



FATE Philanthropy
Coalition for COVID-19
(FPCC) Support Fund

COMBATING THE IMPACT OF **COVID-19**

**ON THE LIVES AND LIVELIHOOD OF
NIGERIAN WOMEN AND OTHER
PROTECTED GROUPINGS**

SAFEGUARDING LIVELIHOOD

Capital



Highlights

This study is focused on safeguarding livelihood so that Nigerians can live through the pandemic and emerge without losing their lives to hunger and deprivation.

- ✍ This study is focused on safeguarding livelihood so that Nigerians can live through the pandemic and emerge without losing their lives to hunger and deprivation.
- ✍ Should the country wish for the economy to emerge out of the shock performing stronger than before the shock, obviously it must address those factors which have relentlessly hindered growth. Expectations to the contrary would be merely wishful thinking.
- ✍ Central to safeguarding livelihood is for government to give money, give credit, relink the supply chains by implementing spectrum management of lockdowns. The role of government in the relink includes (a) assisting players at vital nodes in the chain to achieve threshold reopening conditions (b) effectively enabling transportation and logistics activities by reducing "highway extortion."
- ✍ The economic stimulus is a set of interdependent measures that must be coordinated for it to be effective. Implementing one without the other weakens the overall stimulus which then risks becoming wasteful spending. The approach must not be to implement one, watch it evolve, then, resume the next, etcetera, in the hope that ultimately these disparate measures would somehow fuse to deliver the desired outcome.

- ✍ No matter how enthusiastic, intensive and extensive the survival measures are, if the spread of the virus is not contained, the state and the people will sooner run out of resources. Therefore, citizens must get behind the state and do its part to contain the spread of the virus and ultimately quench it, vaccine or not. Attitude is crucial in prosecuting this social disease, but this equally important aspect of the measure has received little attention.
- ✍ Our analysis uncovered the centrality of food and transportation in the national household expenditure. Obviously, the two factors are interdependent because food items must be moved from farmgate to the table and along the way, preserved. Furthermore, the cost elements pertaining to waste and perishable proportions must as well be recovered from consumers. The most expedient the food items are transported, the lower the overall delivered cost.
- ✍ Transportation and Logistics has been an abiding pain for Nigerians, even before COVID-19. Extant examples are “oil and gas pipeline” problems involved in moving crude from well head to off-take terminals, gas delivery to power generating stations, electric power losses in transmission and distribution systems, post-harvest losses in agriculture, overall high freight costs due to poor road infrastructure and incessant shakedowns on the road.
- ✍ How can a country supposedly intent on assisting Road and Transport workers turn a blind eye on conditions choking this vital sector of the economy? Like the health sector ironically, transportation and logistics can barely breathe. When transportation is troubled, there is little doubt as to who are bearing the brunt, as can be gleaned from Figures 4 to 7 where health, food, and transportation costs burden Nigerians inexorably.
- ✍ But how does such immiseration continue unabated?

THE ECONOMY

- Staying Alive

There is one surefire way to jumpstart any comatose economy. Buy your way out of the trouble by putting money into the hands of the consumers to spend. It can be given to banks for on-lending or directly to consumers but there is relatively limited financial intermediation in Nigeria.

Nigeria's credit to GDP ratio in 2019 is a mere 10 percent. Therefore, direct cash transfer is recommended, especially in the current circumstance. Give money to folks, relink the supply chains, and dismantle those ubiquitous "police obstacles" which are in full glare and well known to all road users.

Skeptics of the benefits of spending stimulus can take solace in the fact that the Ibos did it after thirty months of a brutal civil war. The economy of the then Eastern Region of Nigeria, after thirty months of total economic blockade and warfare, had dropped below anything we can imagine even with the pandemic. Yet in less than one year after the war, commerce was back in full force whilst the "reconciliation, rehabilitation, and reconstruction" weaved its way across the terrain in its own time. The driving force behind such rapid rejuvenation was certainly not the 20

pounds that was handed to every Ibo who had an account in a Nigerian bank before the war, regardless of the account balance. What wrought the magic, rather unwittingly, was the massive consumption expenditure unleashed by the spending power and appetite (marginal propensity to consume) of the federal troops whom after the war, were disproportionately distributed to the Eastern Region. Clearly, money talks by getting things done.

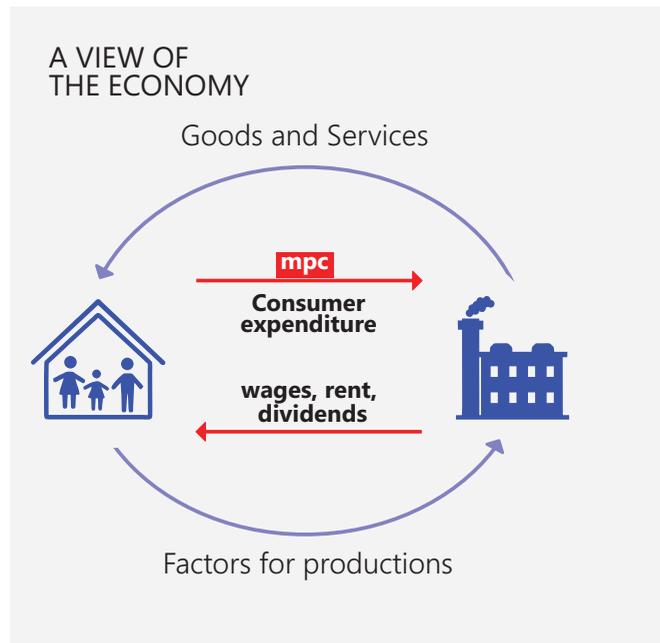
Cash transfers can mean the ability of firms to continue meeting payroll obligations and other trade related liabilities. For households, it can be the difference between meeting long and medium-term commitments such as rent and school fees, medical bills, insurance, and staying current on recurrent obligations. Obviously, interventions are not limited to cash transfers. Soft loans and bridging finance are also options as is liquidity injection into

the banking system for lending on concessionary terms to medium and large enterprises. Airlines and the hospitality industries are candidate enterprises for bridging finance and concessionary lending, as are manufacturing firms. Other firms which face high setup costs, incur capacity costs such as hospitals are also noteworthy. Generally, firms whose production processes are such that once they shut down, they are unable to restart operations within a compressed time scale.

The first choice in distributing the economic stimulus would be to use existing tried or tested channels which rely preexisting transaction networks, be those economic or social. Such channels can get the job done fastest and spur investment. Because the cash-spending proposition is an especially important argument, the next section is devoted to explaining just how this magic works. The analytics is aimed at hopefully persuading policymakers and donor alike that the magic works and will work in the current exigency.

HOW IT WORKS & WHY IT WORKS

A simplified diagram of how the entire (macro) economy works can be helpful in appreciating how consumer spending is the elixir for an ailing economy. In all its glory, a market economy is about those who want the “good things” of life otherwise called consumers, and those who satisfy the said wants, referred to as producers. Some of the consumers participate in the processes leading to the supply of the goods and services demanded by the consumers and therefore are suppliers. Even when they are not hands on as workers in the chain of links from production to consumption (the value chain), they may nonetheless be part owners of the means of production



(capitalists or investors). Therefore, in any economy, some of the consumers don multiple hats, participating actively in various facets of the economy to profit from the economic merry go round summarized in Figure 1. This simplified view of the macroeconomy is powerful in capturing the role of income and expenditure as fuels driving an economy.

