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POVERTY, RECESSION AND ECONOMIC DOWNFALL ADMIST COVID-19 LOCKDOWN PERIOD

A series of unfortunate developments have been working together to shape the Nigerian economy, albeit in a bad way. And things could get worse, unless certain actions are quickly taken to mitigate these unfavorable incidents. 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, and to households that were affected by the outbreak.

The COVID-19 pandemic triggered a public health crisis in Nigeria, a situation that was quickly followed by economic instability. The drastic drop in oil price, Nigeria’s major source of foreign exchange, only complicated the situation. Due to the escalating global economic impact of the pandemic, many economies around the globe have witnessed reduced economic activities.

The coronavirus disease (COVID-19), which originated in China, has spread to several countries and territories. Many economies around the globe have witnessed reduced economic activities in the first quarter of the year. Meanwhile, Nigeria, the most populous country in Africa, is awakening to a new economic and social reality as a result of the COVID-19 crisis. The country of over 192 million people, recorded its first case on February 28, 2020. Since then, it has recorded about 4,151 cases and 128 COVID-19 related deaths.

While the virus infects people regardless of wealth and social status, the poor will be most affected. In 2019, Nigeria surpassed India in terms of the number of people living in abject poverty. With a recession looming as a result of the pandemic, that number will only grow if proper measures are not enacted. Living in typically high-density houses, with reduced access to sanitation, and a lack of savings to facilitate self-isolation, Nigeria’s poor are at greater risk of contracting the disease. More so, due to the high cost of health care, greater economic fragility, and higher mortality rates, we are bound to see many more Nigerians fall below the poverty line before this is over.

About two months ago, the Lagos State government banned the use of tricycles and bikes. The immediate and most significant impact was the sudden rise in unemployment. The ban affected about 14 thousand bike-hailing employees and about 50 thousand tricycles and informal motorcycle riders. A further strain on incomes resulting from the COVID-19 pandemic will devastate workers.

The US, now the epicenter of the virus, reversed its initial indifference, approved strict external travel prohibitions and some states enacted strict internal restrictions. The President approved a corona virus relief bill of $2 trillion, which was designed to bolster unemployment benefits for individuals, increase money for states, deliver a huge bailout fund for businesses and send one-off payment of up to $1,200 to every American with an annual income of $75,000 or less. This had a direct impact on each citizen including low-income earners and casual workers.

In other countries such as China, the government has instructed that salary payments should be made to workers who are unable to work due to quarantine or illness. Ireland, Singapore, and South Korea have made sick leave available for the self-employed, while in the UK, statutory sick pay will be provided for diagnosed or self-isolating individuals, coupled with a three-month payment holiday for anyone struggling with mortgage or rental payments.

Taking a look at the relief packages in advanced countries: they are well-tailored to citizens, will have an immediate and positive impact on the standard of living of its citizenry, and they will reduce the knock-on effects on incomes.

*THE WAY FORWARD*

It is no news that the COVID-19 pandemic will disrupt the global and Nigerian economy in 2020. However, Nigeria can cushion the impact of the virus by introducing measures to protect companies and their workers, most especially the vulnerable citizens, from the impact of the quarantine measures. Such measures could include:

* Unemployment benefits
* Employment retention
* Social assistance benefits
* Financial support and tax relief

While these measures will not single-handedly contain the pandemic, it will encourage the citizenry to stay at home, reduce the spread, and also help reduce the level of unemployment, day-light robbery, and poverty ensuing from the pandemic.

The coronavirus pandemic has, in no small way, affected many economies and industries across the world. It has also triggered a massive behavioural change amongst people, from how we interact with colleagues, friends, and family to how we function in general. The impact is also witnessed across the financial services industry, causing a necessary and rapid adjustment in the way we send and receive money.

Many experts predict that these changes will result in a new normal that will persist beyond the end of the pandemic and specifically, could mark the end of physical cash payments due to hygiene concerns. Studies have revealed that the materials that make up most banknotes provide the perfect environment for microbes to settle. Further findings identified the presence of harmful bacteria on banknotes including two life-threatening bacteria that have been linked to superbugs resistant to antibiotics. Research conducted by the London Metropolitan University in the UK showed that pathogens would survive on banknotes for up to 17 days. The World Health Organization (WHO) has suggested that people can get infected with the corona virus through banknotes without observing proper hygiene, therefore it is widely agreed that at this time payments via digital money transfers are safer options.

*(CREDITS -*

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