
Economic and Social Strategies for Sustainable Economic Recovery in the Face of Covid-19 in Rivers State

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Abstract

This paper explores the linkage between social and economic strategies for economic recovery in the face of COVID-19 in Rivers State. The study was conducted using two specific objectives, from where two research questions were coined from. A survey research design was used for the study and it was carried out in Rivers State. The population for the study is 237 experts, comprising lecturers, technocrats and politicians with expertise in economy, finance and management in Rivers State. A sample size of 185 individuals was selected using purposive sampling technique. A research instrument titled "Sustainable Economy Recover Strategies in the Face of COVID-19 Questionnaire" was used for data collection. The instrument was subjected to a face validity test. Three validates from the Department of Educational Foundations, University of Port Harcourt, two economists with the Nigerian stock exchange and two staff at the Federal Inland Revenue Service were involved in the validity of the instrument. The reliability of the instrument was established through pre-testing the instrument on 20 respondents. The internal consistency of the instrument was determined through Cronbach Alpha test, which gave a reliability coefficient of 0.83. The instrument was then administered to the respondents through the aid of three research assistants. The data generated from the study were analyzed using mean and standard deviation to answers all the research questions. It is concluded that economic stimulus plan must be sustained and social reforms are just as vital and an integral part of any economic recovery agenda. More so, all efforts aimed at economic recovery after COVID-19 must imbibe sustainable development goals.

Keywords: Sustainable development, Global pandemic, Social policies, Economic policies, Sustainable economy.

INTRODUCTION

How a local health crisis in the Chinese city of Wuhan became a global economic, social and environmental crisis has left the world baffled and exposed the vulnerabilities of societies to global crisis. Corona virus (COVID-19) has spread all across the globe, affecting not just humans but animals. From Africa to Asia, Europe to America through Antarctica, every region, nation and community has felt the scourge and impact of the COVID-19. This pandemic has showed the value of the close relationship that connects the three pillars of sustainable development: economic, social and environmental, as well as the need to produce a new global development model that aims to change the lifestyles of individuals and society during the period after the time of COVID-19.

COVID-19 is a multifaceted crisis that requires working for a more sustainable future. Obviously, there can be no sustainable economy without Social and health protection for people and the environment. This is the basic principle of the sustainable development goals adopted by the United Nations (Benabo, 2020). Consequently, the necessity of reconciling developmental issues with environmental and social issues is the challenge of all societies today. The focus as asserted by Abdul Rahman (2011) is on how to achieve economic development with minimal pollution and environmental damage and with minimal consumption of natural resources and achieving social justice has become one of the requirements that must be taken into account when designing the development policies of countries.

As communities and businesses around the world grapple with the ramifications of the COVID-19 pandemic, the case for a sustainable economic recovery is overwhelming, but requires concerted investor action. In terms of the crisis, most attention has so far been drawn to reduced overall economic activity and employment. The crisis also, is likely to have impacts on the management and exploitation of environmental and natural resources in many developing countries. The crisis will affect Africa's growth through domestic and external channels, with a significant impact on the well-being and number of people living in poverty. The most recent forecasts project a Gross Domestic Product (GDP) contraction in most countries in 2020, the first in 25 years. The UN estimates that nearly 30 million more people could fall into poverty and the number of acutely food-insecure people could significantly increase (Howard, 2020).

Macroeconomic supply and demand shocks will have adverse impacts on growth. Africa is confronted with a double supply and demand shock arriving in three successive waves: first from China. A first wave comes from China through weakened trade channels and lower foreign direct investment (FDI) in the immediate term. This is followed by, Organization for Economic Co-Operation and Development OECD countries (initially Europe, and now the United States). This is due to the EU and U.S demand slump associated with the lockdown and the halt in tourism. Furthermore, capital inflows and remittances from Africans living abroad is mostly likely to shrink drastically. FDI, trade, particularly, exports of raw materials like crude oil, has taken a hit and a slump (OECD, 2020a). An intra-African wave may come if African countries would implement confinement measures. The shock to internal demand will be driven by disruptions in household and business spending.

Furthermore, the decline in economic activity and employment in 2020-21 will be determined by the magnitude and the persistence of the shock, the impact of pre-existing crises and vulnerabilities (e.g. conflict and fragility in the Sahel, or locusts in East Africa spreading to other regions) and the response by African governments and businesses.