Essentially, it says that your expenditure becomes my income and that my income which powers my expenditure is the other person's income and so forth thus, generating a huge wave of income slushing around in the economy. However, the ripple effect of this wave depends of our spending proclivities. Those who tend to spend a higher proportion of their income will have

a more beneficial effect when they receive than those who tend to spend less (i.e. tend to save more). This is one of those rare times that burning cash is good for all. Economists estimate this individual behavioral trait by measuring people's marginal propensity to consume (MPC)—the additional amount of spending one makes out of each additional naira income earned. The proportion of income saved, and the proportion spent sum to the additional income earned. Correspondingly, when you freeze or cut down spending, it generates a shock wave which is propagated in a similar manner but having a contractionary effect.

Also, it should be known that government revenue and expenditure as well as the buying and selling of goods and services from and to foreigners are a significant element of this equation because in addition to the private sector, there is a huge chunk of consumers in the public sector and in the international or external sector. Altogether, like a nice or dangerous (depending on the perspective) wave driving a surfer in the ocean, these series of economic interdependencies in the aggregate multiply in a geometric manner to yield an economic expansion or contraction. This story helps one to appreciate the earlier discussion and recommendation of cash transfers and the subsequent discussion of the economic impact of the pandemic shockwaves. Details of the analysis are about pinpointing the

Income and Expenditure Approach to National Income Determination Postulates that $Y = C+I=G$ Which says that:

-  National Income (Y) depends on spending by consumers (C), investment by firms (I), and government expenditure (G). For simplicity, ignore exports and imports or international trade.
-  When firms perceive a brighter future, they tend to invest more (Capital formation) which includes increasing their inventory levels(I).
-  Economic policy uncertainties affect investment negatively

Figure 1:
Circular Diagram
of the Macroeconomy

incidence of the shocks, i.e. who bears the brunt of the shock and its ripples. But the overall effect of the propagation always comes down to the big picture described above, Pay me so that I can pay her to pay him who then pays you, else we provoke a vicious of cycle of she owes me, so I can't pay him to pay her, who in turn has to repay her bank loan to prevent the bank from defaulting on deposits. Banks' default is

covered by deposit insurance which means that ultimately everyone pays. When some of us are very weak, no one is safe. This may be the most sobering lesson of all. It is the same lesson from extreme inequality which many do not seem to be heeding. We can certainly hope that policymakers are listening and pondering the dire consequences for the society of policy inaction.

THE NATURE OF THE ECONOMIC SHOCKWAVES FROM THE PANDEMIC

Perhaps elaborating on the specifics of the shockwaves and its incidence can help to glue the ideas solidly in the minds of policymakers and remove any tendency to equivocate over what can and should be done.

Hands on the economic present and an eye on the future means that when we take care of today's business, that degree of care influences people's expectations about tomorrow which in turn translates into what they do now to prepare for tomorrow. Therefore, we must be mindful that safeguarding livelihood through learning to coexist with the pandemic carries the underlying assumption that the country gets a grip on the pandemic. If the pandemic continues to spread relentlessly, the supply chain cannot be successfully relinked

without putting many lives in serious jeopardy. Such an outcome will create both a stagflation and the double whammy of having neither lives nor livelihood.

Stagflation describes the economic state of high unemployment and inflation. Ordinarily, economists postulate a tradeoff between inflation and unemployment according to which a bit of inflation can create the necessary impetus for firms to hire more people thus lowering the rate of unemployment in the economy. When

economic interactions and linkages are constrained because of the pandemic, pumping money into the economy simply creates excess demand as more money chases fewer goods. Thus, causing increases in the general price level—inflation. The economic bridges torpedoed by the pandemic (i.e. breaks in the supply chain links) transform “globalized” economic activities into compartmentalized pockets thus thwarting those slushing effects issuing from strength in unity. Again, referring to Diagram 1, the arrows in the picture are bridges or links in the supply and demand chain. But that is not all. Amongst the firms and households, there are yet more localized links connecting those local units. Ripples from the pandemic shocks affect those as well thus leading variously to the following specific impacts.

Household Immiseration

Without a doubt, the hallmark of Nigeria's social safety net and livelihood is the extended family system. Therefore, millions of people without jobs or income translate into many more millions of families at risk of starvation, problems with meeting other core obligations such as rent and school fees, abandoned plans for further education, children living in tense atmosphere, domestic violence, homeless employees living on the streets or hanging out with friends to reduce commuting costs, prostitution, crime and incarceration, decrease in labor force participation as

discouraged workers drop out of the labor force or are unable to afford the cost of upskilling or reskilling, and decreases in overall productivity.

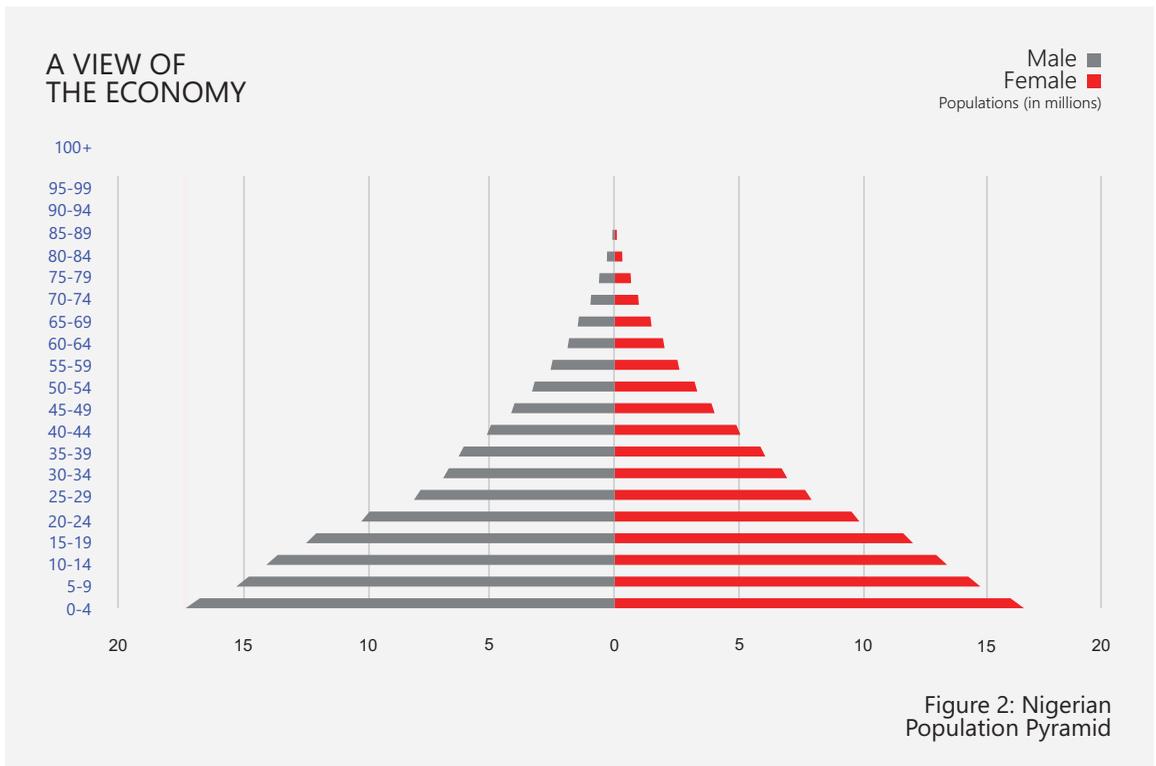
Lower aggregate income when fewer people are employed means that the burden of support gets heavier and is more likely to overwhelm the reduced number of bearers. One distributional implication of these consequences is that much of the income generated from the dwindling output goes to a privileged section of the populace, as usual. The rest are left scrambling for crumbs. An already high wealth inequality is worsened. Even if firms were to begin production or suppliers were to begin importing, where is the income to purchase these goods and services? There is no chicken-and-egg conundrum to ponder here. Clearly, households are fundamental in the recovery formula.

