

# Impact of Covid-19 on Nigeria's Economy: Implication on the Education Sector

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**Abstract** - *This theoretical paper examined the impact of COVID-19 on Nigeria's economy with its attendant implication on its education sector. The paper revealed that the first confirmed case of COVID-19 was discovered in Wuhan, China in December, 2019. Nigeria recorded its first confirmed case in February, 2020. The disease affected the economy of Nigeria because the country depends on proceeds from the sale of its crude oil in the international market, the price of the product crashed with the advent of the disease since countries were no longer buying, this made the Nigerian economy to lose revenue. The impact of the disease was however severe on the country's economy because the country was a monolithic economy, lacked adequate data, had high poverty and unemployment rate among others. Furthermore, since schools were closed in Nigeria because of the pandemic, students, families, assessments, graduates and educational stakeholders were affected. It was recommended among others that the country should diversify its economy and also use technology to teach its students from their homes.*

**Keywords:** COVID-19, Nigeria, Economy, Education Sector

## INTRODUCTION

COVID-19 being an infectious disease that is caused by Severe Acute Respiratory Syndrome known as Corona Virus 2 began as a cluster of pneumonia cases from an unknown virus in Wuhan, Hubei Province in China in December, 2019. After subjecting it to laboratory tests, the disease was named corona virus disease 2019 which was abbreviated to "COVID-19", while the virus has been named "SARS-CoV-2". Wuhan, which is known for a large seafood and live animal market, imply that corona virus was transmitted from animal to human. The first confirmed case of COVID-19 started experiencing symptoms in Wuhan, China on the 1<sup>st</sup> of December 2019. The disease, which was declared a pandemic by

the World Health Organization (WHO) in January 2020, has since spread to over 196 countries across the globe, registering its presence in every continent. Health experts have however suggested that the best way to curb the spread of COVID-19 is through social distancing, personal hygiene and restriction of movement from one place to another. Even though there are ongoing efforts to curtail the spread of the disease globally, which is transmitted almost entirely through human to human contact, as at 30 April 2020, COVID-19 has accounted for 3,090,445 confirmed cases and 217,769 deaths worldwide [1].

On 27<sup>th</sup> February 2020, the first case of COVID-19 was announced in Nigeria (which is the most populated country in Africa with a population of approximately 200 million people) through an infected Italian citizen who came to Lagos the commercial nerve centre of the country. The disease then spread to other residents of Lagos and subsequently to other parts of Nigeria. As at 12 May 2020, the country has recorded 4,787 confirmed cases and 158 deaths of COVID-19 cases [2].

Nigeria has a Monolithic economy, with over 90 percent dependent on crude oil as its main source of income. The country exports the product to other parts of the world and uses the proceeds to manage and develop its country. Before the discovery of crude oil in 1966 however, Nigeria's major source of income was agriculture. The country was producing and exporting groundnut, cocoa, palm oil, cotton among others to other parts of the world. All this stopped after the country started exploring crude oil in commercial quantity. This explains why Nigeria's budget is always predicated on the sale of its crude oil in the international market as a benchmark. Any time the price of crude oil falls in the international market, the country's revenue also pummels and vice-versa. The advent of COVID-19 affected the price of crude oil negatively and hence the income of Nigeria, this will also have an impact on the economy of the

country in general and its education sector in particular, hence the need for this theoretical study which examined the impact of COVID-19 on the economy of Nigeria and its implication on its educational sector.

### **Impact on the Economy**

The outbreak of Covid-19 has affected the political, social, economic, religious and financial structures of the whole world. The world's topmost economies such as the United States of America(USA), China, the United Kingdom (UK), Germany, France, Italy, Japan and several others may soon collapse. The United Nations Trade and Development Agency (UNCTAD) revealed that the outbreak could cost about \$2 trillion in 2020. The spread of COVID-19 globally cut across every facet of human existence and the consequences may linger. As discretionary spending by consumers continues to decline, full-year Growth Domestic Product (GDP) growth could fall to zero in a worst case pandemic scenario. Many sectors and economies globally have been negatively affected by the virus. Oji [3] disclosed that as a result of depressed activity, Foreign Direct Investment flows could fall between 5 to 15 percent. The most affected sectors such as tourism and travel-related industries, hotels, restaurants, sporting events, consumer electronics, financial markets, transportation, and overload of health systems have all become vulnerable. Multinational companies that operate in the world are also affected because the economy is global.

