Governance and the Covid-19 Economic Recovery Strategies: A Comparative Study of Nigeria and Ghana, 2019-2025

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ABSTRACT

Beyond the untold health challenges, the Covid-19 pandemic brought significant economic disruption, testing governance competency and resilience, especially among the developing economies. However, why studies have explored the socio-economic and health implications, as well as, government responses to the pandemic, the economic recovery strategy is not adequately represented in literature. Anchoring on the Welfare State theory and qualitative dominant approach, the study drew a comparative discussion between the Nigerian and Ghanaian Covid-19 economic recovery responses through fiscal and monetary changes. Thus, the paper presents both the similarities and differences on the stages and trajectory of social protection and economic recovery roadmap between the two West African democracies. The study found a high degree of social exclusion and inequality in the social protection and distribution of resources among the citizens of the two nations.

Keywords: Governance, Covid-19, Economic Recovery, Welfare State, Social Protection

INTRODUCTION

The COVID-19 outbreak has led to huge human casualties worldwide, presenting an unprecedented challenge to public health, the food supply chain, and social mobility (OECD, 202; WHO, 2020). As of July 2021, the cumulative number of cases and deaths resulting from Covid-19 infections worldwide wasa little above 184, 520, 000 cases and 4, 100, 000 deaths, across 220 countries and territories of the world (Worldometer, 2021). While the human casualties keep rising, the socio-economic disruption induced by the pandemic is severe, especially in developing nations where the capacity to sustain the economy is limited (IMF, 2021). Despite that the steps taken towards mitigating the spread of the Covid-19 through some non-pharmaceutical measures such as the enforcement of social distancing, lockdown, and restriction on the movement of persons, closure of ports, tourist centres, industries, business avenues, schools, and offices, helped in reducing the spread of the virus, they undermined economic growth and development, especially in developing countries, where the majority of the people are employed in the informal sector (Lenshie, Joshua & Ezeibe 2021; Yezlia and Khana 2020; Sefa-Nyarko 2020; Iwuoha, Ezeibe,and Ezeibe 2020; Obiakor 2020; Shammi et al. 2020).

According to the World Health Organisation, (WHO, 2020), several businesses face an existential threat. About 3.3 billion global workforces are at risk of losing their means of survival to Covid-19. Among them, the Informal sector is particularly vulnerable becausethe majority of them are low-income earners without access to quality health care. Also, the lack of structured social protection, especially in the developing economies, means that majority of these vulnerable populations constrained by the lockdown measures were unable to feed themselves and their families; leading to malnutrition (World Bank, 2020). Collaborating, the International Labour Organisation (ILO, 2020) and Lenshie, Joshua & Ezeibe (2021) argue that the majority of the global workforces, especially in the developing economies have suffered massive damage in their capacity to earn a living due to the Covid-19 and the measures to mitigate it from spreading (ILO, 2020; Lenshie, et al, 2021). The food insecurity exacerbated by the pandemic has exposed pre-existing faultiness, poor social protection, and fragility among developing nations (OECD, 2020). The restriction of movement; closure of ports and Border closures for humans, trade restrictions, and confinement measures heavily prevented farmers from accessing markets for their produce, including for buying their domestic consumption needs. It also disrupted agricultural harvests, thus reducing access to healthy, safe, and diverse diets. The pandemic also caused job loss and human security crisis, especially, among low-income countries, and marginalized populations; including small-scale farmers and small and medium enterprises (Ezeibe, 2020).

Also, from the World Bank (2020) and WHO (2020) policy briefings and recommendations, government responses to the Covid-19 outbreak are expected to follow health and safety measures by ensuring access to standard protection for the labourers in all industries. It should enhance purposeful action to save lives and livelihoods including extending social protection towards universal health coverage and income support for the most affected. These include workers in the informal economy and in poorly protected and low-paid jobs, including youth, older workers, and migrants. Different forms of support are fundamental, including cash transfers, child allowances, healthy school meals, shelter, food relief initiatives, support for employment retention and recovery, and financial relief for businesses, including micro, small and medium-sized enterprises. In designing and implementing such measures, governments must work closely with employers and workers (WHO, 2020; World Bank, 2020).

The Covid-19 has ensured that reviving the economy and guaranteeing social protection of the citizenry, especially the vulnerable is a high test of governance and social resilience (Pieterse, Lim, and Khondker, 2021). While the health responses have followed a global pattern, the economic recovery and social protection strategies have varied from country to country (CRS, 2021). Through various phases of the health crisis, governments adopted policies by locking down social activities to contain the spread of the pandemic, inadvertently creating a global economic recession. In response to the unprecedented drop in economic activity, governments adopted a series of actions initially comprised of monetary policies aimed at stabilizing financial markets and ensuring the flow of credit. In the second phase, policy actions shifted to fiscal measures aimed at sustaining economic growth. In the third phase, government policies shifted to developing, purchasing, and distributing vaccines (IMF, 2021).