Millions of families becoming destitute is not a hypothetical scenario. Our target are real people of all ages and gender amongst approximately 200 million others. The country's population pyramid shown in Figure 2 indicates a sizable “youth bulge.” The young consume a lot but produce little income and therefore require supporting by those who work. The labor force is comprised of people between 15 to 64 years old. However, many of the children aged between 15 and 18 years are presumably still in school and those who drop out before

completing secondary or technical education face dim prospects of finding meaningful jobs. Therefore, we have set the labor force realistically at 20 to 64 years as dotted in Figure 2.

A country's livelihood can be estimated by its income per capita. On the other hand, income per capita depends on both the share of population at work (the support

ratio) and on how productive they are. Given its youth bulge, Nigeria's support ratio is exceptionally low. If a relatively few people work to support a large segment of the population, such a setup is very fragile to begin with. Then, imagine what can happen to the entire neighborhood when the income of that fragile segment is threatened, as is the case currently.



MSME and Large-Scale Enterprises Distress

MSME is the acronym for micro, small, and medium scale enterprises. A survey in 2013 approximates the number of MSME at 37 million that is said to account for over 84 percent of the employment in the economy. Apparently as MSME go, so goes the nation. These enterprises are distributed along the

entire economic value chain and hence across the three sectors of the economy—primary, secondary, and tertiary but chiefly in the agricultural sector where also most of the employment is. A large share of the female employment is in the wholesale and retail trade as well as the hospitality industry (Figure 3 summarizes the situation).



Figure 3: Sectoral Distribution of Employment in Nigeria

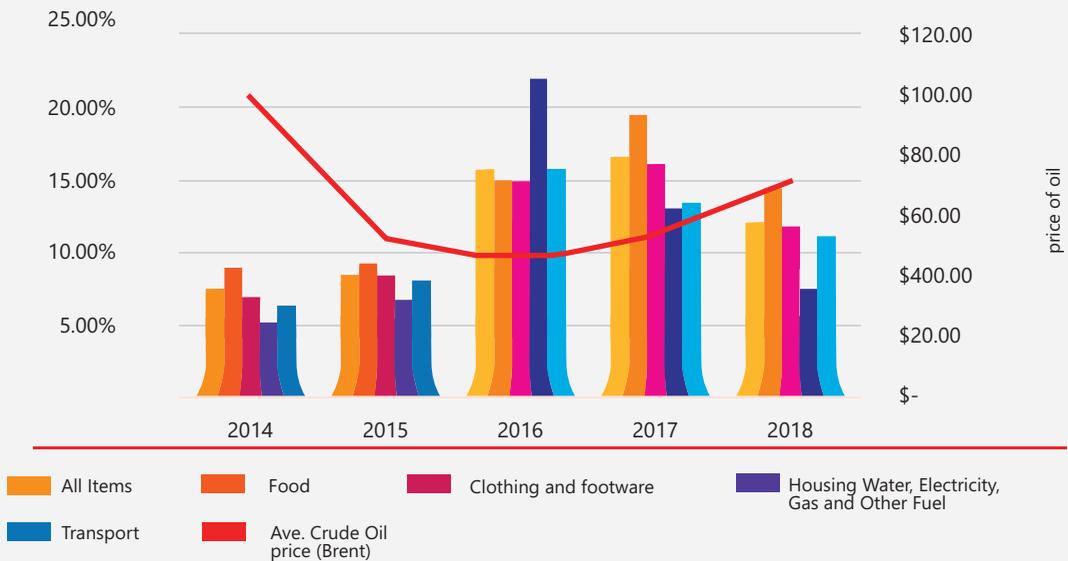
key

- Agriculture, Forestry and Fishing
- Mining and Quarrying
- Manufacturing
- Electricity, Gas Steam and Air Conditioning Supply
- Water Supply, Sewage, Waste management and Remediation
- Construction
- Wholesale and Retail Trade; repair of motor vehicles and motorcycles
- Transportation and storage
- Accommodation and Food Service Activities
- Information and Communication
- Financial and Insurance Activities
- Real Estate Activities
- Professional, Scientific and technical Activities
- Administrative and Support Service Activities
- Public Administration and Defense; Compulsory Social Security
- Education
- Human, Health and Social work Activities
- Arts, Entertainment and Recreation
- Other Service Activities
- Household as employers, undifferentiated goods and Services producing
- Extraterritorial Organizations

It is important to highlight that besides the economic impact of the pandemic shocks, high costs of food and transport have been a source of persistent headache for consumers. This troubling fact is vividly shown in Figure 4. The situation is nonsensical to Nigerians because Nigeria subsidizes its domestic retail cost (pump

price) of gasoline and is Africa's largest crude oil exporter. Moreover, majority of the labor force is in the agricultural sector meaning ordinarily that there is plenty of action in the primary sector and related extractive industries. Yet high food prices and transportation costs continue to erode the real income of households. What is it

ANNUAL INFLATION RATE BASED ON ANNUAL CHANGES IN CONSUMER PRICE INDEX



Computation by CPPA. Data source is the Central Bank of Nigeria and Statist

Figure 4: Inflation and the Purchasing Power of Your Income

Notes: Whilst all people know what money is, few rarely ponder the deeper question of the "price of money?" The answer is straightforward. It is the inverse of the price level. The lower the general price level, the higher the value of your money or purchasing power. So, when the general price level is high, the purchasing power of money is low and hence your money is less valuable or worth less. Bottom line, any policy that raises the general price level is an indirect tax or burden on the people. So, clogging the wheels of enterprise which indirectly raises prices in Nigeria is a form of impoverishment. It is not enough to keep asking for more money. It is just as important to push for safeguarding existing wealth through prudent fiscal and monetary measures. The polity should be aware of this necessity

that has been happening of which the pandemic shocks have merely amplified? Would the country be so lucky as to have the pandemic shocks expose the fault lines and not spare the culprits? Clearly, there are enormous pockets of inefficiency in critical segments of the country's economic value chain. The lesson here is that in the anxiety

and distress of the pandemic shocks, these preexisting conditions should not be conveniently overlooked. Rather, it should be an opportunity for sober reflections and hard talk.