Generally, the Covid-19 pandemic affected the global economy in two ways. Firstly, the spread of the virus which emphasized on social distancing, thus leading to the shutdown of financial markets, corporate offices, businesses and events. Secondly, the rate at which the virus was spreading, and the heightened uncertainty about how bad the situation could get, led to flight to safety in consumption and investment among consumers and investors [4], with a projected global combined loss of over \$4 trillion. This could plunge the world into a global recession. For developing countries, External debt now stands at around US\$6 trillion for middle and low-income countries, which is more than the combined GDP of France and UK. The poorest countries (those with Gross National Income per capita of below US\$1,175) have doubled external debt since 2008. Due to problems caused by the COVID-19 pandemic, there is the possibility that poor countries will default in

payment which will pose serious problems for the global economy [5]. In Africa alone, recent economic forecasts show that Africa's economy could experience a loss of between US\$90 billion and US\$200 billion in 2020, with the GDP shrinking by three to eight points [6]. For most developing economies therefore, the odds of sliding into a downturn are gradually expected as the global COVID-19 outbreak puts severe pressure on their economies.

For Nigeria, with a GDP growth of around 2.3 percent in 2019, the country is still trying to recover from the 2016 economic recession which was as a result of the crash in crude oil prices globally which led to insufficient foreign exchange earnings to meet imports. The federal government of Nigeria approved a budget of N8.24 trillion (Note: \$1=N360) for the year 2020. The budget was predicated on an oil benchmark of \$57 per barrel with an oil output of 2.18 million barrels per day.

Compared to events that led to recession in 2016, the current state of the global economy as a result of the outbreak of COVID-19 poses more difficulties ahead as the oil price is currently below US\$30 with projections that it will dip further going by the price war among major players in the industry [7]. In February 2020, because of relatively low oil prices and limited fiscal space due to COVID-19, the International Monetary Fund (IMF) projected the GDP growth rate of Nigeria from 2.5 percent to 2 percent. In addition, the country's debt service to revenue ratio is put at 60 percent, which is likely to worsen amid the steep decline in revenue associated with falling oil prices. These constraining factors will aggravate the economic impact of the COVID-19 outbreak and make it more difficult for the Nigerian government to weather the crisis [8].

### **Why is the impact of COVID-19 severe on Nigeria's economy?**

The impact of COVID-19 is severe on the economy of Nigeria because of the following reasons:

1. **Unavailability of data:** Nigeria does not have accurate data and statistics of its key structures, number of citizens, number of businesses, number of households and number of less privileged among others. Planning can only be possible when accurate data is available. This explains why Beguy [9] revealed that paucity of data in Nigeria has made the country susceptible to calamities because the country does not have the statistics to

handle such situations. This explains why the economy of Nigeria will be severely affected by COVID-19.

