



## Covid-19 Pandemic Amid Naira Devaluation

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**Abstract:** In this paper, the COVID -19 induced socio-economic hardship in Nigeria was appraised in the face of Naira devaluation and the need for a living wage rate was advocated. The appraisal shows that the COVID-19 pandemic had deleterious effects on the Nigerian economy. By occasioning a plunge in oil price by 25%, the COVID-19 plague induced a government resolves on lockdown of over 200 million Nigerians whose per capita income was previously as low as \$2,396.3, together with the embargo on interstate journeys, to quarantine the contagious impact of the pandemic, the Nigerian economy had to suffer negative growth rates of -6.10% and -2.48% for both Q2 and Q3 of 2020 in that order. And so, the Nigerian economy contracted easily resulting in an outcome of economic recession. Many Nigerians are presently more financially poor, and financially distressed and so wallow in hunger and socioeconomic hardship as exacerbated by the recent COVID-19 contagion. This has made the living cost excessively high and so becoming more difficult to live beyond poverty with a meager minimum wage of ₦30,000. Even when expenses are higher in Nigeria, salary levels have not been structured to make provision for income re-distribution so that people can afford to live in Nigeria. Hence, we advocate for a living wage of at least ₦312,928 per month which translates to a dollar equivalence of \$680.28 per month for a full-time worker to cushion the negative effect of COVID-19 pandemic as it exceeds the poverty headcount amount.

**Keywords.** Covid-19 pandemic; Naira devaluation; minimum wage; socio-economic hardship; negative growth; Nigeria

**JEL Classification:** C20; D40; F22

### 1. Introduction

The epidemic of COVID-19 has been reviewed as a human catastrophe spreading across the world. Nigeria with an enormous informal sector whose 85 million citizens live in miserable hunger tied with a lower-middle-income status since 2014

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(Nwagbara, 2020) was not an exemption. In China, 14% of humans had severe COVID-19 infections (Centers for Disease Control and Prevention, 2020). This communicates volumes about the health hazards concomitant with the COVID-19 pandemic and hence, its impact on the overall economic stance of affected nations. In particular, thousands of artisans, market vendors (hawkers), street traders, sales agents, restaurants, waste collectors (recyclists), tailors, weavers, factory workers, bus/taxi drivers, motorcyclists, medical aides, daily wage laborers, shop owners (kiosk), photographers, newspaper vendors, electricians, automobile mechanics, bricklayers, and food vendors had to move out daily to work to put food on the table. This behavior is exacerbating trepidations over the second wave of the COVID-19 pandemic in our country, Nigeria. By the NCDC updates (Table 1), Nigeria confirmed 64090 circumstances of the pandemic, discharged 59910 persons who suffered from the pandemic, and 1154 persons who were reported dead due to the deadly pandemic.

**Table 1. Covid-19 Nigeria Update**

Selected States affected	No. of confirmed lab Cases	No. of cases (on admission)	No. discharged	No. of deaths
Lagos	21910	1105	20585	220
FCT	6239	759	5398	82
Plateau	3676	43	3600	33
Oyo	3525	276	3205	44
Rivers	2866	98	2709	59
Kaduna	2703	57	2603	43
Edo	2673	27	2536	110
Ogun	2075	109	1936	30
Delta	1816	30	1737	49
Kano	1756	15	1687	54
Ondo	1698	746	1585	37
Enugu	1332	210	1290	21
Kwara	1072	2731	1019	26
Ebonyi	1055	6	929	30
Kastina	953	0	857	24
Gombe	938	56	898	25
Osun	932	14	908	20

*Source: NCDC (2020). COVID-19 NIGERIA Update*

Having regard to the totality of the NCDC report, the lockdown and health shocks associated with the COVID-19 plague and its ravaging socioeconomic hardship on Nigerians amid the devaluation of the Naira become worrisome. So, we found the motivation for this paper, deriving from the recent socioeconomic hardship caused by the coronavirus pandemic with the aftermath of a harsh tag #ENDSARS protest in Nigeria in October 2020 barely after the country's 60<sup>th</sup> independence anniversary

celebration. The #ENDSARS protest was not just about putting an end to police brutality but a call for an end to hunger, end to food poverty, end to bad governance, end to economic hardship, end to corruption, end to bad roads, end epileptic power supply, end hikes in electricity tariff, end to hike in the price of fuel per liter, end to high living cost, etc. The organized and coordinated nature of the protest becomes a pointer to the lack of evidence that the government was not doing enough to solve economic problems that had bedeviled Nigeria's economy.