NATIONAL HOUSEHOLD
NON-FOOD EXPENDITURE
(PERCENT)

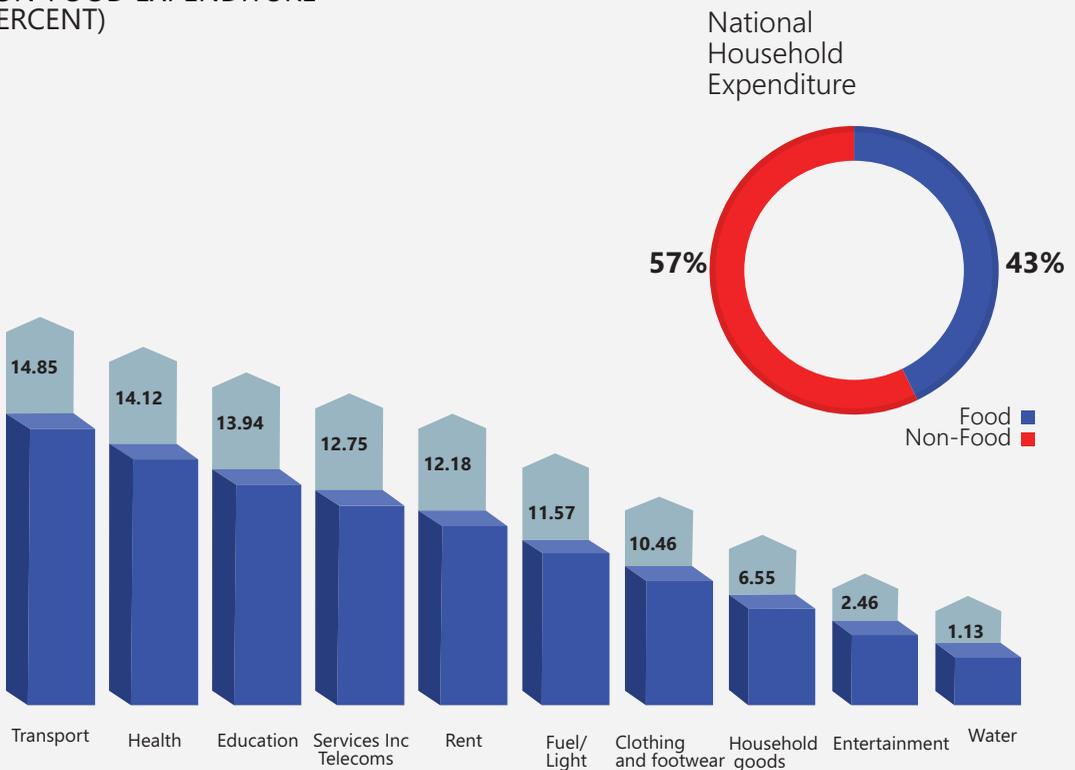


Figure 5: Household Expenditure
Source: National Bureau of Statistics.
Nigeria Living Standards Survey, July 2020.
<https://nigerianstat.gov.ng/download/1123>

URBAN HOUSEHOLD NON-FOOD EXPENDITURE (PERCENT)

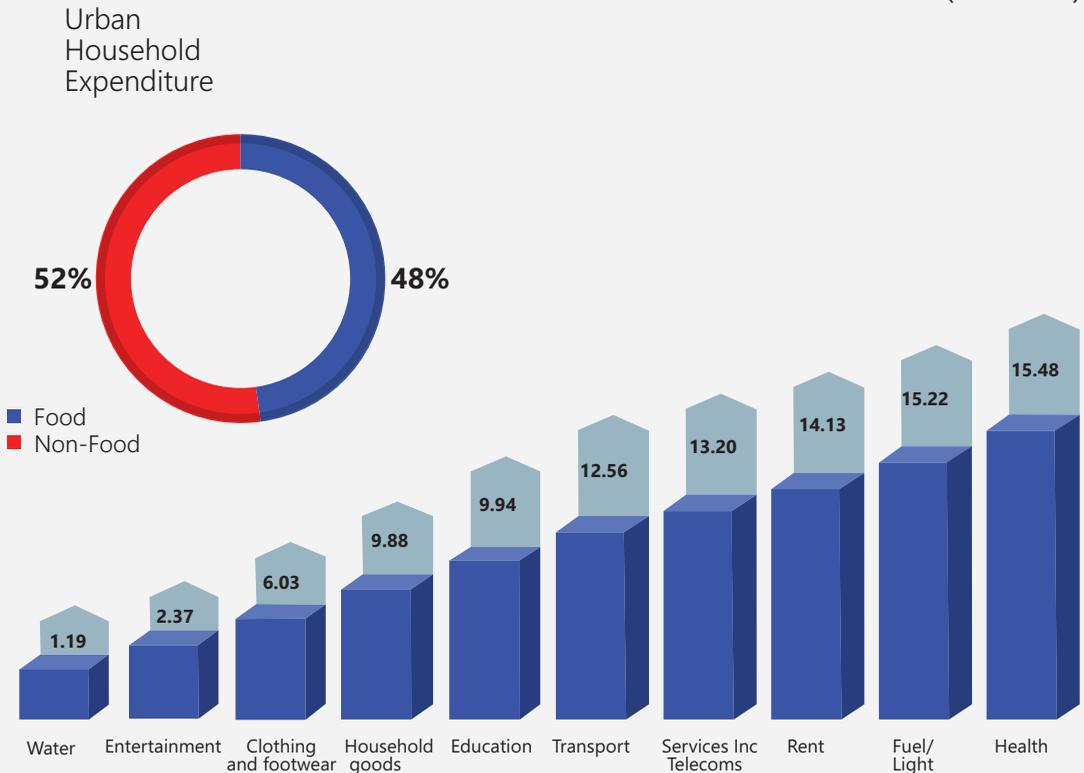


Figure 6: Urban Household Expenditure

Lacking deep pockets because of relatively small capital base and size of operations (scale), MSME do not have the stamina to effectively resist predation by corrupt public officials. Therefore, in addition to bridging finance, soft loans, concessionary financing, direct cash support as well as regulatory forbearance, these enterprises could benefit from improved macroeconomic

environment that ordinarily should be expected of the state as part of its responsibilities.

Moreover, MSME face decrease in demand following decline in aggregate income and change in the composition of demand as consumers adjust lifestyles. MSME must address necessary changes in the manner of

RURAL HOUSEHOLD
NON-FOOD
EXPENDITURE (PERCENT)