Through the various stages of the pandemic-related health and economic crises, governments responded with several policy initiatives that often attempted to balance competing policy objectives. As the health crisis subsides and economic activity resumes, policymakers may consider evaluating the various policy approaches for the lessons learned. However, while studies explored the impact of Covid-19 on public health, social and economic sectors, including oil and gas, SMEs, manufacturing, agriculture, aviation, tourism, sports, entertainment, and service delivery, among others (EIA, 2020; Sawyer, 2021; Stevano, Franz, Dafermos &Waeyenberge, 2021; Eboibi& Robert, 2020; Adepoju, 2020; Nzeadibe, et al, 2020; Onyishi, et' al, 2020; Iwuoha, Ezeibe, and Ezeibe, 2020), the economic recovery strategy has not enjoyed same visibility in literature. How do we explain the wide variation in approaches and responses towards economic recovery especially between developing countries?

According to the Congressional Research Service Report (CRS, 2021), and the IMF policy Tracker (2021), economic response to the Covid-19 in the developed and emerging market economies have engaged in series of interventions in financial markets through an array of fiscal policy initiatives to stimulate their economies. These measures include incentives to increase domestic production of vaccines and personal protective equipment (PPE) and direct state intervention through nationalization and directives to increase output at facilities that currently produced PPE materials or to initiate production at other facilities. In some cases, policy changes include enhanced foreign investment screening of foreign entities for the public interest. However, major government economic interventions and recovery plans, through fiscal and monetary measures to providing financial support to SMEs, households, vulnerable populations, and firms have varied from country to country (CRS, 2021; IMF, 2021). Against this background, this paper compares government Covid-19 responses and economic recovery strategies between Nigeria and Ghana to identify their similarities and differences. The remaining part of the paper was divided into the theoretical discussion, methodology, result and discussion and conclusion

THEORETICAL DISCUSSION

This paper adopted the 'Modern Welfare State' as a framework of analysis. The modern welfare state theory originated from Otto von Bismarck (the 1stChancellor of Germany). During his time, he was the first to establish the principle of social welfare as a state program in Prussia and Saxony in the early 1840s. He also was the first to introduced accident insurance, old-age pensions, and medical care, which today, formed the foundation of the modern European welfare program. However, overtime, different traits of welfare began to develop in various states of Europe and North America. For instance, the United Kingdom social protection began with the Liberal welfare reforms of 1906–1914 under Liberal Prime Minister Herbert Asquith. Such reforms include the old-age pension act of 1908, labour exchange act of 1909, free school meal act of 1909, development and government intervention, and the national insurance Act and unemployment benefit of 1911. Also, in the United States, social protection and welfare programs were institutionalized in the 1930s. Among the most popular is the Great Society Act of 1960 which appropriated financial aids including Medicaid and food stamps to the elderly, special payments for pregnant women, young mothers, as well as housing benefits for the vulnerable (Creutzfeldt & Sechi, 2021).

Since its introduction, the theory has been severally advanced. Among the notable exponent of the theory are Quadagno (1987) and Esping-Andersen (1990) who introduced accepted classification of the welfare state in his book "The Three Worlds of Welfare Capitalism". He categorised welfare states into social democratic, liberal and conservative, with each assuming special characteristics (De-Frel, 2009). Thus, the concept of welfare state can be defined as a type of government that intervenes by playing a key role in the socio-economic protection and well-being of its citizens. It functions on the principles of equity, an opportunity for all, equitable distribution of commonwealth, and public responsibility. It provides benefits and services such as subsidies, loans and grants, direct cash transfer, and concession, among others.

Tenets of a Welfare States

- Insurance of social security of the citizens
- Provision of basic facilities to its citizens
- Interventions
- exercises control over all the economic activities
- production and distribution of wealth
- security and welfare workers

Welfare System in the Covid-19 Era in Nigeria and Ghana: A critique

According to the ILO (2020), the global Covid-19 containment measures caused massive job loss due to the pause in production and consumption of goods and services. Thus, remittance to the developing economies drastically declined by more than 20%, with more than 100 million more people sliding into extreme poverty in 2020 (Oxfam, 2020; World Bank, 2020). However, a lot has changed since 2020 when lockdown measures to contain the Covid-19 ushered in a global economic crisis. Governments have responded by introducing various degrees of measures and social protection programs. These programs aimed at increasing liquidity and keeping the economy afloat, at the same time, assist the vulnerable and poorest of the poor. The disbursement and redistribution policies of the Covid-19 welfare are targeted at reducing inequality by putting resources in the hands of those who have little. However, to understand the dynamism and welfare trajectory which allow one country to fare better than another, this section presents a comparative analysis of Nigeria and Ghana's social protection systems and economic recovery roadmaps.