2. **Increase in population:** Nigeria being the most populated country in Africa and one of the most populated in the world with a population of approximately 200 million people, had a population of less than 43 million people in the 1960's. This shows that the population of the country increases at a geometric level. Increase in population without a corresponding increase in the productive capacity of the country meant that the population of the country overwhelmed the country's infrastructural and human capital capacities. Oshagbemi [10] asserted that Nigeria's population is a curse instead of a blessing with negative consequences on the economy. Implying that Nigeria's high population accounts for the severity of COVID-19 on its economy.
3. **Poverty:** Nigeria is blessed with abundant mineral and natural resources; it is however ranked among the poorest countries in the world. The poverty index as released by UNDP [11] in 2019 shows that Nigeria is ranked number 20 in the poverty index out of 126 countries with more than 89 million of its citizens living below the poverty line. The report revealed that they are living on less than \$1 per day. This means that they cannot be restricted from movement in search of their daily bread, in addition, they live in shanties where they are crowded in small settlements. With this scenario, COVID-19 cannot be easily curtailed in such communities, with negative impact on its economy.
4. **Unemployment:** The rate of unemployment in Nigeria is projected to reach 33.5 percent, representing 23 million of its population in 2020(National Bureau of Statistics, 2019). Many youths graduate from schools without jobs and most of those working are underemployed, earning less than their qualifications. With this high rate of unemployment, many people are unable to cater for themselves, with the basic necessities of life becoming essential commodities. This puts pressure on the few that are gainfully employed, with a multiplier effect on the economy due to the spread of COVID-19 in Nigeria
5. **Monolithic economy:** Nigeria depends solely on proceeds from the sale of its crude oil. It accounts for more than 90 percent of its income. Even though the country has tourism and agricultural potentials, its dependence on only crude oil means that whatever happens to its price in the international market affects the country's revenue directly. For instance, the price of crude oil was \$63.65 per barrel in January 2020 but crashed to \$18.38 per barrel in April 2020as a result of the advent of COVID-19 in the country(Central Bank of Nigeria [12]. A fall in revenue occasioned by the effect of COVID-19negatively affected Nigeria's economy.
6. **Import dependent economy:** Nigeria imports virtually everything into the country. The World Bank [13] described Nigeria as a consuming country, which depends on production from other countries. With the advent of COVID-19, travel restrictions were placed by many countries including Nigeria. Imports from other countries therefore seized because they were also battling with the disease. This led to a fall in supply in the economy, thus leading to inflation because the prices of goods increased astronomically within the country.
7. **Weak infrastructure:** Infrastructural facilities in Nigeria are weak. There are no good roads, schools, hospitals; with erratic power and poor water supply [14]. Only few hospitals have the facilities to treat COVID-19 patients in the country. The public health sector in Nigeria has poor infrastructure such as poor emergency services, few ambulance services, ineffective national health insurance systems, insufficient primary health care facilities, and these problems in the public health sector have often been linked to the high maternal and infant mortality rates in the country [15]. The failings in Nigeria's public health sector made it difficult for Nigeria to cope with the fast-spreading Covid-19 disease during the outbreak. Local drug manufacturers could not manufacture drugs that could temporarily suppress the disease in infected patients. In the end, the Covid-19 outbreak overwhelmed the poor public health infrastructure in Nigeria, and hence affected the economy because a sick nation is a sick economy.
8. **Corruption:** Nigeria which has both natural and human capital resources in abundance, has failed to develop them due to high level corruption from its leaders. Adesoji [16] while quoting Transparency International reported that Nigeria is ranked 146 out of 180 countries in the

corruption index in the 2019 ranking. Many of its leaders are alleged to be enmeshed in corruption cases, they allegedly siphon funds meant for the development of key sectors of the economy into their private pockets, thus depriving the country of development, which has made its economy weak. In this regard, the impact of COVID-19 is severe on the economy of Nigeria because those saddled with the responsibility of curtailing it and ameliorating the impact on citizens are not sincere [16], hence its negative impact on the economy.

9. **Illiteracy:** The illiteracy rate in Nigeria is said to be high. For instance, Odeyemi[17] disclosed that the UNICEF revealed that there are 13 million out of school children in Nigeria. This has made some of its populace to ignore calls for observing social distancing and keeping of personal hygiene as a way of curbing the spread of COVID-19 in the country. Illiterates generally contribute little or nothing to the development of any economy. The increase in the number of illiterates in Nigeria will therefore result in the severity of the disease on the economy.

#### **Implication on Nigeria's Education Sector**

Globally, COVID-19 has affected the educational sector, leading to the near-total closures of nursery, primary, secondary and tertiary schools. As at 27 April 2020, approximately 1.725 billion learners have been affected worldwide due to school closures in response to the pandemic, that 186 countries implemented nationwide closures while 8 implemented local closures, impacting about 99.9 percent of the world's student population [18].