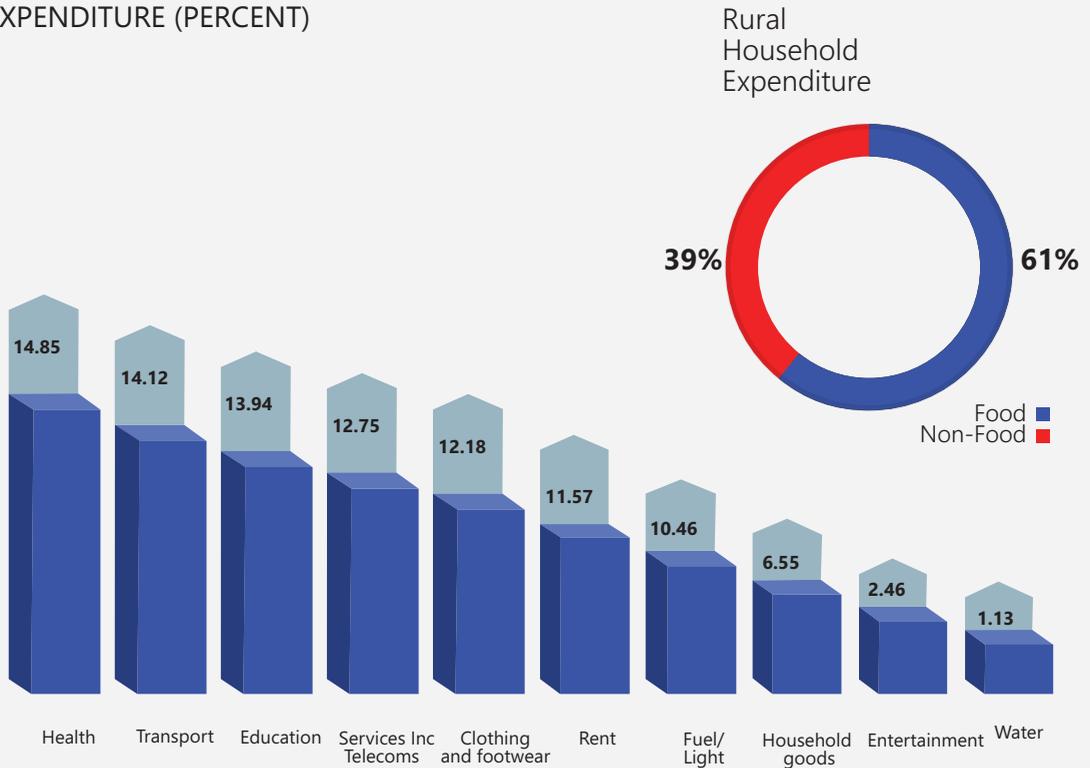


Figure 7:
Rural Expenditure

doing business in response to learning to coexist with the pandemic. There is also the cost of retrofitting business premises and reskilling the workforce as well as uncertainties about input supplies. On top of these ripple effects of the COVID-19 shock is the stress from grappling with liquidity constraints. Despite these mounting problems, MSME must still contend with

consumer skepticism over safety measures even after establishing systems and processes to improve customer safety. Enterprises in the services sector are especially susceptible to this skepticism as can be gathered from observation of beauty and body salons, airlines, bars and restaurants, and gymnasiums.

Firms in the information technology and telecommunications sector, mostly large-scale enterprises, have benefitted from increases in demand even though a significant proportion of this apparent growth in sector income could be trade diversion. Trade diversion could be occurring as economic agents switch to internet-based alternatives for various business needs. Therefore, overall demand in the economy may not result because of corresponding losses in other sectors where the level of demand declined due to increasing adoption of IT-based solutions as feasible superior alternatives. Working from home enabled by the Internet as well as meetings enabled through Zoom, WhatsApp, Google Hangouts, and others are examples. So, are the case of loses in demand for transportation to Uber, Bolt, commuter buses etc. Furthermore, even if aggregate demand were to increase, it may not be to the extent to which undue optimism would lead observers to assume without taking into consideration the points raised.

Anyways, large scale enterprises grapple with recurrent problems of critical infrastructural deficiencies in the economy. A situation which has now been amplified by the sharp decline in demand for goods and services as consumers adapt to a combination of reduced current income and dim prospects of future income. Furthermore, under the already reduced demand, consumers are buying less because

of higher prices and lower income. Prices are higher because of supply chain constraints. These include health and safety concerns already noted, as well as anti-SARS CoV-2 compliance issues. There are also the difficulties with transportation and logistics (TL) which have not been completely overcome because international travels are not operational yet and other aspects of TL have equally not been fully restored. Let us not forget the continuing disruption in the global supply chain as the pandemic rages on in the United States, Brazil and elsewhere where it seems to subside and then break out in a renewed wave. Nigeria's economic fortunes are not immune from the devastating impact on the global economy.

Before globalization, production of goods and services used to be viewed as input-output systems with firms in the middle of it all. Firms were viewed as production automata much like big sausage making machines in which enters a variety of meat but out pops mashed meat, all blended. This view is no longer central to the existence of firms. Rather they are now viewed as a nexus of contracts managing stakeholder relationships in a value chain made up of a string of dependencies. These dependencies in turn are characterized by a network of processes across multiple jurisdictions. Lockdowns introduce discontinuities in the supply chain feeding these processes, much like what would

happen to economic activities in an archipelago were major bridges linking up those series of island communities to be blown up without substitutes such as water-based mass transit system available. Obviously in such a scenario, the scale of economic activities would shrink dramatically and begin morphing into smaller-scale business enterprises. Avoiding such atrophy requires closer attention to the survival of large-scale enterprises. Specifics of the support can be detailed subsequently but the headline here is to emphasize that large-scale enterprises matter as well. Although their contribution to the labor force is not as significant by comparison to MSME, still they provide decent jobs. Also, their set up costs are considerable. Therefore, they should not be allowed to crash. It would not bode well for the formal sector which is relatively small yet accounts for a sizable proportion of corporate taxes. Corporate taxes are a significant component of non-oil revenue to the state (see the breakdown in Figure 8). They are the golden geese of the state and in some respect, aspirational for small and medium scale enterprises.

Comatose External Sector

Before the pandemic hit Nigerian shores, the trade balance (the value of exports less the value of imports) was already in distress following the catastrophic decline in oil

prices. Decline in oil prices means declining export revenue even at existing demand levels. Standard economic analysis predicts that a drop in price would lead to an increase in quantity demanded. But the degree of that response also depends on how the quantity demanded of oil and gas responds to changes in the price of these commodities (their price elasticity of demand). These products do not have easily substitutable alternatives to which buyers can switch at a whim. Refineries cannot easily alter activity levels or suddenly expand refining capacity. Neither can storage facilities expand overnight in response to fluctuations in oil and gas prices. Seldomly are transactions in these commodities solely spot (i.e. cash and carry). Rather they are characterized by complex contracting over arrangements to hedge all kinds of operations risk beyond trading speculatively to exploit transient changes in commodity prices.

The crude oil price shock issuing from a price war was amplified by the decline in economic activities globally. In turn, the reduction in economic activities triggered a decline in the demand for crude oil. So, both quantity and price were in decline with disastrous consequences for total export revenue. Oil and gas exports account for over 90 percent of Nigeria's export value. Additionally, the global economic downturn and freeze on domestic and international movements induced a near total decline in

revenue from ports operations, income from haulage, ports authority revenue, customs revenue, maritime revenue, and home remittances. So, not only is the GDP in jeopardy, the gross national product (GNP defined as GDP plus net property income from abroad) is impaired. Hopefully, illicit financial flows have also diminished which would be a welcome mitigating factor in these trying times. But history cautions against pinning much hope on such a possibility. People could still be stealing public monies, stashing them locally and lying in wait to spirit them overseas when conditions permit.

Fiscal Day and Nightmares – Federal State and Local Governments

Because of fiscal federalism, all three tiers of our government face the same fiscal cliffhanger—dwindling revenue at a time when public expenditure and the demand

for increased transfers are rising hugely. Fiscal federalism here refers to the arrangement for the distribution of federation revenue to the federating units and local governments according to an agreed upon formula. For local governments, the situation is straightforward. Reduced federation revenue means reduced allocation. Except for those in urban centers, local governments scarcely have other substantial sources of revenue. Therefore, there is a real risk that salaries and wages of employees could be in jeopardy in some of the areas. Similarly, for the states except that these entities have a wider latitude for increasing internally generated revenue. However, their revenue base is also in decline due to the economic downturn. Many of the public services which are part of the constitutional responsibilities of states and local governments are equally at risk because of the revenue shortfall induced by the shock.

