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COVID-19 PANDEMIC AND ECONOMIC CRUNCH IN NIGERIA

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Abstract
Coronavirus disease 2019 (COVID-19) is defined as illness caused by a novel coronavirus now called severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2; formerly called 2019- nCoV), which was first identified amid an outbreak of respiratory illness cases in Wuhan City, Hubei Province, China. It was initially reported to the World Health Organisation (WHO) on December 31, 2019. On January 30, 2020, the WHO declared the COVID-19 outbreak a global health emergency. This paper aims to examine the Covid-19 pandemic and economic crunch in Nigeria. The paper reviewed the concept of Covid-19 pandemic as well as the concept of economic crunch. The paper furthermore examined the global context of Covid-19 pandemic, the impact of Covid-19 pandemic on global economy, the spread of Covid-19 in Nigeria, and the direct effect of Covid-19 spillover to the Nigerian economy. The paper also discussed ways of mitigating the spread of the pandemic and x-rayed factors that worsen the economic crunch in Nigeria.

Keywords: *Covid-19, Pandemic, Economic Crunch*

Introduction

The coronavirus disease of 2019 (COVID-19) pandemic gripped the world with a shock, thereby overwhelming the health system of most nations. The World Health Organization (WHO) declared the novel human coronavirus disease (COVID-19) outbreak, which began in Wuhan, China on December 8, 2019, a Public Health Emergency of International Concern (PHEIC) on January 30, 2020 (WHO, 2020). With over seven million cases globally as of June 7 (2020): United States (over two million cases), Brazil (over 700,000 cases), Russia (over 500,000 cases), and in Africa, South Africa (over 54,000 cases) and Egypt (over 38,000 cases) bear the greater brunt. Following this WHO declaration, the Coronavirus Preparedness Group was constituted on January 31 in Nigeria (a country with 36 states and a Federal Capital Territory [FCT]). WHO categorized Nigeria as one of the 13 high-risk African countries with respect to the spread of COVID-19. Nigeria is also among the vulnerable African nations, given the weak state of the healthcare system (Marbot, 2020). In Africa, there are still communities without healthcare facilities, apart from the scarcity of health workers (Amzat, 2011). The projection is that Africa could bear the final burden of the COVID-19 pandemic if the countries do not institute effective measures to combat the pandemic.

Economic crunches or recessions are often caused by market corrections (Hart and Tindall, 2009; Jones, 2016), market failure (Stiglitz, 2008; Chauffour and Farole, 2009; Petrakos, 2014), external trade and price shocks (Ros, 1987; Mendis, 2002; Gomulka and Lane, 1997; Francois and Woerz, 2009), political instability (Aisen and Veiga, 2013; Gasiorowski, 1995; Lagravinese, 2015), civil unrest through protests (Bermeo and Bartels, 2014; Giugni and Grasso, 2016; Grasso and Giugni, 2016; Bernburg, 2016). Recessions are not new in Nigeria. During the 2016 recession, the monetary authority in Nigeria defended the local currency from forced devaluation against the dollar and adopted a managed float foreign exchange system, which worked well from 2016 to 2019. In the aftermath of the 2016 recession in Nigeria, it was almost widely believed that unexpected and sustained decline in oil price was the most important cause of recessions in Nigeria. But in 2020, nobody thought that a public health crunch could trigger an economic crunch in the country. What made the 2020 economic crunch different from other economic crunches or recessions in Nigeria was that most economic agents, who should have helped to revive the economy, were unable to engage in economic activities due to fear of contracting the Covid-19 disease, while other economic agents did not engage in economic activities when the government imposed and enforced its social distancing policy and movement lockdown in Abuja, Lagos and Ogun states on the 30th March of 2020.

Concept of COVID-19 Pandemic

The Coronavirus infection (COVID-19) is an emerging infectious illness which broke out during the winter of 2019 (Al-Hanawi et al., 2020; WHO, 2020a). Due to its presentations, it has been declared a public health emergency of international concern by the World Health Organization (WHO) (WHO, 2020a). An alarming response has been introduced across the globe due to its high infectiousness and case fatality rate (Zhong et al., 2020). The identification of the risks and the prevention of infectivity regarding COVID-19 have been stated to depend on human perception (Zhong et al., 2020). Especially in the submergence of an infectious disease such as COVID-19, different thoughts have shaped individuals' views on the illness.

