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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 financial institutions, for example, the IMF.

**ANSWER**

The World Health Organization (WHO) first declared COVID-19 a world health emergency in January 2020. Since then, the emergency has evolved into a global public health and economic crisis that has affected the $90 trillion global economy beyond anything experienced in nearly a century. Governments are attempting to balance often-competing policy objectives between addressing the public health crisis and economic considerations that include, but are not limited to these: • Confronting ballooning budget deficits weighed against increasing spending to support unemployed workers and social safety nets. • Providing financial support for national health systems that are under pressure to develop vaccines while also funding efforts to care for and safeguard citizens. • Implementing monetary and fiscal policies that support credit markets and sustain economic activity, while also assisting businesses under financial distress. • Implementing fiscal policies to stimulate economic activity, while consumers in developed economies sharply increase their savings as households face limited spending opportunities, or a form of involuntary saving, and concerns over their jobs, incomes, and the course of their economies, or precautionary saving. • Intervention by central banks and monetary authorities generally in sovereign debt and corporate bond markets to stabilize markets and insure liquidity are raising concerns among some analysts that this activity is compromising the ability of the markets to perform their traditional functions of pricing risk and allocating capital. • Fiscal and monetary policies that have been adopted to date to address the immediate impact of the health crisis compared with the mix of such policies between assisting households, firms, or state and local governments that may be needed going forward should the health and economic crises persist. Policymakers and financial and commodity market participants generally have been hopeful of a global economic recovery starting in the third quarter of 2020, assuming there is not a second wave of infections. Some forecasts, however, raise the prospects that the pandemic could negatively affect global economic growth more extensively and for a longer period of time with a slow, drawn-out recovery. Without a quick resolution of the health crisis, the economic crisis may persist longer than most forecasters have assumed and require policymakers to weigh the most effective mix of additional fiscal and monetary policies that may be required without the benefit of a relevant precedent to follow. Additional measures may have to balance the competing requirements of households, firms, and state and local governments. Various U.S. States reversed course in late June to impose or re-impose social distancing guidelines and close down businesses that had begun opening as a result of a rise in new confirmed cases of COVID-19, raising the prospect of a delayed recovery. In its July 29 policy statement and subsequent press conference, the U.S. Federal Open Market Committee (FOMC) indicated that the rise in COVID-19 cases in the United States since midJune was weighing down economic growth and that, “The path of the economy will depend significantly on the course of the virus. The ongoing public health crisis will weigh heavily on economic activity, employment, and inflation in the near term, and poses considerable risks to the economic outlook over the medium term.

According to a recent [report by the United Nations Development Programme](https://www.sd.undp.org/content/sudan/en/home/presscenter/pressreleases/2020/covid-19--looming-crisis-in-developing-countries-threatens-to-de0.html), the socioeconomic impact of COVID 19 on poor and developing countries will take years to recover from, with income losses in developing countries forecast to exceed $220bn. It estimated that nearly half of all jobs in Africa could be lost.

In Nigeria, people began the year 2020 with high hope of measuring increased financial inclusion by the end of the year.  The effect of the pandemic has hit hard on the federal government as the country is now facing U.S dollar shortages due to the crash in oil prices. It has also impacted low-income households and businesses due to government measures to curb the spread of the virus.

Most states have banned all public gatherings and closed major markets and schools. The federal government recently announced lockdowns in commercial hubs, including Lagos, Ogun State and the nation’s capital, Abuja. These measures are having sweeping implications on the low income and financially excluded population with high reliance on their informal day-to-day business transactions for survival.  According to the [EFInA Access to Financial Services in Nigeria 2018 survey](https://www.efina.org.ng/wp-content/uploads/2019/01/A2F-2018-Key-Findings-11_01_19.pdf), 44.3 million adults own businesses and about 23 million adults earn their income daily or weekly.