Nigeria

With 168,110cases and 2,122 deaths, Nigeria is the worst affected country in West Africa and 9th in the African Continent (Worldometer, 2021). The immediate government response was the establishment of the Covid-19 Presidential Task Force in March 2020, to work closely with the Nigerian Centre for Disease Control (NCDC) (Ameh, 2020). Amidst the lockdown containment measures that followed, Nigerian was among the first in West Africa to recognise and develop a social protection mechanism through fiscal and monetary policies. The measures to cushion the effect of the pandemic on the citizens were anchored on stimulus and relief packages; including direct household support (FMBNP, 2020). Anticipating lower revenue, the Nigerian government adopted and implemented a revised 2020 budget (CBN, 2020). The new budgeting focused on

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improving health facilities, helping households to cope with the economic realities of the pandemic, and stimulating the economy (ESP, 2020).

According to the National Economic and Sustainability Plan (ESP), Nigeria's social protection and economic recovery roadmap are anchored on three sectors. The first is the real sector measures which involve a combination of project execution and policy implementation. Visible among which include, agriculture, food processing, agro-job creation, rural electrification, infrastructural development, manufacturing, and food security, among others. The objective of this policy is to help SMEs stay in business while accelerating productivity through opportunity and innovation. The second pillar is the fiscal and monetary policy designed to increase government revenue and optimize expenditure. The principal aim of this is to introduce regulatory government intervention that can enhance local production and manufacturing through investment in the strategic sectors. Then, the third pillar is the implementation (ESP,2020).

Table 1: Nigeria Economic Recovery Measures

Economic Plan	Estimated Amount	Targeted sector
Create 5 million jobs in the agricultural sector	N 634, 982,256,367.46	Agriculture
The Solar Power Strategy	N 240,000,000,000.00	Households
774,000 jobs in all 774 local governments	N 50,000,000,000.00	Youths and Women
National Gas Expansion Programme	N 90,000,000,000.00	Households
Cylinder Injection Scheme (NGEP)	N23,400,000,000.00	Households
Guaranteed Off-take Scheme for MSMEs	N 15,000,000,000.00	SMEs
SME Survival Fund	N260,000,000,000.00	SMEs
BOI support to key sectors	N350,000,000,000.00	SMEs, Health, Agric,
Local Content	N 60,000,000,000.00	Construction
Health Sector	N 198,936,000,000.00	Health
National WASH Action	N10,290,525,000.00	
Social Investment Programme	N 87,063,566,666.67	Youths and SMEs
Aviation industry	N 27,000,000,000.00	Aviation
Science and Technology	N144,117,052,900.00	technology
Internal Security	N 2,394,058,948.00	security
Solid Minerals	N6,000, 000,000. 00	solid mineral
digital infrastructure	N15,000,000,000.00	technology
Education	N/A	education
Mass Housing Strategy	N 317,292,377,973.48	Housing

Source: Data generated from ESP (2020), and modified by the authors

Table 2: Social protection and Covid-19 Palliative Distribution in Nigeria

program	**Details**
agriculture and agro-processing	• up to 100,000 hectares of new farmland in every State of the federation • low-interest credit for agro-processing
housing construction	• co-operative businesses for SMEs • Extensive Public Works and Road Construction Programme A minimum of 1,000 young Nigerians will be recruited per local government
Informal Sector Support	• low-interest loans and the easing of registration, licensing, obtaining permits
Business Support for MSMEs	• payroll support to designated sectors to keep their employees and help maintain jobs • A Guaranteed Off take Scheme for MSMEs
Expansions of the National Social Investment Programmes	increase the number of cash transfer beneficiaries, N-Power volunteers, and sundry traders enjoying small and microloans through the Market Moni and Trader Moni schemes
Victims Support Fund	provided a total of N3.3billion in COVID-19 interventions across 30 States in Nigeria
CACOVID (Coalition Against COVID-19)	Donations of cash materials to the state governments and less privileged across Nigeria.

Source: Data generated from ESP (2020), and modified by the authors

Table 3: Coalition against Covid-19 (CACOVID): Public Donations

Corporate Entity	Donations (billion naira)
Central Bank of Nigeria	2
Dangote Group	2
BUA Group	1.5
Guaranty Trust Bank	1
First Bank of Nigeria	1
United Bank of Africa	1
Zenith Bank	1

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Famfa Oil Limited	1
Access Bank Plc	1
Nigeria Deposit Insurance Corporation	1
GLOBACOM	1
Mtn Nigeria Plc	1
Amperion Power Distribution Ltd	1
African Steel Mills Nig. Limited	1
Flour Mills of Nig Ltd	1

Source: Ezeibe (2020).