Several African national debts were relatively low before the present COVID-19 crisis, has risen sharply as countries struggle to keep their economies afloat. The COVID-19 pandemic will be highly disruptive to development financing in Africa, regardless of the source of revenue. Oil prices

had a historic collapse, from USD 61.5 in December 2019 to USD 23.2 in March 2020. This is a major blow to a country like Nigeria that relies greatly on oil receipts. With a lower level of domestic resource mobilization compared to other world regions, African countries rely disproportionately on external financial flows, which will likely decrease during a global depression (Howard, 2020b).

The contraction in economic activity will reduce Africa's domestic tax and non-tax revenues and the reduction might be more than proportional with respect to the contraction in GDP (Dudine and Jalles, 2017). Further analysis shows that nearly two thirds of African countries are net importers of basic food, and crisis-induced shortages could severely impact its availability. The health crisis will add onto pre-existing food security pressures, especially in West Africa. African countries, Nigeria inclusive are likely to see rising food price inflation as supply chains are affected. In the short run, the contraction of world trade will affect the productive apparatus of several sectors across the region. African industries import over 50% of their industrial machinery and manufacturing and transport equipment from outside the continent. The most important suppliers are Europe (35%), China (16%) and the rest of Asia, including India (14%). As such, COVID-19-related disruptions in global supply chains, especially from China and Europe, will lead to a decrease in the availability of final and intermediate goods imported to Africa (IMF, 2020). High levels of urbanization, population density, and informality, combined with limitations in terms of health infrastructure, explain this outcome. Informal employment, which forms a large percentage of total employment, together with the lack of adequate social safety nets that push people into the street in order to make ends meet, have made lockdown measures relatively long and ineffective.

The current COVID-19 crisis will likely reshape global value chains, bringing challenges but also opportunities for Africa. To the surprise of the world, the containment of COVID-19 in Africa has been astounding. Africa has been successful in managing the corona virus pandemic, whether as a result of poverty or effective management strategies, the spread and death associated with the virus has been very minimal in comparisons to other regions of the world. This has brought renewed hope and optimism even before the arrival of the vaccine. The challenge for Africa has been getting life back to normal. While local conditions are improving, the connectivity to the global economy has been one issue that African leaders cannot control nor predict. This uncertainty and impact has hindered economic recovery efforts.

Given the magnitude of the crisis, the Nigerian government is prioritizing the preservation of lives and livelihoods by putting more resources into the health sector, providing subsidies to businesses, and supporting households' incomes with cash and in-kind transfers. The response has been closer to the type of disaster-relief typical of an emergency, rather than an economic stimulus package to deal with a more conventional recession. Transitioning from "preservation" to "recovery" would be the next phase of the crisis (Cárdenas and Guzmán, 2020).

To prepare the ground for the debate about economic recovery in Africa, it is crucial to underscore that some of the effects of the pandemic could last longer than those of a typical recession so that sustained and longer term actions will be required. This is not a typical recession that can be resolved with short term Keynesian stimulus. Framing the response in terms of prolonged recovery support instead of short-run stimulus is more adequate (Cárdenas and Guzmán, 2020).

From a macroeconomic viewpoint, Cárdenas & Guzmán (2020) remarked after evidence, that economic recovery programmes should focus on bringing back output and employment to the long-run sustainable levels. Closing the output gap (i.e. bringing GDP to its potential level) and generating jobs so that unemployment returns to its "natural" level should be the overriding goals. This calls for government expenditures that have the largest fiscal multipliers possible and that are particularly labour-intensive. Barring public health constraints, allowing firms to operate, workers to return to

their jobs and motivating consumers to buy again are the key short-term challenges. However, a response focusing just on these aspects would be short-sighted. Recovery packages should incorporate some structural goals, if what is meant is really to “build back better” in the sense of seizing the opportunity to improve conditions relative the pre-pandemic. One aspect is to promote a more sustainable recovery by ensuring, for instance, that agricultural and forest resources are not degraded and can continue to provide goods and services in the medium term. More broadly, making the recovery a greener, nature-based, less carbon-intensive one that accounts for climate change should be part of the design.