Our objective, therefore, is to assess the latest socioeconomic hardship in terms of naira devaluation (inflation), hunger attack/food poverty, job loss, high level of taxation, and economic recession and so recommend a living wage for Nigeria. This paper is organized into five sections. Next, is a brief discussion on factors responsible for the easy manifestation of the COVID-19 pandemic in Nigeria. This is followed by the COVID-19 pandemic amidst naira devaluation and an analysis of the COVID-19-induced socioeconomic hardship in Nigeria in Nigeria. In section four, we discussed the need for a living wage in Nigeria and afterward, the paper is concluded.

## 2. Why Covid-19 Induced Socioeconomic Hardship An Easy Manifestation In Nigeria

### 2.1. Low Minimum Wage (MW)

In Nigeria, MW is N30,000 per month which is just about \$77.3 at the prevailing exchange rate of N417/1\$ for a 40-hour work week. Of course, high MW does not necessarily translate to a better and higher standard of living but closes the income gap between two income divides. In South Africa, MW is \$255.92 (R 3,500/month), in Singapore, MW is \$839 (1,153 SGD/month), and in Kenya, it is \$130.86 (Ksh. 13,572/month) (Table 2). Statistically, the lowest salary a citizen of South Africa receives is around N86, 400 per month. In Gabon, workers are paid a regularly added allowance of \$34 per child.

**Table 2. Minimum Wage List of Selected African Countries**

Country	Minimum wage rate	Country	Minimum wage rate
Nigeria	\$ 76.92, (N30,000/month)	Libya	\$325, (450 Libyan dinars) /per month
Egypt	\$68, (LE1,200) /month	Malawi	35000 Kwacha
Chad	\$110, (59,995 CFA francs) /month	Kenya	\$130.86 (Ksh. 13,572) /month
Niger	\$60, (30,047 CFA francs) /month	Togo	\$70, (35,000 CFA francs) /month.
Ghana	\$61.03 (354.6 Ghana Cedis)/month	Tanzania	\$174, (400,000 shillings) /per month

Saudi Arabia	\$607 (2,279 SAR) /month)	Zambia	\$81 /month
Zimbabwe	\$227 (73094 ZWL) /month	Malaysia	\$244, (RM1000) /month
Algeria	\$156.19, (20,000 Algerian dinars) /per month	Singapore	\$839 (1,153 SGD) /month
Gabon	\$255, (150,000 CFA francs) /month	America	\$7.25 /hour
Tunisia	\$220 (340 Tunisian dinars)/per month	Botswana	\$122.88/month
Rwanda	\$3.3 per day	South Africa	\$255.92/month

Source: Author's compilations from world minimum wage rates 2020 ([www.minimum-wage.org](http://www.minimum-wage.org)), [wageindicator.org](http://wageindicator.org); [www.gov.za](http://www.gov.za)

## 2.2. Job Loss/Unemployment

Umoru, & Anyiwe (2013) reported that “the *Dutch disease* has adversely impacted the absorptive capacity of the Nigerian labor market and this has accelerated unemployment syndrome in the country. In Nigeria, Okun’s coefficient of unemployment is positive (Babalola, et al., 2013) which disavows the unemployment–output negative correlation in economic theory. In effect, the unemployment rate in Nigeria is growing. As recounted by Onuba (2015), the number of unemployed graduates and postgraduates is 2.9 million Nigerians. This was earlier demonstrated on Thursday 8, 2016, when the Nigerian Navy received over 300000 job applications for just a limited 3000 slots. This relates to the disequilibrium in the demand and supply of labor in reality.

Significant high points of the NBS report show that:

- i. The underemployment rate for Nigerians within the age bracket of 15 to 34 years rose to 28.2% from 25.7% in Q3, 2018.
- ii. Nigeria’s youths receive the hardest knockout from unemployment as 13.9 million are unemployed.
- iii. Women suffer from the bad economy of Nigeria with about 12.2 million unemployed.

As of 2017, Ghana had an unemployment rate of 11% while Nigeria had 23.90% (CESEA, 2022). Consequently, there are more job opportunities in Ghana than in Nigeria. According to Chris Ngige, “*unemployment growth has given rise to anti-social behavior, social unrest in Nigeria namely, the Boko Haram, IPOB, banditry, kidnapping, Avengers, the destruction of pipelines, OPC, etc.*” (Ngige, 2019).

