

Nigeria's response to COVID-19

Introduction

The unprecedented coronavirus pandemic has altered the global system in myriad ways, and a major concern has been the preparedness and response to the pandemic by African countries. Early predictions in Africa put the [expected death toll at 300,000](#), with significant risk for increased poverty. However, while the economic impact of the pandemic as well as the exacerbated impact due to economic lockdowns are apparent, the death rates in Africa remain low and have puzzled scientists all over the world; at the end of September 2020, only 3.5% of the reported global Covid-19 deaths occurred in Africa. The predictions were hinged on concerns relating to [overstretched and underfunded health systems](#).

Nigeria's covid related deaths are very low. At the end of August 2020, [Covid-19 related deaths](#) were still around 1000. This may be attributable to the [low testing capacity](#) in the country. African countries remain economically challenged by the pandemic. Nigeria does not only suffer from the deleterious impact of the virus, but also from the decline in global oil prices due its huge reliance on oil revenue. This has affected its annual budget and has seen it take measures to alleviate the negative impact on the economy.

According to a [World Health Organization's \(WHO\) Joint External Evaluation on International Health Response](#) in 2017, to assess countries' capacity to prevent, detect and respond to public health risks such as Covid-19, Nigeria scored poorly on the indicators related to prevention and response. This means that the country is not well-equipped to tackle the crisis. This raises

questions about the quality of public health in the country and how it has been funded among other things.

Nigeria's 2020 annual [health budget](#) is 4.16% less than the 15% recommended and agreed at the [Abuja Declaration](#). Poor allocation of funds to public health is undoubtedly one of the major reasons a country as rich in resources as Nigeria remains unprepared for pandemics such as Covid-19. Beyond poor allocation, there is no guarantee of full disbursement of allocation or full budget implementation. Decades of low investment in public health in Nigeria has left the country vulnerable to pandemics.

Preventing the spread

When the pandemic hit, the government set up a [Presidential Task Force](#) (PTF) to tackle the spread of the disease. The task force's mandate is to provide the overall policy direction and guidance and to support the National Emergency Center (EOC) set up at the Nigerian Centre for Disease Control (NCDC) and other government agencies or ministries involved in response activities. Through the PTF and NCDC, Nigeria followed WHO guidelines to ensure total lockdowns including a temporary travel ban, closure of schools,^{ix} compulsory use of face masks in public places, isolation of infected persons and frequent handwashing and sanitising.^x

These measures have come as a double edged sword; on the one hand, the efforts may have reduced the rate of infection, but on the other hand, it has led to loss of jobs and means of livelihoods for many, particularly those who earn a daily income. A [survey](#) conducted by the World Bank in May revealed that prior to the lockdown, many households did not have the capacity to stock basic food items, with the majority claiming that their income had depleted since the advent of the pandemic. These challenges can worsen the poverty and economic inequality in Nigeria.

In response to the lockdowns in major cities, the majority of those earning a daily living [fled to rural areas](#). This meant an increased risk of spreading the disease to other parts of the country.

The social-distancing policy has proved impossible for many low-income people who live in congested settlements. Similarly, low-income earners struggle to access and use hand sanitisers, and water and soap meant for the washing of hands, since these are luxury items for millions of poor and rural Nigerians.

Despite the challenges Nigeria faces to preventing the spread of the coronavirus, death rates and infection rates remain low, and it is unclear what is responsible for such low numbers. It is, however, important to note that Nigeria has a very [low testing capacity](#) which may be responsible for the low death and infection rates. Also worth noting is that in the early months of the pandemic, there were [opinions among Nigerians](#) that the virus mainly affects the country's elites. Such beliefs created some resistance as often patients were reported to have [fled quarantine centres](#) or gone into hiding when traced as contacts.

Economic policy response

The pandemic and the fall in oil prices contracted the economy and weakened the state's capacity to raise the required revenue to fund Nigeria's 2020 budget. Predictions are that Nigeria will slide into a recession. To mitigate the negative impact on the annual budget, the government reviewed the budget; first adjusting the benchmark price for crude oil – which is the budget's main financier – from USD 57 per barrel to USD 30 per barrel. Furthermore, the oil production volume was reviewed downwards from 2.18 million barrels to 1.70 million barrels. Adjusting to the economic realities, Nigeria also [reviewed its revenue projection](#) for the 2020 annual budget by about 39%.