COMPONENTS OF NON-OIL REVENUE THIRTEEN MONTHS AVERAGE

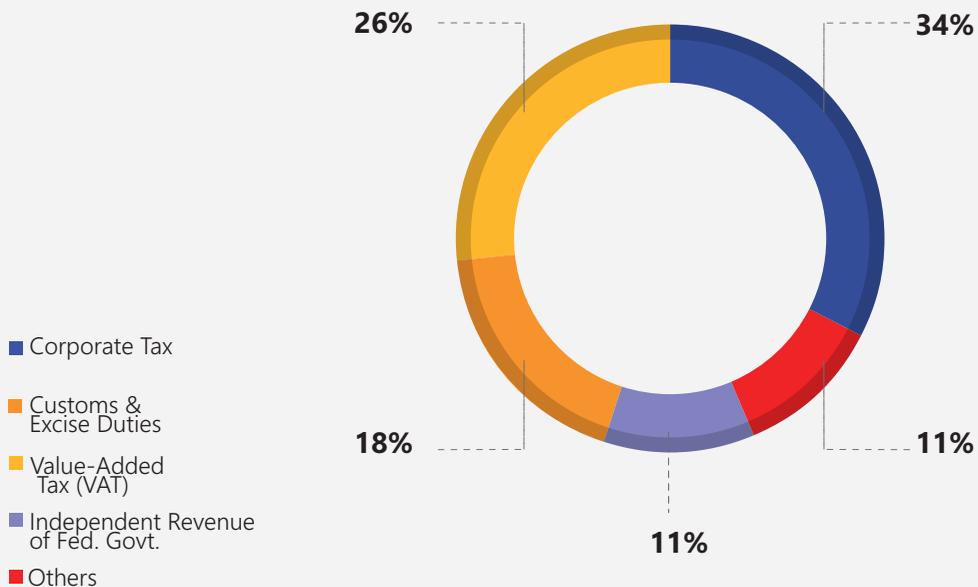


Figure 8: Non-oil Components of Federation Revenue
Source: Central Bank of Nigeria Economic Report, February 2020,
<https://www.cbn.gov.ng/Out/2020/RSD/February%202020%20Economic%20Report.pdf>

In contrast to state and local governments, the Federal Government faces two major risks in its fiscal portfolio: (a) Sharply reduced revenue from both domestic and external sources, and (b) constricted fiscal and development policy space in the face of pressure for increased spending. Constricted policy space is an indirect consequence of the rate at which the Federal Government accumulates debt particularly foreign borrowings. Debts

denominated in foreign currencies make it difficult for governments to conduct fiscal policy freely thus, indirectly affecting the ability of “sovereign” states to pursue development policies at will. Furthermore, the reduction in overall revenue and an already sizable and increasing debt overhang make it difficult to service debt obligations. That is what it means to operate within reduced fiscal space. By reducing the amount of hard currency available for

imports and other essential commodities, the oil and pandemic shocks narrow the fiscal space within which the Federal Government can maneuver. Relatedly, the decline in GNP forces the Naira to depreciate thus raising the domestic cost of debt servicing, increasing the cost of subsequent imports, and further deterioration of the trade balance.

As shown in Figure, approximately 78 percent of non-oil revenue depends directly on the level of output in the economy (GDP). So, the onset of a recession evidently

impairs government revenue which is yet another compelling reason for the anti-recession tonic recommended earlier. Whereas the Federal Government may not be able to do much to influence the course of global economic downturn resulting from the pandemic and oil-cartel wars, it can certainly mitigate the domestic consequences of both sources of shocks. Cast in the present light, investing in economic survival along the lines we advocate appears indeed to be a worthy investment.

THE COUNTRY RESPONDS

Government: The Federal Government responds with a series of intervention measures that have been conveniently categorized into fund intervention relief comprising largely of cash injection, and policy intervention relief.

The latter comprising of monetary and fiscal policy measures. Key elements of the relief and economic stimulus are listed in Figure 9. Excepting the reduction of interest rates and the extension of moratorium on the repayment of intervention loans, the rest of the fiscal and monetary policy measures are not really relief measures. Rather, they are adaptation measures. Adaptation measures are actions taken in response to the adverse consequences of the pandemic. On the

other hand, relief or response measures are those pertaining to the management of any unintended adverse consequences on others because of own mitigation or adaptation measures. Mitigation measures are responses aimed at flattening the epidemic curve, or conversely at reducing the rate of new cases to its natural rate. The natural rate being the rate of infection that would still obtain even if a country took all known feasible combat measures.

FUND INTERVENTION RELIEF MEASURES	POLICY INTERVENTION RELIEF MEASURES
NGN50 billion (EUR121 million) targeted credit facility for households and SMEs	Reduction in interest rates on intervention loans from 9% to 5%
#288 million loan from the African Development Bank to support Nigeria's COVID-19 response program	Adoption of unified exchange rate system for interbank and parallel markets
NGN2.3 trillion approved by the Federal Executives Council for Nigeria's Economic Sustainability Plan	Adjust benchmark crude oil price from \$57 to \$30 per barrel
Additional NGN100 billion intervention Fund in Healthcare loans to Pharmaceutical companies and Healthcare Practitioners.	Extension of moratorium on repayment of Pre-COVID-19 Federal Government loans
	Revision of the 2020 budget to address COVID-19 impact on the economy

Figure 9:
Major Government
Intervention Measures

In being mindful of the hardships created by its mitigation and adaptation responses and by taking active measures to do something about such unintended adverse consequences (externalities), Nigeria's approach to the pandemic challenges in this regard can be characterized as effectively strategic. For instance, doling out the so-called palliatives is a truly strategic move notwithstanding that the label "palliatives" is as misleading as it is unfortunate. It is unfortunate because it detracts from the essential nature of the intervention, and is misleading because realistically, the transfers are more appropriately deemed as adjuvants. They are adjuvants because

rightly, they are aimed at alleviating the economic and psychic costs (the unintended adverse consequences) of the lockdown. By rendering the lockdown palatable, it strengthens its efficacy as a combat measure because then more people will tend to comply with the stay-at-home injunction.

In contrast to the Policy Intervention Relief, the Fund Intervention Relief are response measures which, depending on the nature of the administrative arrangements (i.e. structure and process) established to ensure probity and accountability, promise substantively positive and immediate impact. Regarding the nature of

administrative arrangements, consider this one example drawn from the largest package in the Fund Intervention Relief portfolio. It concerns the insufficient attention to absorptive (particularly administrative) capacity that is in plain sight in the NGN2.3 trillion Economic Sustainability Plan approved by the Federal Executive Council. This matter is singled out for criticism because a lapse of this nature in the preparation of such a crucial document casts doubts on the integrity of the plan. Given the compressed time scale within which the projects outlined in the plan are designed to be implemented, an important consideration must be the available degree of absorptive capacity and other contingent measures to ensure that the project once under way does not get derailed. The criticality of the plan makes its robustness an obvious consideration.