### **2.3. Insecurity in Nigeria**

According to the United Nations World Food Programme (WFP) (2020), conflict in its Northeast County has displaced 1.92 million Nigerians in Borno, Adamawa, and Yobe states. The rising trend in insecurity is weakening the rate of Nigerian economic development. A major concern is insecurity in the Niger Delta region (NDR) due to the struggle for oil wealth (Ogbeide-Osaretin, & Umoru, 2020). Amongst the numerous happenings that have heightened insecurity in Nigeria are precise, insurrection of illegal aliens, weapons and bombs, religious conflicts, electorally induced violence, and oil spills which have involuntarily pushed the Nigerian people to restrain from agriculture in some regions of Nigeria and hence make the people poorer (Chandy, 2015). This led to food scarcity and/or the incidence of food shortage in Nigeria. In the Nigerian situation, food insecurity has been a menace due to Boko Haram's interconnected battle in the northeast district of Nigeria and this in practical respect had led to a loss of lives, and livelihoods, and wreaked destruction of infrastructure and material goods. This results in lower output taken to and consequently, domestic price shock (inflationary shock) is made manifest in the country (Umoru, 2022).

### **2.4. Low GDP Per Capita**

Nigeria has a population of over 200 million citizens and a per capita income of \$2,386.9. The population of Egypt is 98.42 million. Yet her GDP per capita is \$3008.8 exceeding that of Nigeria with about \$621.9. Nonetheless, an individual who resides in Egypt makes 26% more money than someone residing in Nigeria. Ghana with just 23.4% of its total population living in food poverty and a skimpy 14% score in the 2020 GHI ranking has a GDP per capita of \$5412.6 whereas, Nigeria with a huge population of 68.9% of its citizens wallowing in food poverty has just \$2,386.9 GDP per capita. The harmful effect of low GDP per capita can be found in the theory of the "low-level equilibrium national income trap as reported in (Umoru, & Onimawo, 2018).

Even when the GDP per capita of both Chad and Niger are \$813.7 and \$558.6 respectively, which are lower than that of Nigeria; the population of both countries is 37.92 million. These are the oil-producing neighboring African nations that President Muhammadu Buhari cited in his 2020 independence speech in an attempt to justify an upsurge in the pump price of fuel per liter in Nigeria. In addition, Nigeria has 12,500 megawatts of installed generation capacity. This generation capacity depends on 87.5% of fossil and 12.5% of hydropower respectively (OPEC, 2020). Yet, only 3,500 megawatts of electricity are generated for transmission to the final consumer. The enormous shortage in power supply dampens productivity in Nigeria and hence, a low per capita income.

## 2.5. Corruption

Corruption embraces feedback of bribery (Nnaemeka, et al., 2015). A major tragedy that corruption brings in Nigeria is hunger at a crisis level. According to Umoru (2022), corruption is partly responsible for domestic price shocks in Nigeria. A case in point is that Nigeria produces crude oil in enormous quantities than any other country in Africa. Yet, she depends on imported fuel previously subsidized by the government to drive the economy (Sanusi, 2016). There is therefore a paradox of value which in all effects can be chronicled as value misplacement and a pointer to corruption. It is hence not shocking that in 2018, Nigeria was ranked 144 on the global corruption index, and in 2019, it ranks 146 (The Economist, 2022). A total of 26 points score was reported for Nigeria in the 2019 corruption perceptions index (Transparency International, 2019). This shows that corruption is deeply rooted in Nigeria's public sector.

## 2.6. Low Health Capital Investment

Before the outbreak of coronavirus disease, Nigeria has been faced a venomous combination of health problems counting including poor health care, malnutrition, fake drugs, a dearth of nontoxic drinking water, low financial investment in the health sector, poor health infrastructure, and lack of abundant health personnel. With scanty health capital investment, productivity, and growth are threatened. This is more so as the health status of the Nigerian citizenry seems to be slipping into a vulnerable status quo with the elderly, children, displaced, pregnant women, persons living with disabilities, unemployed, retirees, and the sick becoming the most susceptible populations (Aregbeshola, 2019).

According to Umoru (2022), *“Nigeria's health sector is suffering from medical brain drain, and this was the reason why amid the coronavirus pandemic, Nigeria operated the doctor to patient ratio of 1: 2,500, as against 1 medical doctor to 600 patients recommended by the World Health Organization (WHO)”*. Yet, in a country where health capital investment is low, lawmaker receives a total of N9.3m monthly and a colossal sum of N162,000,000 annually (CBN, 2022). Members of parliament in the United Kingdom receive only a total sum of \$110,580.75 annually while senators in the United States of America earn just \$174,000 annually.