Currently, the Coronavirus disease has spread to 213 countries with nearly 24 million confirmed cases and close to 820,000 recorded deaths (WHO, 2020b, 2020c). Publicly available reports from the Africa Centre for Disease Control (ACDC) states that confirmed cases of COVID-19 had risen to 1,203,769 and 28,289 deaths as of 25 August 2020 (ACDC, 2020). As of 25th August 2020, the West African subregion accounted for a significant proportion of cumulative COVID-19 records in Africa. In Nigeria, there are 52,800 confirmed cases of COVID-19 with a total of 1,007 deaths as of 25 August 2020 (NCDC, 2020a; WHO, 2020b). Oyo State presently holds the third spot on the Nigeria Centre for Disease Control (NCDC) daily COVID-19 updates, with 3058 laboratory-confirmed cases of COVID-19 and 37 deaths (NCDC, 2020b). Urban areas in Ibadan, the capital city of Oyo State frequently present with confirmed cases (Enwongo, 2020).

As a part of the emergency response activities across all States in Nigeria, health education campaigns have been directed at members of the public (NCDC, 2020a, 2020b). These campaigns have been aimed at knowledge improvement and the correction of certain misconceptions that have been widely circulated among community members (NCDC, 2020a). Education on

precautionary measures such as wearing of face masks, regular handwashing with soap and water or with alcohol-based hand sanitizers, and social distancing have been done (NCDC, 2020a, 2020b; Gbadamosi, 2020).
It is evident that perception shapes one's knowledge and the adoption of safety measures concerning the transmission of an infection. Data obtained from the perception of community members regarding COVID-19 could help target interventions needed to improve the knowledge of community members regarding Coronavirus. Superstitious beliefs have largely shaped the perception of most Nigerians regarding the source and cause of COVID-19 (Chukwuorji and Iorfa, 2020). At the onset of the COVID-19 outbreak in Nigeria, infected persons belonged to either the political class or high socioeconomic cadre (Chukwuorji & Iorfa, 2020). The characteristic prevalence of COVID-19 infection among this group of persons accorded COVID-19 the name, 'a disease of the rich and mighty' (Nwaubani, 2020). Few months into the COVID-19 outbreak in Nigeria, perceptions revolved around "immunity" to COVID-19 among the religious folks with a disregard of bans on religious gatherings (Lichtenstein, Ajayi & Egbunike, 2020). Such perceptions could have been influenced by several factors. Social media platforms such as WhatsApp, Facebook and Twitter have been used to spread false news on COVID-19, resulting to panic disorder and anxiety among some persons and shunning of safety measures among others (Aluh & Onu, 2020; Olapegba et al., 2020). Among many persons, physical distancing, social isolations, restriction of religious and social gatherings etc. have been opined as alien solutions in overcoming the COVID-19 pandemic in Nigeria and Africa at large (Olapegba et al., 2020).

Literatures have reported the existence of knowledge relating to COVID-19 among Nigerians, and it is expected that this would influence precautionary behavior among them. However, inherent wrong perceptions may contribute to COVID-19 risk aversion measures (Iorfa et al., 2020). Perceptions of COVID-19 has been influenced by age and gender. Due to their increased vulnerability to illnesses, older persons have been predicted to increasingly adopt COVID-19 precautionary behavior compared to other population groups (Iorfa et al., 2020). Females have been identified as models in the adoption of precautionary health behavior. In the COVID-19 context, the practice of handwashing, hygiene, and use of face masks occur more frequently among females than males (Iorfa et al., 2020). Such an occurrence could be due to the perceived susceptibility to illnesses among females as well as their health-conscious nature.

Concept of Economic Crunch

The literature on economic crunch is vast. Morales and Sachs (1989), in their analysis of the economic crunch in Bolivia, show that Bolivia suffered from major external shocks, including the rise in world interest rates in the early 1980s, the cutoff in lending from the international capital markets, and the decline in world prices of Bolivia's commodity exports. Bolivia also witnessed hyperinflation from 1984 to 1985 which did not result from the dislocations of war or revolution. The hyperinflation was a disaster for the Bolivian economy because many well-connected rent seeking individuals made large profit in the hyperinflation. Anybody with access to official foreign exchange from the central bank purchased cheap dollars and sold them at a several hundred percent profit in the black market. Similarly, commercial banks who took deposits at zero interest were lending money at high nominal interest rates. Similarly, the government extended large amounts of low-interest loans to politically powerful landowners which became grants to them as a result of the hyper-inflation (Morales and Sachs, 1989).