In the plan, Track 2 (page 55) seeks to “establish the SME Survival Fund to sustain at least 500,000 jobs in 50,000 SMEs” by using payroll support to save jobs and maintain capacities. However, this requires the Federal Ministry of Industry, Trade and Investment as well as the Bank of Industry to (a) identify beneficiaries (b) screen and verify applications (c) identify, approve and disburse grants through microfinance banks and financial technology credit providers (d) identify eligible private sector transport companies and workers (e) screen and verify applications of eligible road transport

workers, and (f) approve and disburse grants to beneficiaries. All the above to be concluded within three months of inception. Now let us consider the context and hence its feasibility.

An overwhelming majority of the MSME are registered, yet many of the registered either have no access to formal credit or have no BVN and thus no access to bank credit. BVN or bank verification number is a unique individual identification code required by regulation before one can open and operate a bank account in Nigeria. It is akin to an IBAN, a unique International Bank Account Number for individuals engaged in international transactions. Furthermore, there are no preexisting credible mapping mechanisms for allocation and distribution of social transfers operable at the scale, scope and speed envisaged. These complicating issues are raised to underscore the unrealistic nature of the timelines stipulated for Track 2 of the intervention, among the many. Hopefully, the parameters are merely indicative but even so, they are still ludicrously out of line. However, it is a start although one which raises the specter of graft and the possibility that elements of the plan could imbed a subterfuge to siphon money from the system. Unfortunately, such an outcome will merely ice the money intended to rejuvenate the economy. When this happens a lot and given that some of the funds may have been borrowed, the

intervention even though ostensibly well intended then turns into a monumental capital flight.

Successful or not, the Federal Government's intervention exercise teaches valuable lessons for disaster response. We see the lessons as of general benefit to the Nigerian Emergency Management Agency and other allied establishments. Climate change, drought, desertification, flood, and other natural disasters are not far-fetched and thus are certainly foreseeable. COVID-19 disaster response highlights the importance of operable capacities and redundancies in the national emergency architecture and social safety mechanisms. The misplaced expectation by some of our political elites that one can always escape to seek shelter overseas in the event of emergencies may not always pan out. Sometimes, a sick person may need to be stabilized locally before medevac. Hopefully, COVID-19 pandemic will be perceived as a "democratizing" experience, leveling everyone. But will it thereby promote a public consciousness that allows us next time to be prepared?

The Ebola experience has not transformed "Yaba," the personification of epidemic preparedness in Nigeria. Neither has the death of our heroine, Ameyo Adadevoh. COVID-19 has exposed fault lines and serious shortcomings in Nigeria's disaster management and social welfare system.

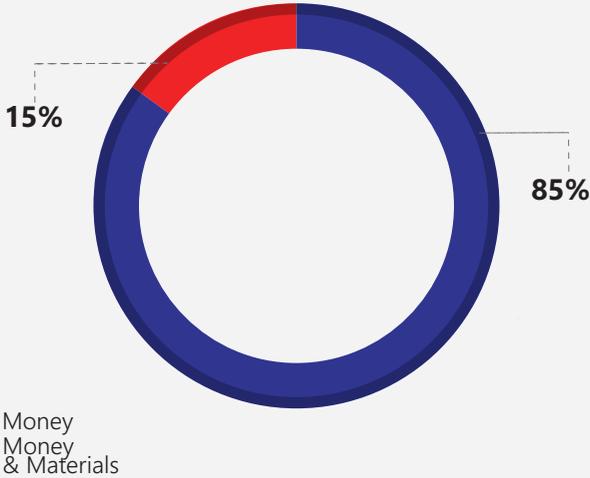
Also, it highlights the reciprocal responsibilities of civic duties such as payment of taxes, registering to vote, voting, and state responsibilities like social protection, law and order, installation of functional voter registration mechanisms, timely processing of national identity cards, and the setting up of a system of National Transfer Accounts.

Private Sector: Our analysis is limited to donations for the immediate purpose of addressing COVID-19 pandemic in Nigeria, but excluding funds earmarked for economic recovery. All donations intended for economic recovery have been reported and analyzed under government response. Moreover, we should note that even though government is also heavily engaged in mitigation measures dealing directly with flattening the epidemic curve, those measures are not addressed since they were the subject of Part I of this trilogy.

Moreover, our donor list is by no means exhaustive. However, we have endeavored to capture major contributions to the extent permitted by available information. Figures 10-15 analyze the gifts by type, origin or jurisdiction, by domestic sources, industry types, recipients, and purpose. The data set are from two main sources namely: <https://civichive.org/covidtracka/donations/>, and

<https://www.channelstv.com/2020/04/18/donations-to-nigerias-covid-19-relief-fund-top-n25bn>

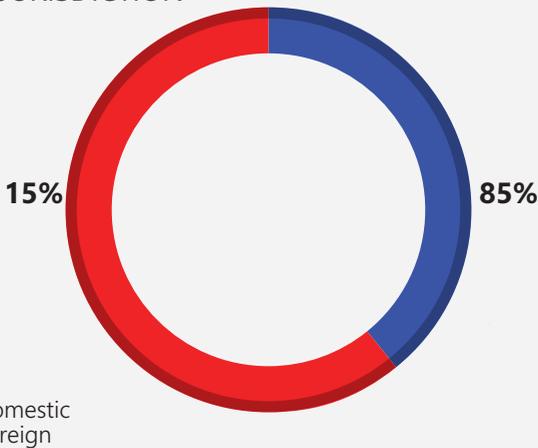
**DONATIONS
BY TYPE**



-  Gifting was in monetary, materials, and a mix of monetary and materials. Value of purely material donations is not available.
-  Reported figures are values for monetary and a hybrid of money and materials.
-  Money accounts for about 85 percent of the total sum received. The numbers at the top of the bar are values in billions.

Figure 10:
Donations by Type

**DONATIONS
BY JURISDICTION**

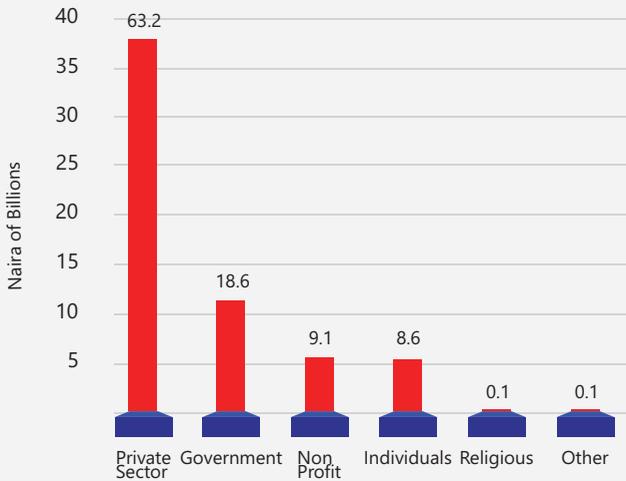


Domestic Sources:
NGN **60.2**
Billion

Foreign Sources:
NGN **38.2**
Billion

Figure 11:
Donations by Jurisdiction

DOMESTIC CONTRIBUTORS BY SOURCE



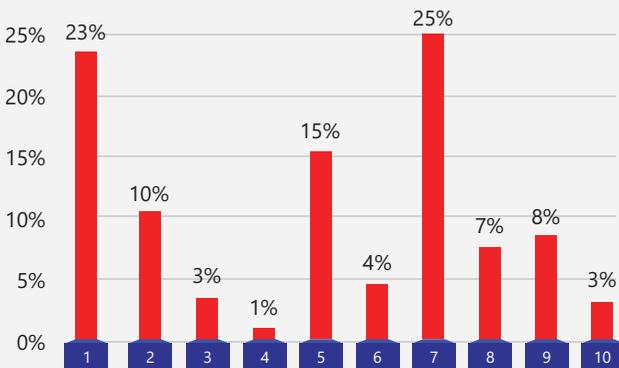
“Other” category includes associations, clubs, unions, etc. whereas the non-profit category refers to humanitarian agencies largely known as NGOs