## 2.7. Income Gap/Income Inequality

The pooled wealth of Nigeria's highest eight billionaires totaled \$33.8 billion and the country's GHI is 27.9%<sup>27</sup>. In contrast, the wealthiest 1% of families in America controls 38.6% of America's wealth as of 2016 while the wealthiest 1% in China owns and controls 46% of China's wealth. In Nigeria, the richest 1% grabbed 82%

of all wealth generated in the country as of 2017. This is the Oxfam International Report of 2018. The analysis is straightforward, about \$8 of every \$10 generated in 2017 went to the wealthiest 1% of families in Nigeria (Oxfam International, 2019).

So, in the Nigerian analysis, about \$8 of every \$10 of income created in 2017 went to the wealthiest 1% of families in Nigeria. This is the height of income inequality and the root cause of hunger and food poverty in Nigeria which is continually rising. According to a Professor of intelligence and international security, a rise in the richest people's wealth does not disrepute the promises of populism (Oxfam International, 2019). What it does signifies is a disaster that emanates from dissatisfied leaders that failed to direct their responsiveness towards the rationality of the quest of the majority. Consequently, poverty and income gap in Nigeria are so traceable to the misappropriation of funds and insensitivity to the daily struggles of average Nigerians. The hymn of populist thought is yet to be driven by the capacity of income redistribution in Nigeria.

### **3. Covid-19 Pandemic Amidst the Naira Devaluation**

Naira devaluation against the American dollar ought to make Nigeria's exports low-priced to foreign countries while it makes imports from Nigeria's trading partners expensive. The idea is to dissuade Nigerians from excessive importation. In effect, foreign capital ought to be imported into Nigeria than capital outflow for Nigeria's balance of payments to improve. Unfortunately, Sheriffdeen (2021) noted as follows: what do we have to sell that we also have control over its price? None. In addition, there is absolutely a lack of varieties of non-oil export (agricultural produce and industrial output) that Nigeria export for a devaluation policy to be beneficial. Indeed, the production base of non-oil export in Nigeria has no significance (Umoru, 2022). This could explain the 39% decline (N6.9 trillion to N4.2 trillion) in Nigeria's non-oil exports (The Economist, 2022). For example, the country's annual average production of soybeans is 680,000 tons, which accounts for 25% of Nigeria's demand of 2.7 million tons. The shortfall is sourced via imports from international producers such as the United States, Brazil, and Argentina (Adeniran & Onyekwena, 2020). Hence, Naira devaluation cannot accomplish its desired goal of improving BoP.

With the covid-19 pandemic amid the Naira devaluation, the purchasing power of the Naira further devaluated vis-à-vis currencies of other African oil-producing nations. In quarter 3 of 2020, the Naira was devalued from N305/1\$ to N380/1\$. The Naira is a weaker currency compared to the Egyptian Pound as it officially trades at ₦417 on the Investors & Exporters window of the CBN and unofficially trades at ₦600 on the black market. This simplifies a huge gap of ₦183 between the official rate and the black market rate (Umoru, 2022). Basing an analysis of the Numbeo.com

cost of living indices (Table 3), a single person's monthly living cost is lower in Chad than in Nigeria by 13.8%. Relatively, the cost of rent is 79.34% lower in Egypt than in Nigeria, 64.42% lower in Malaysia than in Nigeria; 69.2% lower in Kenya than in Nigeria; and 47.01% lower in Libya than in Nigeria. Besides, the cost of one create of Eggs is 48% more expensive in Nigeria than in South Africa while a loaf of bread in Nigeria cost 61% more than in South Africa. Also, consumer goods and rents are 94% cheaper in Tunisia than in Nigeria whereas, purchasing power is lower in Nigeria than in Gabon, Chad, Ghana, and Niger (The Economist, 2020). This has resulted in a huge savings-investment gap in Nigeria, whereas in Tunisia, the analysis is different as it has continually experienced decades of 4.5% annual GDP growth and improving living standards and is one least expensive countries to live in the world.