Honkapohja and Koskela (1999) show that, in the 1990s, Finland experienced a deep depression as its GDP dropped to eabout 14% and unemployment rose from 3 to almost 20%. This was caused by both bad luck and bad policies. Bad luck took the form of external shocks such as the collapse of trade with the former Soviet Union in 1991 while bad policies took the form of a poorly designed financial regulation and mistaken policy reactions to the onset of the crunch. There was also high private sector's indebtedness which increased structural unemployment, and this explained why there were few job creation during the economic recovery (Honkapohja and Koskela, 1999). Di Quirico (2010) show that the 2007-8 global financial crunch affected Italy's economy due to lack of structural reforms prior to the crunch. Italy had barely recovered from twenty years of political instability and economic decline, and the 2007-8 global financial crunch further worsened the economic situation in Italy. The widespread corruption (granting business contracts on the basis of political connections rather than by merit), the absence of investment in new projects for economic growth, and the inability of the ruling government to initiate real reforms contributed to the economic crunch in Italy (Di Quirico, 2010). Thailand was affected by the Asian economic crunch. Glassman (2001) showed that the economic crunch in Thailand was rooted in declining profitability of the manufacturing sector during a time of increased global export competition and overcapacity in Asia. This triggered the economic downturn throughout the Asian region, with Thailand falling first because of its significant liabilities, and other countries being pulled into forced devaluation through financial contagion effects (Glassman, 2001).

Nigeria witnessed two economic crunches within a decade. The economic crunch of 2009 was as a result of the global financial crunch while the economic crunch in 2016 was as a result of the sudden fall in oil price in the world market. The 2009 recession was caused by a combination of the aftereffect of the 2007-8 global financial crunch, poor loan underwriting process in banks, bad risk management practices and poor corporate governance of banks (Sanusi, 2010). Banks were a major cause of the 2009 economic crunch. The 2016 economic crunch was caused by unexpected decline in oil price which led to a sharp drop in oil revenue which severely affected Nigeria's foreign reserve (Adeniran and Sidiq, 2018). This led to massive balance of payment deficits combined with an already high debt burden which plunged Nigeria into its second recession in a decade. The literature also show that economic crunches have notable consequences. For instance, Carneiro et al (2014) show that the economic crunch in Portugal gave rise to job destruction due to the collapse of existing firms, increasing unemployment rate, increase in the incidence of minimum wage freeze, and also led to an increasing number of temporary workers. Cheong (2001) show that there was increasing income inequality during the Korean economic crunch, while Giannakis and Bruggeman (2017) in their analysis of the economic crunch in Greece observed that rural regions are more resistant to recessionary shocks than urban regions. Other consequences include: high mortality rates from homicide, pneumonia, and alcohol dependence during economic crunch (Khang et al, 2005), and the collapse of many small and medium scale enterprises (Soininen et al, 2012).

Global Context of Covid-19 Pandemic

The coronavirus began in Wuhan, Hubei Province, China. Residents who lived in Wuhan had some link to a large seafood and live animal market, which suggest that the mode of transmission of coronavirus was from animal to person. The virus has been named "SARS-CoV-2" and the disease it causes has been named "coronavirus disease 2019" (abbreviated "Covid-19"). The first known patient of Coronavirus started experiencing symptoms in Wuhan, China on 1 December 2019.

Since then, there have been over 800,000 reported cases around the world. Some global statistics is reported in table 1.

Table 1: Covid-19 Statistics

Covid-19 Statistics (31st March, 2020)			
Countries	**Confirmed Cases (Total)**	**Confirmed Deaths (Total)**	**Recovery Cases (Total)**
Global	842,735	41,425	176,504
US	180,723	3,578	6,241
Italy	105,792	12,428	15,729
China	81,518	3,305	76,052
Iran	44,605	2,898	14,656
Spain	94,417	8,269	19,259
Germany	68,180	682	15,824
UK	25,150	1,789	135
Egypt	710	46	157
Nigeria	135	2	8
Ghana	161	5	31
South africa	1,135	3	31
Zimbabwe	8	1	0

Source: Worldometer

Impact of Covid-19 Pandemic on Global Economy

The Covid-19 pandemic affected the global economy in two ways. One, the spread of the virus encouraged social distancing which led to the shutdown of financial markets, corporate offices, businesses and events. Two, 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 (Ozili and Arun, 2020). There was a general consensus among top economists that the coronavirus pandemic would plunge the world into a global recession. Top IMF economists such as Gita Gopinath and Kristalina Georgieva stated that the Covid-19 pandemic would trigger a global recession.