“Government” refers to donations from agencies like the Niger Delta Development Corporation, Bank of Industry, Nigerian Petroleum Development Company, etc. It does not include national economic stimulus/relief efforts

Figures at the top of each column represent the share of total donations of each category

Figure 12: Domestic Contributors by Source

PRIVATE SECTOR BY INDUSTRY



Value of donations from the private sector amount to approximately NGN49 billion, accounting for 50% of total donations

Share of “Energy” excludes firms operating in the oil and gas industry

“Other” includes companies operating in the healthcare, transportation & logistics, and agriculture. It also includes firms for which it was challenging to identify their line of business or industry from the available information

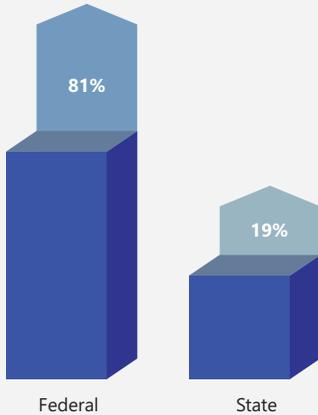
Figure 13: Private Sector Gifting by Industry

key

- Banking & Finance
- Construction
- Energy
- Hospitality & Entertainment
- Individual

- Non-profit
- Oil & Gas
- Processing
- Telecommunication
- Other

DONATIONS
 BY TYPE



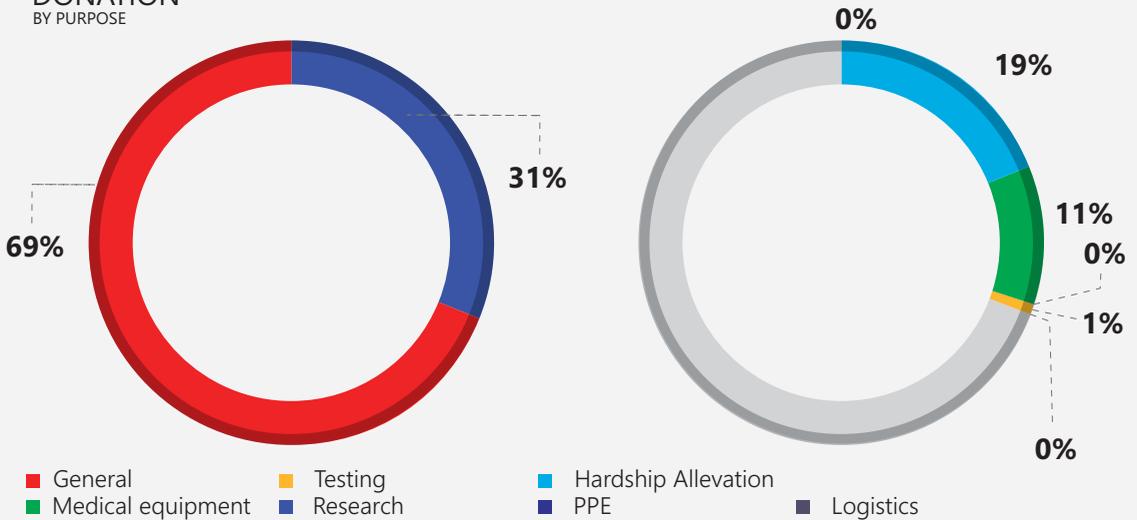
The Federal government received the major share of donations amounting to NGN74.2 billion, representing about 81% of total donations.

The 36 states and the FCT received NGN18.4 billion.

Of the NGN 18.4 billion received NGN13.6 billion (74%)

Figure 14: Donations by Recipients

DONATION
 BY PURPOSE



Majority of giftings are general, 'i.e. the purpose is discretionary covering all things from testing, isolation centers, to easing of economic burden on citizens.

According to available data, only one donor specifically designated funds for the purpose of research. Additional funds may have been

allocated for research from the " general" category.

Disaggregation of 31% non-discretionary gifting is provided in the far-right diagram.

Approximately, 0% each for Logistics, PPE, and Research in the dedicated gifts category

Figure 15: Funds by Purpose

Note: PPE is Personal Protection Equipment

Our analysis of donor responses finds much goodwill from the people. The degree of trust reposed on the government to use the funds prudently is evident from the large proportion of discretionary gifting. Apparently, donors do not wish to second-guess the authorities. But this much trust

also demands responsibilities—probity and accountability. In preparing for the worst and hoping for the best, governments can only be well advised to live up to expectations as undoubtedly, such conduct encourages more citizenship engagement in the future should disaster strike again.

RECOMMENDATIONS & CONCLUDING REMARKS

Support to MSME cannot be overemphasized. It is also prudent to pay attention to the circumstances of large-scale enterprises and safeguard their existence particularly given their role as a vital source of revenue to the state and as the principal provider of decent jobs. Additionally, corporations can muster scale and resources to a level that other types of business organizations would struggle endlessly to match. They are also able to engage in research and development, augmented of course by public research as happens elsewhere in the world. Specifics of the intervention are a matter of details but the key takeaway here is that support to this segment of the economy must be part of the recovery agenda now, and hereafter.

In closing, we reiterate that nothing works like liquidity. That cannot be said enough.

Thus, it is important to end on that note. Put money in the hands of consumers and do the following: (a) Support efforts to reconnect severed links in the supply chain and other flailing links in the value chain (b) Lessen extortion in the transportation and logistics segment of the value chain (c) Continue the fight to contain the spread of the pandemic as outlined in Part I of this trilogy. Resources for intervention relief are not inexhaustible. Therefore, one cannot seriously contemplate economic recovery independently of getting the spread of the virus under control. If the spread of SARS-CoV-2 continues unabated, the consequences are clear. Therefore, both the state and the people must get behind the effort to curb the spread and ultimately quench it, with or without the arrival of vaccines. Science teaches that the virus can fade away when the base of susceptible

individuals (the host population) diminish sufficiently that it can no longer sustain the virus. So, if we are not spreading it then it will die off. Together, we can do it; standing apart, it is more daunting.

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30 June 2020

About CPPA: We are registered as AndChristie Research Foundation, an independent, non-partisan public policy think-tank committed to rigorous public policy research focusing on development challenges in sub-Saharan Africa. CPPA also facilitates dialogue and promotes broad based stakeholder participation in the policy process. Thematic areas include Governance, Energy & Environment, Health, Food and Agribusiness. www.cpparesearch.org





FATE Philanthropy
Coalition for COVID-19
(FPCC) Support Fund

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