**Table 3. Cost of Living in Nigeria and Selected African Countries**

Countries	Cost of living (US\$)	Price of rice (1 kg)	Basic (electricity, heating, cooling, water, garbage) for 85m <sup>2</sup> apartment
Nigeria	520.57	740.73 ₦ \$1.95	8,257.78 ₦ \$21.69
Egypt	543.00	11.51 EG£ \$0.74	468.52 EG£ \$29.96
Chad	448.525	1,276.14 CFA \$2.29	10,000.00 CFA \$17.96
Niger	925.00	1,168CFA \$2.10	18,000.00 CFA \$32.33
Ghana	577.59	10.32 C \$1.78	443.23 C \$76.28
Rwanda	456.01	1,061.54 RF \$1.08	53,651.45 RF \$54.83
Tunisia	394.00	1.94 DT \$0.71	106.05 DT \$38.64
Algeria	408.00	114.98 DZD \$0.89	4,897.79 DZD \$38.12
Gabon	561.00	883.33 CFA \$1.59	36,666.67 CFA \$65.86
Libya	847.00	3.62 LD \$2.67	53.56 LD \$39.43
Kenya	526.07	149.36 KSh \$1.37	4,325.40 KSh \$39.65
Tanzania	1,084	2,400.00 TSh \$1.03	157,091.84 TSh \$67.74
Zambia	435.70	20.54 R \$1.13	1,323.20 R \$72.86
Malaysia	126.90	3.73 RM \$0.90	195.00 RM \$47.16
Singapore	575.00	\$2.78	\$151.81
America	700.00	\$4.02	\$161.97

Source: Author's compilation from 2009-2020 Numbeo.com cost of living indices (2009 - 2020).



Following the oil price smash of 2016, the Nigerian government adopted multiple exchange rates that maneuver in parallel. The rationale was to implement a gradual devaluation of the Naira for the purpose of convergence with the Nigerian Autonomous Foreign Exchange (NAFEX) rate, being the official rate for investors and exporters (I & E). Lamentably, this had resulted in colossal foreign exchange speculations, round-tripping, and outflows of capital, while the Naira persistently got devalued because the demand for foreign exchange had persistently overshadowed the supply of the same in the country. In Nigeria, there is a failure to generate the required purchasing power to simultaneously absorb the additional supply. Consequently, the law of markets that operates in Nigeria is stronger than Say's law. In effect, whenever aggregate demand upsurges over oversupply, it stimulates a rise in equilibrium price. This is an integral part of the markets in Nigeria.

Food poverty and hunger had made evident by covid-19 induced socioeconomic hardship which affects a patient's quality of life and medical care. In Nigeria, even when there is food in the market none is on the table, thereby taking hunger to a crisis level and hence, socioeconomic hardship in our country. With the COVID-19 contagion, many Nigerians have become more financially poor, financially distressed, and so wallow in socioeconomic hardship as reported in a low HDI of 0.532 (Nwagbara, 2020). Nigeria scored 27.9% in the 2019 GHI ranking. Relatively, the GHI ranking of 2018 scored Nigeria 31.1% amongst 119 countries attesting to the fact that Nigerians grieve from a pang of severe hunger. This further implies a worsening hunger condition following economic shocks induced by the recent COVID-19 pandemic, putting Nigeria amongst the hungriest countries compared to other African nations such as South Africa; Indonesia; Botswana; Rwanda; Kenya; Tunisia; Malaysia; Ghana; Egypt; and Senegal with scores of 14.5%; 21.9%; 25.5%; 28.7%; 23.2%; 5.7%; 13.1%; 14%; 14.6%; and 17.9% respectively (International Committee of the Red Cross, 2021, World Poverty Clock, 2022).

With a score of 5.7%; 13.1%; 14%; 14.6%; and 17.9%, of Tunisia, Malaysia, Ghana, Egypt, and Senegal suffer from a low level of hunger (World Health Organization, 2022). With the coronavirus pandemic, the austere malnutrition circumstance in Nigeria rose by 10%, compared to 2019. This is gradually increasing the infant mortality rate in the country. The infant mortality rate is 11.98% less in Ghana than in Nigeria. In effect, an infant born in Ghana is less likely to die as a child in Ghana than in Nigeria. In Ghana, life expectancy is 65.75 years while in Nigeria it is 55 years (WHO, 2022). This entry shows that Ghana-based will live 10.75 years longer than Nigeria based. This further buttresses that Nigeria is a low HDI country with a score of 0.532.