On the structural side, Cárdenas & Guzmán (2020) stated that a crucial aspect has to do with importance of reducing poverty and inequality in a more decisive way. Considering that the pre-pandemic levels placed the region as one of the most unequal regions in the world, post-pandemic recovery should aim at not just avoiding a reversal in the positive trends that were observed during the previous two decades, but accelerating the progress that has been achieved. This is a serious challenge; as preliminary evidence indicates that on these fronts the region has lost during the pandemic two decades of social progress. Given the magnitude of the economic contraction and its expected duration, governments need to have clear guidelines on how to prioritize expenditures and other interventions.

Policy options to face the COVID-19 crisis in Africa

1. In the *immediate term*, with the support of the international community, African governments should concentrate efforts on preventing the spread of the virus, invest in preparedness and early-detection mechanisms, and deploy emergency relief measures, notably in highly informal sectors. In order to alleviate the immediate healthcare crisis, OECD and other major producers of medical products should refrain from export bans and other trade policies that fragment production and increase the costs of essential supplies for import-dependent countries. OECD countries should also maintain and increase ODA levels, and reinforce co-operation to mobilize private capital.
2. In the *short-term*, fiscal and monetary measures should channel liquidity to Small and Medium Enterprises SMEs, households and informal workers, especially in the most vulnerable economies, within a co-ordinated global response to the crisis. Although the implementation of the African Continental Free Trade Area (AfCFTA) has been delayed due to the Covid-19 disruptions, and will no longer come into effect on 1 July 2020 as planned, countries should continue progress in their national plans to liberalize goods and services in order to establish a new implementation date as circumstances allow.
3. In the *medium-to-long term*, in partnership with the international community, governments should continue to strengthen health systems and extend health and social protection coverage. They should continue progress towards subsequent phases in the implementation of the AfCFTA, including on investment, competition policy, intellectual property rights and e-commerce, as well as the productive transformation agenda particularly through regional integration and digitalization. These measures will be key to reducing vulnerability to external shocks in trade and commodity prices, advancing the productive transformation of the region, and building human, societal and economic resilience for future global crises.

STATEMENT OF THE PROBLEM

The global economy is grappling with the effect of COVID-19 and how best to respond to it. One of the impacts of COVID-19 vaccination is that the global economy is gradually opening up. As global

demand for products and services sharply rises, the increase in prices can lead to reduced availability for Africa. This makes the task of economic recovery a daunting one for Nigeria and in deed, all other African countries. Furthermore, the current decline in crude oil prices has been far more rapid than in 2014. This has far-reaching consequences on the capacity of several African countries like Nigeria to tackle the COVID-19 crisis and implement counter-cyclical policies. The long path to economic recovery does not have a one size fit all design, but one shaped by experience, capacity and local conditions. Economic policies will be just as good as implementation, but also dependent on the health and social conditions of the society per time. Thus, a good economic recovery plan must take into consideration and must of necessity be a sustainable development plan that encompasses social, environmental and economic trajectories. These three must go hand in hand to produce any meaningful change. One cannot talk about economic recovery without social, health and environmental sustainability, not after what the world has been through. Thus, the path to economic recovery in this COVID-19 era seems the path to sustainable development.

PURPOSE OF THE STUDY

The purpose of the study is to determine the economic and social policies necessary for sustainable economic recovery in the face of COVID-19 in Nigeria. Specifically, the study sought to:

1. Determine the economic policies necessary for sustainable economic recovery in the face of COVID-19 in Nigeria.
2. Determine the social policies necessary for sustainable economic recovery in the face of COVID-19 in Nigeria.

Research Questions

The following research questions were stated for the study

1. What are the economic strategies necessary for sustainable economic recovery in the face of COVID-19 in Nigeria?
2. What are the social policies necessary for sustainable economic recovery in the face of COVID-19 in Nigeria?

METHODOLOGY

A survey research design was used for the study and it was carried out in Rivers State. The population for the study is 237 experts, comprising lecturers, technocrats and politicians with expertise in economy, finance and management in Rivers State. A sample size of 185 individuals was selected using purposive sampling technique. A researcher developed instrument titled “Sustainable Economy Recover Strategies in the Face of COVID-19 Questionnaire” was used for data collection. The instrument, a five-point rating scale was designed with 25 items and with response options ranging from Strongly Agreed (5), Agreed (A), Moderately Agreed (MA), Disagreed (D) and Strongly Disagree (SD). The instrument was subjected to a face validity test. Three validates from the University of Rivers State, two economists with the Nigerian stock exchange and two staff at the federal inland revenue service were involved in the validity of the instrument. The reliability of the instrument was established through pretesting the instrument on 20 respondents. The internal consistency of the instrument was determined through Cronbach alpha test, which gave a reliability coefficient of 0.83. The instrument was then administered to the respondents (sample) through the aid of research assistants. This took a period of eight weeks and a return rate of 92%. The data generated from the study were analyzed using mean, standard deviation to answers all the research questions.