In financial markets, global stock markets erased about US$6 trillion in wealth in one week from 24th to 28th of February. The S&P 500 index also lost over $5 trillion in value in the same week in the US while the S&P 500's largest 10 companies experienced a combined loss of over $1.4 trillion due to fear and uncertainty among investors about how the pandemic would affect firms' profit. The travel restriction imposed on the movement of people in many countries led to massive losses for businesses in the events industry, aviation industry, entertainment industry, hospitality industry and the sports industry. The combined loss globally was estimated to be over $4 trillion. Several governments in developed countries, such as the U.S. and U.K., responded by offering fiscal stimulus package including social welfare payments to citizens while the monetary authorities offered loan relief to help businesses during the pandemic. There were also spillovers to poor and developing countries that had a weak public health infrastructure and non-existing social welfare programs (Ozili, 2020).

The Spread of Covid-19 in Nigeria

The coronavirus entered Nigeria through an infected Italian citizen who came in contact with a Nigerian citizen who was subsequently infected with the coronavirus. The coronavirus then spread to other citizens in Lagos and to other parts of the country. Some reported cases are shown in table 2.

Table 2: Confirmed Covid-19 Cases in Nigeria

Confirmed Covid-19 Cases in Nigeria		
Timeline	Confirmed cases	Affected states
17/03/2020	3	Lagos
21/03/2020	22	Lagos, Abuja and Ogun
30/03/2020	131	Lagos, Abuja, Bauchi, Enugu

Source: Nigeria Centre for Disease Control (NCDC)

Direct Effect Covid-19 Spillover to the Nigerian Economy

There are five main ways through which the Covid-19 pandemic spilled over into Nigeria. One, the Covid-19 pandemic affected borrowers' capacity to service loans, which gave rise to NPLs that depressed banks' earnings and eventually impaired bank soundness and stability. Subsequently, banks were reluctant to lend as more and more borrowers struggled to repay the loans granted to them before the Covid-19 outbreak. Two, there were oil demand shocks which was reflected in the sharp decline in oil price. The most visible and immediate spillover was the drop in the price of crude oil, which dropped from nearly US$60 per barrel to as low as US$30 per barrel in March. During the pandemic, people were no longer travelling and this led to a sustained fall in the demand for aviation fuel and automobile fuel which affected Nigeria's net oil revenue, and eventually affected Nigeria's foreign reserve. Three, there were supply shocks in the global supply chain as many importers shut down their factories and closed their borders particularly China. Nigeria was severely affected because Nigeria is an import-dependent country and as a result Nigeria witnessed shortage of crucial supplies like pharmaceutical supplies, spare parts, and finished goods from China. Four, the national budget was also affected. The budget was initially planned with an oil price of US$57 per barrel. The fall in oil price to US$30 per barrel meant that the budget became obsolete and a new budget had to be formed that was repriced with the low oil price (Ozili, 2020). Finally, the Covid-19 pandemic affected the Nigerian stock market. Major market indices in the stock market plunged when investors pulled out their investments into so-called safe havens like US Treasury bonds. Stock market investors lost over NGN2.3 trillion (US$5.9bn) barely three weeks after the first case of coronavirus was confirmed and announced in Nigeria on January 28, 2020. The market capitalisation of listed equities, which was valued at NGN13.657 trillion (US$35.2bn) on Friday, February 28, 2020 depreciated by NGN2.349 trillion to NGN11.308 trillion (US$29.1bn) on Monday 23 March 2020. The All-share index closed at 21,700.98 from 26,216.46 representing 4,515.48 points or 20.8 per cent drop (Ozili, 2020).

Mitigating the Spread of the Pandemic in Nigeria

Restriction of movement

Both the State and Federal governments imposed movement restrictions in some areas across the country to control the spread of the novel coronavirus which affected the Aviation, Education, Banking, Civil service, and Religious sectors as well as the markets, sports etc. some of the impact of the movement restrictions are massive flight cancellations, closure of private and public schools, cancellation and suspension of religious services and sporting activities (Ozili, 2020).