Prices of food, grains, and vegetables in Nigeria had remained high due to demand-supply disequilibrium. This could be credited to a high degree of disequilibrium between where growth is occurring and where the poor are on the nation's map

(ICRC, 2020). To be precise, it is the case that the benefits of economic growth are captured by the rich, resulting in ever-increasing inequality within the country. The average Nigerian find it problematic to feed and so settle for a poverty trap which according to Sheriffdeen (2021), clarifies why some aid strategies which are unable to generate a sufficient level of support are unsuccessful at raising individuals from poverty. Nonetheless, the level of poverty in Nigeria remains popular. The number of Nigerians living in extreme food poverty increases absolutely. In 2016, it was 73 million Nigerians, and in 2017, it was 79 million Nigerians. Between September 2018 to October 2019, 40% of Nigeria's population lived in extreme food poverty and so cannot afford to live above the international poverty line of \$1.90 which is N680 per day (Nwagbara, 2020). Accordingly, the outbreak of the COVID-19 pandemic further aggravated an instance of struggle for households and business owners to survive. This has been made manifest in a vicious cycle of socioeconomic hardship in Nigeria.

Another pinnacle of socioeconomic hardship in Nigeria is found in high value-added taxation (VAT). For example, the Federal Executive Council (FEC) ratified an increase in the VAT rate from 5% to 7.5% in September 2019. The hike in VAT is affecting purchasing power of Nigerians, transport had become more expensive in the face of the COVID-19 contagion. The high level of taxation in the wake of the pandemic is driving the hunger index in the country high. With a 7.5% VAT, the cost of doing business is amplified, and this in turn results in either downsizing or total collapse of businesses. Nevertheless, rather than get the business extinct in the long run, the tax burden is passed on to the already tax-troubled consumer, and the consumer is confronted with high prices and as such reducing aggregate demand.

The hike in electricity tariff/fuel price defines a pinnacle of economic hardship given the unanticipated declines in financial status, leading to financial liability, and financial poverty in Nigeria. While electricity tariff had gone up by an average of 47% in 2019, the volume of economic hardship on Nigerians was further exacerbated on September 1, 2020, when the Nigerian Electricity Regulatory Commission (NERC) increased the electricity tariff from N30.23/KWH to N62.33/KWH. Consequently, as the country generates only 3,500 megawatts for over 200 million people; only 45% of the total population enjoys electrification while 110, 000, 000 of the population is denied electricity (Evbogba, 2021).

At present, the power supply in Nigeria is unpredictable and unreliable and this had continually crumbled businesses and economic activities. Paradoxically, costly billing in the face of blackouts remains the norm. This is hampering businesses since investing in a generator set for power supply constitutes a significant drain on one's finances as it is costly to run. The COVID-19 pandemic precipitated deliberations on the need to lower the oil production quota to about 1.4 million barrels by OPEC in a meeting held in Vienna on March 5, 2020, but failed to yield a consensus

agreement as Saudi Arabia rather increased production size and sold at a discount of \$6 per barrel to different countries of Europe. Likewise, the Russian government refused cuts in the oil production quota such that oil prices had to drop by 25%. This in turn stimulated low demand for oil in the international market and so induce low oil prices. Nigeria an oil-producing African nation that generates about 90% of its foreign exchange revenue from oil export by producing two million barrels of oil output per day was hit by the fall in oil prices. This led to economic contraction as found in negative GDP growth rates.

According to NBS (2020), the country's oil sector shrank by 13.89% in the Q3 of 2020 in contrast to a growth of 6.49% chronicled in Q3 of 2019 between June to August 2020. Resulting from the fall in oil prices due to the COVID-19 pandemic and its associated lockdown; annulment of religious and sporting activities; nationwide scarcities of food supplies; uncertainties getting on to March up to early August 2020 in all the capital cities of Nigeria; (namely, Warri, Port Harcourt, Lagos, Uyo, Owerri, Abuja, Enugu, Jos, Calabar, Kano, etc. where the economic nucleus is vibrant) including the embargo on interstate transportations; Nigerian economy fell into an economic recession as the country's GDP contracted to report negative growth rates of -6.10% and -2.48% for both second and third quarters of 2020 respectively (NBS, 2020). This has brought economic shrinkage to the Nigerian economy and hence protracted economic distress. The ongoing recession in Nigeria has validated the predictions of the IMF that the country's GDP was to drop by 5.4% in 2020. It is an economic crisis that is presently exacerbating hunger and food poverty in Nigeria due to the economic costs of the enduring COVID-19 plague.

The economic recessionary highlights of the COVID-19 pandemic on the Nigerian economy are shown in Table 4 below. Accordingly, the 2020 recession seems to be distressing beyond an arithmetic tendency, the state of socioeconomic life in Nigeria is currently being celebrated along the path of a suicide mission as the price of a commodity bag of rice (N35,000) is higher than minimum wage rate of N30,000. This scenario speaks volumes and so defines the hunger crisis in Nigeria which is made manifest in a deteriorating economic life of the average Nigerian citizen and hence, a rise in health shocks, crime and criminality, divorce, and family conflicts in the country.