Presentation of Findings

Research Question 1: what are the economic strategies necessary for sustainable economic recovery in the face of COVID-19 in Nigeria?

Table 1: Summary of Descriptive Analysis of Respondents Views on the economic strategies necessary for sustainable economic recovery in the face of COVID-19 in Nigeria

	Economic directions necessary for necessary for sustainable economic recovery in the face of COVID-19 in Nigeria	X	SD	Remarks
1	Develop a clear set of stimulus objectives and outcome indicators: environment, economic, social and resilience.	3.63	0.81	SA
2	cash transfer programs introduced during the pandemic can be transformed in a way that is more compatible with long term structural goals	3.69	0.92	SA
3	fiscal and monetary measures should channel liquidity to SMEs, households and informal workers	3.76	0.87	SA
4	Massive Infrastructure investments	3.51	0.84	SA
5	asset monetization strategy	3.51	0.58	SA
6	asset recycling strategy	3.70	0.77	SA
7	deregulation to encourage more private sector investment	3.99	0.88	SA
8	Create jobs quickly or provide access to jobs in sectors needed for longer term sustainable economic growth (e.g. digital infrastructure, renewable energy)	3.93	0.92	SA
9	"Green" stimulus initiatives needs to be considered by governments	3.60	0.89	SA
10	harness private capital	3.82	0.78	SA
11	Better risk management by government	3.78	0.75	SA
	Medium- to long-term response			SA
12	enhanced fiscal capacity	3.56	0.80	SA
13	Consider an asset recycling programme – selling or leasing existing infrastructure and reinvesting proceeds into new infrastructure	3.89	0.88	SA
14	Deregulate / open up monopolised state owned enterprises to allow private investment.	3.72	0.76	SA
15	Regulate private monopolies to allow competition in private investment.	3.92	0.87	SA
16	Progress with national plans to foster intra-African trade	3.93	0.95	SA
17	Long term infrastructure financing	3.73	0.79	SA
18	Incentivize energy sector restructuring	3.60	0.81	SA

*SA- Strongly Agree

Table 1 gives the summary of the mean and standard deviation scores of experts on the economic strategies necessary for sustainable economic recovery in the face of COVID-19 in Nigeria. the result shows that all the identified items have mean responses above 3.0, indicating that the experts all agreed to a great extent that the identified items are economic strategies for sustainable economic recovery in the face of COVID-19 in Nigeria. The result further shows that the standard deviation range is 0.75-0.95, indicating the dispersions in the responses. This shows that the scores cluster

around the mean and that the respondents were not too far apart in their responses. The identified strategies for economic recovery include

Research Question 2: what are the social policies necessary for sustainable economic recovery in the face of COVID-19 in Nigeria?

Table 2: Summary of Descriptive Analysis of Respondents Views on the social strategies necessary for sustainable economic recovery in the face of COVID-19 in Nigeria

S/NO	Social factors necessary for necessary for sustainable economic recovery in the face of COVID-19 in Nigeria	X	SD	Remarks
1	Strengthen health systems	3.70	0.84	SA
2	Increase local drug manufacturing	3.72	0.72	SA
3	Provide emergency relief, in particular: face masks (including artisanal or home-made ones); emergency food distribution; emergency transportation; conversion of medium-to-large firms' production for medical and emergency equipment purposes; conversion of community spaces into emergency shelters.	3.64	0.81	SA
4	Support public health services: ensure continuity of essential services through health precautions and personal protective equipment; provide daily clean water and community hand washing facilities; re-purpose some services and public buildings (e.g. schools) into public health and emergency centres	3.93	0.99	SA
5	Ensure income replacement: provide cash and mobile money transfers to support those who are most affected by the lockdown; re-purpose production to provide alternative employment	3.73	0.71	SA
6	Strengthen food chain security: encourage food crop production, rather than cash crops; ensure continuity of agriculture activities and food supplies to most vulnerable towns and cities	3.82	0.88	SA
7	Increased Transparency in governance	3.56	0.75	SA
8	accelerate planning and approval processes to improve efficiency and accelerate the procurement and delivery of projects.	3.93	0.99	SA
9	interventions in areas such as education	3.71	0.76	SA
10	restoring and conserving natural ecosystems	3.62	0.78	SA
11	Align infrastructure and climate policies with national economic objectives	3.51	0.84	SA
12	Add environment, economic, social (EES) and resilience criteria requirements to project selection, business cases, procurement evaluation and contracts	3.51	0.88	SA
13	Consider appropriate levers to incentivize investment in sustainable infrastructure.	3.71	0.84	SA
14	For infrastructure financing, a better public private partnership (PPP) deal structures with risk allocation may need to be considered to attract competition and value	3.82	0.72	SA