In Nigeria, On March 19th, 2020 a circular from the country's Federal Ministry of Education granted an approval for the closure of all schools commencing from Monday 23rd March 2020 to prevent the spread of COVID19. (Nigeria education in emergencies working group, 2020). This pronouncement affected 46 million students in Nigeria [19]. This has implication on the country's educational sector in the following ways:

1. **Schools:** Attending school is the best public policy tool available for countries to raise skills for their citizens. While school time can be fun and can raise social skills and social awareness, the primary point of being in school is that it increases a child's ability, a relatively short period of missed school have consequences for the child's skill growth. The COVID-19 interruption

has therefore negatively affected learning of students in schools. This is in line with the study of Carlsson, Dahl, Öckert & Rooth [20], who found out that student with more hours of classes perform better than students with less hours of classes. This is a clear indication that the closure of schools has a negative effect on students.

2. **Families:** The idea of sending learners home is for them to continue their education in their homes, so that they will not miss too much from their academics. Families are central to education and are widely agreed to provide major inputs into a child's learning (Bjorklund & Salvanes, [21]. Therefore, while home schooling will produce some inspirational and frustrated moments, it cannot on the average replace the learning lost from school. But the bigger point is this: there will likely be substantial disparities between families in the extent to which they can help their children learn. Key differences include the amount of time available to devote to teaching, the non-cognitive skills of the parents, resources (for example, not everyone will have the kit to access the best online material), and also the amount of knowledge, it is hard to help your child learn something that you may not understand yourself. Consequently, this will lead to an increase in the inequality of human capital growth for the affected learners.
3. **Assessments:** The closure of schools not only interrupts the teaching for students in Nigeria but it also coincides with a key assessment period leading to the cancellation or postponement of exams nationwide. Internal assessments are perhaps thought to be less important and many were also cancelled. But their point is to give information about the child's progress for families and teachers. The loss of this information delays the recognition of both high potential and learning difficulties and can have harmful long-term consequences for the child. This agrees with the findings of Andersen and Nielsen [22]. who revealed that participating in tests increased the scores of learners.
4. **Graduates:** The careers of this year's university graduates may be severely affected by the COVID-19 pandemic. They have experienced major teaching interruptions in the final part of their studies, they are experiencing major interruptions in their assessments, and finally they are likely to graduate at the beginning of a major

global recession. Evidence suggests that poor market conditions at labour market entry cause workers to accept lower paid jobs, and that this has permanent effects for the careers of some. Oreopoulos, Wachter, and Heisz [23] showed in a study that graduates from programmes with high predicted earnings can compensate for their poor starting point through both within and across firm earnings gains, but graduates from other programmes have been found to experience permanent earnings losses from graduating in a recession. In addition, graduates whose mandatory National Youth Service Corps (NYSC) was disrupted and those waiting to be mobilized were also affected by the pandemic.

5. **Educational stakeholders:** Most Educational stakeholders in Nigeria such as teachers, principals, school owners and non-teaching staff are not paid during the shutdown period. They find it difficult to feed themselves and their families. Nicholson[24] asserted that without proper motivation, the working class does not give in their best. This means that they will find it difficult to properly teach when schools resume, which will have a negative effect on the performance of learners.

### CONCLUSION AND RECOMMENDATIONS

COVID-19 is a global pandemic ravaging the world. It has affected every facet of life, including the economy of Nigeria with implication in its education sector. Nigeria being a monolithic economy implies that it depends on one single source of income for its revenue and also depends on imports for its local consumption. This means that the disease will have a severe effect on the country's economy since the price of crude oil has crashed in the international market, in addition, the country cannot import products into the country due to restrictions by other countries. Schools were closed in Nigeria as a measure to curtail the spread of the disease in the country. This meant that students, teachers and non-teaching staff were sent home. This will negatively affect the educational sector in the country, because without learning, skills cannot be developed which will impede the growth of the economy.

In order to mitigate the problem caused by COVID-19 on the economy of Nigeria, it is recommended that the Nigerian government should as a short term measure; seek for loan from financial institutions that it will use to fight the disease. While in the long run, it should diversify its economy by

investing in agriculture, tourism and solid mineral production. This will enhance the revenue generating capacity of the country. In addition, the Nigerian government should encourage schools to apply technology to reach out to students during the period of shutdown. This can be achieved through the internet where teachers are expected to teach their students using a range of integrated digital learning platforms such as whatsapp, video lessons, radios and television sets.

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