The COVID-19 plague led to a lockdown of over 200 million Nigerians whose per capita income was already as low as \$2,396.3. Thus, the leading signal of the country's recession was an austere impact on household economic activities which now propels significant consumer slump and overall economic unproductivity. This was tracked by the halt in economic activities; and the embargo on factory production with negative consequences for export demand for oil as instigated by the oil price war between Saudi Arabia and Russia. A good example is the crash in oil demand by the Chinese government in March 2020 having experienced the stock

market crunch, which got activated in February ending and persisted through March. This indeed provides a confirmation of the predictions of the International Energy Agency that the growth of oil demand in 2020 would be the smallest ever chronicled since 2011.

From March to June 2020, the Nigerian All Share Index fell to as low as 21,300 compared to its values of 28,843 and 26, 216 for January and February 2020 respectively (CBN, 2022). This has become a remarkable adverse effect of COVID-19 which triggered a significant outflow of capital from Nigeria. In effect, both domestic and foreign investors dumped the stock market throughout the COVID-19-induced lockdown of the world economy and national economic disruptions due to uncertainty and fear. The market uproar had been intensified by the crash in international oil prices, activating a substantial capital outflow in the form of equities. Accordingly, only \$52.3 million in capital flowed into equities in the second quarter of 2020, compared to \$639.7 million received in the first quarter. Besides, the devaluation effect of the COVID-19 pandemic further stimulated escalating inflation and amplified pump price of fuel, and electricity tariff. These have led to higher operating expenses and higher input costs (NBS, 2020).

**Table 4. Economic Recessionary Highlights of the COVID-19 Pandemic in Nigeria**

Country	Cumulative Effect on GDP		Unemployment	All Share Index
	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter		
Nigeria	-6.10%	-2.48%	27.1%	21,300

*Source: Author's compilation from estimates of NBS (2020)*

#### 4. The Policy Battle for f Living Wage Rate in Nigeria

The living wage is the income required to afford a utility-driven living standard. There is no economic theory that justifies consumer consumption more than income (rationality). The minimum wage hereafter, MW was meant to provide workers with adequate earnings to live above poverty. But this has not been achieved in Nigeria as the MW could not keep speed with the rising living cost and so many are living below the poverty level. Unfortunately, the country has had different wage acts since 1981 and none provided for a living wage rate for the Nigerian worker. Accordingly, there is the MW act of 1981 which made a recommendation of N125, the Amendments decree of 1990 that endorsed ₦250; the Federal Budget of 1993 which increased MW to ₦363 monthly; the 1998 MW of ₦3,500 for federal workers and ₦3,000 for state government workers; the year 2000 MW of ₦5,500 for state government and private sector workers and ₦7,500 for federal workers as reported in Alarudeen (2011) and recently, we had the 2020 MW of ₦30,000.

As earlier reported, the N30,000 is just about \$77.3 per month at the prevailing exchange rate. Given the poverty rate in Nigeria, it is obvious that people with steady jobs are still in poverty, an indication that the prevailing ₦30,000 MW is not enough

to pay the bills. Given the devaluation effect of covid-19 pandemic, the N30,000 MW has not kept bound with the living cost of a single individual giving purchasing power in Nigeria especially when the COVID-19 effect is factored into the Nigerian cost of living equation. The spread of the coronavirus plague negatively affected supply-side production and dwindled commercial accomplishments in the services sector of the country. For example, as of Q3, 2018, Nigeria's unemployment rate was 23.1% but rose to 27.1% in Q2, 2020 amid the COVID-19 pandemic. Relatively, the underemployment rate amplified to 28.6% in Q2, 2020 (NBS, 2020). In effect, the operations of Nigeria's economy in Q3 2020 were nothing but a reflection of the residual effects of restraints on movement and economic activities executed throughout the country from the late first quarter of 2020 in response to the COVID-19 pandemic.

Going forward, therefore, the need for a living wage rate as against MW following the COVID-19 pandemic is highly desirous. The smallest amount for a living wage ought to be 60% of a country's median salary threshold arising from endorsements of the Organisation for Economic Co-operation and Development (OECD). This denotes a minimum living wage in Nigeria of ₦203,400 or \$534.91 per month for a full-time employed government/private worker. The living cost in all respect of the economic life cycle is linked to wages. Low minimum wages have depressing effects on workers' welfare. Jobs are branded into monthly remunerated jobs and hourly paid jobs. Wages of salary earners are fixed amounts notwithstanding the number of hours functioned in a month while hourly job workers earn per worked hour. Consequently, with 52 weeks in a year, 5 working days in a week, and 8 working hours per day, the hourly wage equation is given by annual salary divided by 2080. Basing an analysis of the Nigerian median wage of ₦339,000 per month (Slarayexplorer, 2022), a Nigerian worker on average ought to earn roughly N1,955.8 for each hour worked and ₦312,928 per month.