The Nigeria Covid-19 responses are widespread with an economic recovery roadmap driven by social protection and citizen welfare. It includes among other things, an initial N500 billion (0.3 percent of GDP) COVID-19 intervention fund through the revised budget aimed at channelling resources to current and capital spending. As was stated early, it was anchored on three pillars: real sector, fiscal and monetary policies, and implementation with a N2.3 trillion stimulus package (ESP, 2020).

Ghana

Ghana first Covid-19 case was reported on 12th March 2020. On the 28th of March, the President imposed a partial lockdown on Greater Accra, Greater Kumasi, and parts of Kasoa district for an initial two weeks, which was extended further to three weeks before unlocking (Amofah, 2020). Ghanaian government approach to Covid-19 was based on five principal objectives such as early identification and containing the virus, preventing imported cases, quality health attention for the sick, cushioning the economic and social impact of the pandemic, and boost domestic production as a means of deepening self-reliance. Also, Ghana spent about 2.1 percent of its GDP on Corona virus Alleviation Programme to help the health and pharmaceutical sector, support small and medium businesses, protect the poor and vulnerable, and address vital infrastructural deficiency through capacity building in every sector. To achieve this, the 2021 budget appropriated about 1% of the GDP to COVID-19 Alleviation and Revitalization Enterprise Support (CARES), which include health expenditure and vaccination (IMF, 2021). Government incentives also covered water and electricity bills for the very poor, including businesses. It also provided the needed food assistance and security to the vulnerable. In the health sector, a tax holiday of more than six months and a 50% salary pay-rise was given to the health workers.

Table 4: Overview of Ghana Citizen welfare response to Covid-9

S/N		Duration
1	removal of water and electricity bills	4 months
2	US$40 million in dry food packages and hot meals to vulnerable people affected by the lockdown, including the poor and street vendors. The government gave another US$40 million to the Ghana National Buffer Stock Company	N/A
3	Coronavirus Alleviation Programme and business support. US$105 million	N/A
4	transfers, and capital investment to compensate for COVID-19 spending, equivalent to at	N/A

	least 0.3 percent of GDP	
5	Tax incentives and pension relief, including a waiver of income tax on withdrawals from Provident Funds and Personal Pension Schemes, a waiver of income tax on personal emoluments of selected health workers and additional allowance for frontline health workers, tax deductions for donations in support of COVID-19, and a waiver of penalties to taxpayers.	N/A
6	The Digital Financial Services Policy to assist the poor	N/A

Source: Data generated from Ghana Policy Report (2020), and modified by the authors

CONCLUSION

While the global Covid-19 responses have many things in common, there are several areas of disparity especially on the level of social protection during the Covid-19 lockdown. Studies show that commitment to social protection and citizens' welfare has been highly irregular between countries (Eranga, 2020). Using Nigeria and Ghana as a case study, the two West African democracies maintained several measures such as tax relief, electricity subsidy, reducing of interest, and loan, among others. Data, as presented, shows a wide range of similarities in social programs aimed at cushioning the economic hardship of the Covid-19. However, while Nigeria economic recovery plan is anchored on social protection programs such as the 2.3 trillion naira ($3.5 billion) fund, including a broad survival fund payroll to support SMEs so that they can sustain their employees' payment, thereby, helping to maintain jobs, through social investment program that accommodates over 3 million people, mass housing to protect the vulnerable, energy for all through solar electrification, national gas expansion program, SMEs intervention fund, cash transfer, trader Moni, and the stimulation of every sector of the economy, Ghana national economic policy focused on improving the health sector and creating a self-reliant economy (Addison, 2020).

Also, both countries share fundamental vulnerability, social exclusion and inequality in resource distribution. In Ghana, most vulnerable groups such as Kayayei, residents of Chorkor in Accra and market women in Bolgatanga and many other vulnerable populations did not benefit from the government utility subsidies (water and electricity), food distribution in Ghana, and other social interventions (Osei-Boateng and Vlaminck, 2021). And in Nigeria, palliative distribution favoured a particular section of the country more than the other. In many instances, as witnessed during the End-SARS protest, relief materials meant for the poorest of the poor were siphoned and diverted by stakeholders saddled with the responsibility of distributing them. An example is the case of Honourable Mojisola Alli-Macaulay, a member of the Lagos State House of Assembly, who allegedly diverted the palliative distribution boldly branded with the CACOVID logo for her birthday souvenirs. Finally, both countries show vulnerability in the face of Covid-19 vaccine nationalism, relying on global solidarity (COVAX) to access and vaccinate their population.

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