at the ground level well before the authorities stepped in .The results are quite visible. But the most important of it all is Wuhan, where it all started .China also happens to be one of the most polluted nations in the world in term of air pollution. Wuhan and other cities of the Hubei province were put under complete lockdown by Chinese government on 23rd January. It is the city giving us the longest perspective of a lockdown among all our samples. Egypt, the Arab world’s most populous nation, extended a curfew until April 23,closed places of worship, schools and tourist sites and banned public religious gatherings in the holy month of Ramadan, starting late April. Israel keeps “stay-at-home” orders for all except those who work in vital industries ,and said any exit strategy will be “slow and responsible ”. South Africa has extended a complete lockdown until the end of April and said key sectors could be reopened gradually under “strictly controlled conditions”. Nigeria extended the lockdown of the states of Lagos ,Abuja and Ogun until April 27, exempting only critical workers, including those selling food, water and medicine. Most large African nations so far have no plans to ease restrictions. New Zealand has no immediate easing plans with schools ,restaurants, cafes and gyms shut and its borders closed.

Similar social distancing rules that have closed businesses and confined people to their homes remain in place in Australia with no definite end date announced .

**World on lockdown: Business activity collapses at record pace**

Entire region are on lockdown and in some places soldiers are patrolling the streets to keep people indoors. Business activities ahs collapsed from Australia and Japan to Western Europe at a record peace , as measures to contain the coronavirus hammer the world economy, with data for the United States later on Tuesday expected to be just as desire. “The coronavirus outbreak represents a major external shock to the macro outlook, akin to large-scale natural disaster,” analysts at BlackRock Investment Institute said in a note . Activity in the 19 counties that use the euro has crumbled as nations lock down to curb the spread of the disease, shuttering shops, restaurants and offices. HIS Markit’s flash composite purchasing Managers’ Index (PMI) for the Eurozone , seen as a good gauge of economic health. Plummeted to a record low of 31.4 in March. That was by far the biggest one-month fall since the survey began in mid-1998 and below all forecasts in a Reuters News Agency poll which gave a median prediction 10 years ago. “ For the US economy to be able to come out of the current crisis and the ongoing recession relatively unscathed, more radical policy interventions will be needed in the next few weeks,” said Anna Stupnytska, global head of macro and investment strategy at Fidelity International. Goldman Sachs wanted the US economy could contract by annual rate 24 percent in the second quarter, two and a half times greater than the previous biggest contraction ,after World War II.

**How financial institution has help or is helping**

Financial institutions like IMF and its twine World Bank has a lot to play during this pandemic ,states this period are in need of financial assistance has the virus need lots of medical attention and experience doctors and financial assistance and that is when the international financial organizations comes in although, even the hybrid organization has contributed and some abled individuals has also helped in one way or the other .

**International Monetary Fund (IMF)**

Development Goals (SDGs).

The IMF has shown its support by issuing debt relief for 25 countries which are Afghanistan, Benin, Burkina Feso, Central African Republic ,Chad, Comoros, Congo ,D.R., The Gambia ,Guinea, Niger ,Sierra Leone, Solomon Island and so on. The CCRT can currently provide about US$500 million in grant-based debt services pledge by the U.K. and US$100 million provided by Japan as immediately available resources. Others, including China and the Netherlands, are also stepping forward with important contributions.

On April 13,2020 ,the IMF executive Board approved the disbursement of US$1 billion to be drawn under the Rapid Credit Facility. The COVID-19 pandemic is already impacting Ghana severely .Growth is slowly down ,financial conditions have tightened ,and the exchange rate is under pressure. The authorities have timely responded to contain the spread of the COVID-19 pandemic in Ghana and support affected households and firms.

The Executive Board of the international Monetary Fund today approved the disbursement of SDR 738 million (about US$1 billion) to be drawn under the Rapid Credit Facility (RCF). The disbursement will help address the urgent fiscal and balance of payments needs that Ghana is facing ,improve confidence and catalyze support from other development partners .

**World Bank**

The World Bank is an international organization dedicated to providing financing ,advice, and research to developing nations to aid their economic advancement. The bank predominantly acts as an organization that attempts to fight poverty by offering development assistance to middle-and low income countries .

**The World Bank responses to COVID-19**

World Bank Group launches first operatives for COVID-19 (coronavirus) emergency health support, strengthening developing country responses .Many of the World's low- and middle- income countries are still in early stages of the COVID-19 pandemic ,but the impact is already being felt. Health system are strained in Ethiopia and Yemen ;more medical staff are needed in countries such as Haiti and Mongolia . Millions of children can't go to school in Pakistan and need solution for remote learning . The risks posed by the corona virus are especially high for millions of people who live in poverty or have only recently emerged from it. The World Bank Group is acting quickly to step up support as countries respond to COVID-19 crisis and face a wide range of consequences, including the risk of global recession. Special provisions for fast-track financing are allowing an initial group of World Bank projects totaling $1.9 billion to get underway quickly in 25 countries . Bank teams are also working with clients to rapidly redeploy a further $1.7 billion from existing projects' emergency components designed for catastrophes. The focus of the first efforts is to help health systems tackle the immediate challenges of COVID-19. For example, in countries ranging from Afghanistan and Haiti to India, Mongolia, and Tajikistan, the financing will help bring more medical staff onboard and ensure that they are well trained and equipped to deliver emergency care .

The World Bank committed $12bn in aid for developing countries grappling with the spread of the coronavirus. The emergency package low-cost loans, grants and technical assistance. The actions comes as leaders around the world pledge to shield their countries from the economic impact of the outbreak. It follows warnings that slowdown from the outbreak could tip countries into recession. The aid is intended to help countries improve their public health response to the crisis, as well as work with the private sector to reduce the economic impact.

**United Nations (UN)**

**UN released US$15 million to help vulnerable countries battle the spread of the coronavirus**

UN released US$15 million from the Central Emergency Response Fund (CERF) to help fund global efforts to contain the COVID-19 virus.

The announcement came as the World Health Organization (WHO) upgraded the global risk of the coronavirus outbreak to “very high” – its top level of risk assessment. The WHO has said there is still transmissions is broken.

The sudden increases of cases in Italy ,the Islamic Republic of Iran and the Republic of Korea and other countries. The UN funding has been released to the WHO and the United Nations Children’s Fund (UNUCEF). It will fund essential activities including monitoring the spread of the virus, investigating cases, and the operation of national laboratories. The UNICEF is leading on preventative actions in communities across the affected countries with risk communication, providing hygiene and medical kits to schools and health clinics and monitoring the impact of the outbreak to support continuity of care, education and social services .

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