## 5. Conclusion

In this paper, the COVID-19-induced socioeconomic hardship and economic recession in Nigeria were appraised and the need for a living wage rate was found desirous. The appraisal shows that the COVID-19 contagion had a deleterious effect on the Nigerian economy. Having occasioned a fall in oil price by 25%, the COVID-19 plague induced a government resolves on lockdown of over 200 million Nigerians whose PCI was previously as low as \$2,396.3, together with the embargo on interstate journeys, to quarantine the contagious effect of the pandemic. The Nigerian economy was so driven into an economic recession as the country's GDP aggregately contracted recording negative growth rates of -6.10% and -2.48% during the second and third quarters of 2020 consistently. There is hunger in Nigeria. Ironically, in Nigeria, living costs cannot be paid for by earning the MW of N30,000.

Nigerians pay more for food than residents of most cities in Africa. In effect, Nigeria is an expensive country to live in without a steady income. With the severity of the COVID-19 pandemic and a low HDI of 0.532, the hunger and food poverty made manifest in overall socioeconomic hardship is significant in Nigeria. Nonetheless, the government should:

*Operationalize a Local Agricultural Ministry:* The FG running a ministry of agriculture is like a farmer without a farm. The local government is the government with the farm. Hence, it should be the tier to run an agricultural ministry, giving grants to farmers, providing grains, fertilizers to the farmers, etc. because it is the government at the grass root where we have farmers. In addition, agricultural investment is more than granting loans to farmers. There should be massive investment in agricultural research. The output of this research would enhance food security. The government should fund full-scale agricultural subsidies. This would reduce the prices of foodstuff in the market. Financial support for small-scale farmers should be intensified. Such support enhances a regeneration of local production which entails a persistent renaissance of local production and processing of farm produce by the government. This has the capability of aiding the government to cut off global value chains and defend economic resilience in the agricultural sector of the economy. The job of the FG should be to massively empower young graduates with entrepreneurial grants. This will aid job creation productively and reduces hunger and food poverty in Nigeria.

*Effect Health Capital Projects:* According to UN Millennium Project Report, an escape from the poverty trap call for a big push of essential investment in public administration, nutrition, health, education, roads, electricity, ports, water, sanitation, etc (Umoru, & Onimawo, 2018). As a compelling necessity, the FG should sell off assets that are no longer profiting from the growth of the Nigerian economy and use the proceeds to implement health capital projects and also, invest oil proceeds more in the health sector. This could enhance social services and other life-sustaining infrastructures such as medical supplies, water services, energy distribution, transportation links, preservation of nuclear plants, and food production, aimed at raising living standards.

*Diminish Cost of Governance:* In a study of the optimal size of government and output growth in Nigeria, basing their analysis on Monte Carlo simulation of estimated parameters of an error correction model validates and supports 40% public sector size as a proportion of GDP that kindles positive growth rate of about 0.095% having controlled for regime effect (Umoru, & Onimawo, 2018). In addition, the Resource and Fiscal Mobilization Commission needs to carry out a downward revision of the salaries and allowances of government functionaries, legislators, ministers, and all government appointees in Nigeria while the government executes

completely an e-governance system. This could help further curtail excessive administrative costs.

Conclusively, in our country Nigeria, no matter how isolated a village is, there is a polling unit under a Ward, and elections are held. Residents of these villages and polling units are still presently wallowing in COVID-19-prompted hunger, food poverty, and economic recession. Nigeria is yet to get it right economically. The MW of N30,000 has an insignificant livelihood effect on purchasing power of the average Nigerian worker due to the naira devaluation. Costs are higher in Nigeria, hitherto, salary levels are not structured to provide an avenue for income re-distribution. Around a hundred million Nigerian workers earn less than the median salary. Rather than MW, the government should implement a living wage that reflects the cost of living in Nigeria while simultaneously shifting the tax burden to the rich, and taxing properties. Hence, we advocate for a monthly living wage of ₦312,928 which translates to \$815.15 per month for a full-time government/private worker in order to mitigate the negative impact of COVID-19 contagion as it exceeds the monthly poverty headcount amount.

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