*SA- Strongly Agree

Tale 2 gives the summary of the mean and standard deviation scores of experts on the social policies necessary for sustainable economic recovery in the face of COVID-19 in Nigeria. The result shows that the mean range of the responses is 3.51-3.93. The result further indicates that all the social policy items have mean responses above 3.0 the weighted Mean. This implies that the respondents all agreed to a great extent that the identified items are the social policies necessary for sustainable economic recovery in the face of COVID-19 in Nigeria. The standard deviation range of the respondents is 0.75-0.99. This shows that the scores cluster around the mean and that the Mean responses of the respondents were not dispersed from the Mean. The identified social policies for economic recovery includes strengthening health systems, strengthen food chain security, interventions in education, align infrastructure and climate policies with national economic objectives and Add environment, economic, social (EES) and resilience criteria requirements to project selection, business cases, procurement evaluation and contracts.

DISCUSSION OF FINDINGS

Findings of the study outlines economic and social strategies necessary for sustainable economic recovery in the face of COVID-19 in Nigeria. The economic strategies include continued cash transfer for the most vulnerable sectors and individuals, Massive Infrastructure investments, asset monetization strategy, asset recycling strategy and deregulation to encourage more private sector investment. The social policies identified by the study are Strengthening health systems, strengthen food chain security, interventions in education, align infrastructure and climate policies with national economic objectives and Add environment, economic, social (EES) and resilience criteria requirements to project selection, business cases, procurement evaluation and contracts. The focus is on getting out of the current crisis situation. COVID-19 is a global pandemic with both economic and social solutions. One cannot solve the economic problems without recourse to the social solutions for economic recovery. These findings is in line with Cárdenas & Guzmán (2020) which found that solving the economic havoc caused by the COVID-19 crisis must go hand-in-hand with resilient social strategies to combat social and economic threats as well as long-term environmental sustainability and biodiversity conservation. This finding also shows the significance of applying the sustainable development goals (SDGs) to social and economic crisis. This finding is supported by Bhowmick (2020) which established that the SDGs promote a systemic design for governments and private partnerships to have a more holistic and interconnected response to the pandemic and beyond. The SDGs encompass the primary forms of capital key to a country's long term economic health—human capital (through the SDGs on education, health, hunger, poverty, gender and sanitation); social capital (through the SDGs on equality, international cooperation, sustainable cities, peace and justice); natural capital (through the SDGs on biodiversity, climate and responsible consumption and production); and physical capital (through the SDGs that deal with economic growth, clean energy, industry and infrastructure. Economic development, environmental protection and social development are intricately linked and interdependent, not mutually exclusive. Social, ecological and economic considerations should be included while formulating policy actions so that current development does not come at the cost of future generations.

RECOMMENDATIONS

- Funds should be made available for small and medium Enterprises in order for them to get back on business which will in turn improve the Economy
- Provide emergency reliefs like face mask, food stuff provisions distributions
- Essential Services like Health care provision,

- Create jobs or access to jobs to engage the youths meaningfully
- Restructuring the energy sector to encourage entrepreneurs.

CONCLUSION

The economic crisis wrought by the COVID-19 pandemic is likely to cause a serious reversal in developing and emerging economies. This study sought to establish the social and economic strategies needed for sustainable economic recovery in Nigeria. It is concluded that economic stimulus plan must be sustained and social reforms are just as vital and an integral part of any economic recovery agenda. More so, all efforts aimed at economic recovery after COVID-19 must imbibe sustainable development goals.

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