The use of monetary and fiscal policy measures

In response to the Covid-19 outbreak, the monetary authority, the Central bank, said it would provide support to affected households, businesses, regulated financial institutions and other stakeholders to reduce the adverse economic impact of the Covid-19 outbreak. The central bank provided support in six ways. One, it granted extension of loan moratorium on principal repayments from March 1, 2020. This meant that any intervention loan currently under moratorium would be extended by one year. Two, it offered interest rate reduction on all intervention loan facilities from 9% to 5% beginning from March 1, 2020. Three, it offered a NGN50bn (US$131.6m) targeted credit facility to hotels, airline service providers, health care merchants, among others. Four, it provided credit support to the healthcare industry to meet the increasing demand for healthcare services during the outbreak. The loan was available only to pharmaceutical companies and hospitals. Five, it provided regulatory forbearance to banks which allowed banks to temporarily restructure the tenor of existing loan within a specific time period particularly loans to the oil and gas, agricultural and manufacturing sectors. Six, it strengthened the loan to deposit ratio (LDR) policy which allowed banks to extend more credit to the economy. On the other hand, the fiscal authorities had to review and revise the 2020 national budget of N10.59 trillion (US$28 billion). The government announced that the budget was reduced by NGN1.5 trillion ($4.90 billion) as part of the measures to respond to the impact of coronavirus on the economy and in response to the oil price crash. The new budget was benchmarked at US$30 per barrel from US$57 per barrel in the previous budget (Ozili, 2020).

Factors that worsen the Economic Crunch in Nigeria

Poor public health infrastructure

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 (Muhammad et al, 2017). Currently, Nigeria operates a two-tiered healthcare system with a large public healthcare sector and a smaller private healthcare sector. Compared to developed countries, the private healthcare sector in Nigeria is very small because of the limited funding for private health insurance. Also, the majority of Nigeria's healthcare spending is still dominated by out-of-pocket expenditure which account for 70% of total health expenditure, which suggest that most Nigerians either do not rely or trust the health insurance systems in the country or they are unaware of the availability of health insurance. Despite the introduction of the National Health Insurance Scheme (NHIS) in 2004, the population covered by health insurance in 2019 was about 5 percent of the total population (Ozili, 2020).

The Nigerian pharmaceutical industry also has its own problems. The Nigerian pharmaceutical industry is one of the largest in West Africa, and accounts for about 60% of the market share in the region. But most of the active pharmaceutical ingredients (API) used in Nigeria are imported from China, and only 10% of the drugs used in Nigeria are manufactured locally in the country. The industry is facing many problems such as poor infrastructural and unreliable utilities, scarcity of skilled workers, poor access to finance, lack of appropriate government incentives, policy incoherence by the government, poor demand due to robust competition from Asian companies particularly China, high cost of doing business as a result of imported and expensive production inputs, regulatory problems, among others. Nigeria has a drug market that is almost unregulated because the health agencies have difficulty in preventing the importation of illegal drugs and difficulty in tracking informal drug sellers that operate without a registered license (Fatokun, 2016). It is estimated that informal drug sellers in the country account for more than 70% of the pharmaceutical market and these informal agents import substandard and falsified drugs through informal channels. Research shows that 78% of low-quality medications came from private facilities compared to public facilities, and most of these private facilities are unregulated. The unregulated drug market in Nigeria is the major factor responsible for the circulation of low-quality medicines in the country (Klantschnig and Huang, 2019).

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 coronavirus in infected patients because the APIs used to manufacture suppressant drugs could no longer be imported because China had shut down its factories and closed its borders to control the coronavirus pandemic that was ravaging China at the time. Also, there were insufficient isolation centers in many states including in Abuja and Lagos. The number of infected patients in Lagos grew worse to the extent that a stadium had to be converted to an isolation center. In the end, the Covid-19 outbreak overwhelmed the poor public health infrastructure in Nigeria (Ozili, 2020).

A weak and underdeveloped digital economy

Before the Covid-19 outbreak began, Nigeria already had a weak and underdeveloped digital economy. There were hardly any university or school that offered a full educational curriculum online from start to finish. Most businesses, including banks and technological companies, operated using the traditional 'come-to-the office-to-work' model as opposed to the 'working from home' model. The outbreak of the novel coronavirus brought challenges to the business environment in Nigeria. It impacted industries and markets in the short term. The operations of these markets and industries would have been minimally affected if they had a large digital operation infrastructure. The only services that were offered through the existing digital infrastructure during the Covid-19 outbreak were telecommunication services, digital bank transfers and internet services (Ozili, 2020).