The decline in revenue has led the country to take loans to augment the national budget. The IMF granted Nigeria a [3.4 billion dollar emergency loan](#) to address the income challenges Nigeria is facing due to the pandemic.

Nigeria also employed [other economic measures](#) to cushion the effect of Covid-19. These include but are not limited to the interest rate reduction on intervention facilities from 9% to 5%, establishing a fund of 50 billion naira to support households and micro and small enterprises, and a 100 billion naira intervention fund to support the healthcare sector.

The government provided a three-month interest-free period for government loans – particularly for schemes under [Tradermoni](#), [Marketmoni](#) and [Farmermoni](#) – under the mandates of the Bank of Industry, Bank of Agriculture and the Nigeria Export and Import Bank. The schemes are a part of the government's programme to empower petty traders, artisans, farmers and small businesses. The government also distributed food and cash to households in the country, however, questions were raised about the [effectiveness of targeting vulnerable households](#).

Tax policy and administration

The Federal Inland Revenue Service (FIRS) also introduced [tax measures](#) to reduce the impact on taxpayers. They waived penalties and interest on tax default and extended the deadline for filing Value Added Tax and Withholding Tax from the 21st day of the subsequent month of transaction to the last working day of the month. Similarly, the FIRS extended the due date of filing of companies income tax (CIT) returns by one month and provided virtual platforms to interact with the tax offices – to reduce contact and the compliance cost of taxpayers.

Furthermore, the Minister of Finance, Budget and National Planning announced that [Covid-19 donations would be tax deductible](#). In other words, companies that made donations such as offering their premises as

isolation centres, contributing money to the government or donating materials to government and hospitals to address the pandemic can use the cost of the donation to reduce the tax to be paid.

Subnational tax authorities such as Kaduna and Jigawa State also came up with tax relief measures. In [Kaduna State](#), the government extended tax-filing deadlines and interest and penalties were waived on late returns filing. [Jigawa](#) offered an outright tax holiday due to the pandemic. The federal government measures thus focused on formalised corporate entities while the measures at the state level cuts across both the formal and informal sectors.

Conclusion

The Covid-19 pandemic has brought to the fore the underlying development challenges facing Nigeria, particularly as it relates to the sustainability of financing. The country's reliance on oil revenue has emerged as a major weakness for sustainability. It is therefore important that it takes certain steps to mitigate the impact of the pandemic and to build a resilient framework for financing development. In particular, Nigeria should improve the ease of doing business and also increase its efforts in diversifying its revenue sources. Additionally, it is important that there is an increase in accountability and transparency amidst scarcity of resources.

Nigeria, like many other countries grant many tax incentives in the bid to attract foreign direct investment, however, evidence from investor surveys suggests that tax is not in the top most factors considered before making an investment decision. For this reason, it is important that Nigeria rethinks its tax incentives strategy as currently there is no cost-benefit analysis or monitoring and evaluation carried out. Any money wasted through ineffective incentives would be opportunity cost for financing development in the country.

Although Covid-19 related infection and deaths are low in Nigeria, the country's public healthcare remains in a poor state, particularly its capability to respond to pandemics. Similarly, The Covid-19 pandemic has demonstrated that Nigeria needs a sustainable financing framework to invest significantly in its public health sector. Furthermore, the socio-economic consequences of the pandemic has brought to the fore the need for Nigeria to rethink its tax system, reduce its reliance on oil revenue, dedicate more funds to the health sector and ensure that the funds are appropriately disbursed and spent. This will ensure that the country is prepared for pandemics, reduce the socioeconomic risks that will arise in such situations and promote growth and development.

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^{ix} Travel restrictions have been relaxed and schools have been opened with guidelines

^x Law enforcement agencies including the Police and the Army were used to enforce the lockdown. Mobile courts were also set up for defaulters with specified fines.