The digital economy would have played a major role in driving recovery from the economic crunch if Nigeria's digital economy was robust and well-developed. For instance, in Nigerian schools and universities, educators can put coursework online so that students quarantined at home don't have to miss out on key aspects of their education while school is closed or when students can't get to school. E-commerce apps that enable online buying and selling can allow buyers and sellers to make purchases and sales while staying in their homes. Also, telehealth apps for health and wellness checks can allow individuals in all affected areas to take extra precautions to monitor their vital signs and learn how to reduce their risk of infection. Also, family members can visually check on their parents, grandparents and siblings without physically visiting them which provides a level of comfort that would be impossible over the phone. Online delivery businesses can use virtual assistants to help ensure that goods purchased from online grocery stores are delivered when customers need them. Businesses that don't want their workforces to travel or whose employees are uncomfortable taking trips can stay connected with team members, clients and prospective clients around the world using software platforms video conferencing technologies. All these are possible when there is a robust and well-functioning digital economy (Ozili, 2020).

Outside Nigeria, digital technology helped many businesses in developed countries survive the effect of the Covid-19 outbreak, and it created an opportunity to enhance the country's digital economy. In the future, a well-developed digital economy in Nigeria, achieved through intense digital technology penetration, will play a greater role in reducing the effect of recessions in the country, and will also help in supporting economic activities, social activities, and the development of good health care systems (Ozili, 2020).

Lack of social welfare program

Before the Covid-19 outbreak, there were major social problems in Nigeria which include child abandonment, armed robbery, homelessness, mental health problems, divorce, and problems of single parenting. These social problems can only be addressed with serious social welfare policy and program. But, currently, social welfare activities in Nigeria is under developed, poorly funded and is unavailable to majority of those who need them (Ahmed et al, 2017). Nigeria does not have a national social welfare program that offers assistance to all individuals and families in need such as health care assistance, food stamps, unemployment compensation, disaster relief and educational assistance. The consequence of not having a national social welfare program became evident during the coronavirus outbreak of 2020. During the outbreak, people had little to rely on, poor citizens did not have welfare relief that could help them cope with the economic hardship at the time. There were no housing subsidies, energy and utilities subsidies, and assistance for other basic services to individuals that were most affected by the coronavirus outbreak. There are debates on the benefit of using social welfare programs to alleviate poverty and to help citizens cope with disasters (Luenberger, 1996; Dolgoff et al, 1980; Abramovitz, 2001), and social welfare theories provide different perspectives on how social welfare can be designed to meet the basic needs of the people (Fleurbaey and Maniquet, 2011; Arrow et al, 2010; Andersen, 2012). So far, the provision of social welfare services to vulnerable citizens in the population is the most proven way to protect them from economic hardship in bad times (Ewalt and Jennings Jr, 2014), and the lack of such welfare services for vulnerable people, households and poor individuals during the coronavirus outbreak in Nigeria caused severe pain and economic hardship to households and poor individuals. The implication of this is that social welfare is not a policy priority by policy makers in Nigeria (Ozili, 2020).

Conclusion

Nigeria witnessed two economic crunches within a decade. The economic crunch of 2009 was as a result of the global financial crunch while the economic crunch in 2016 was as a result of the sudden fall in oil price in the world market. The Covid-19 pandemic affected the global economy in two ways. One, the spread of the virus encouraged social distancing which led to the shutdown of financial markets, corporate offices, businesses and events. Two, 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 (Ozili and Arun, 2020). There are five main ways through which the Covid-19 pandemic spilled over into Nigeria. One, the Covid-19 pandemic affected borrowers' capacity to service loans, which gave rise to NPLs that depressed banks' earnings and eventually impaired bank soundness and stability. Two, there were oil demand shocks which was reflected in the sharp decline in oil price. Three, there were supply shocks in the global supply chain as many importers shut down their factories and closed their borders particularly China. Four, the national budget was also affected. Finally, the Covid-19 pandemic affected the Nigerian stock market. Movement restriction and monetary/fiscal policy measures were used to mitigate the spread of the pandemic in Nigeria. Poor public health infrastructure, weak and underdeveloped digital economy and lack of social welfare program were factors that worsen the economic crunch in Nigeria.

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