

# COVID-19 PANDEMIC AND IMPACT ON BUSINESSES IN NIGERIA:

## NO LONGER BUSINESS AS USUAL

APRIL 2020

The coronavirus (COVID-19) outbreak is not only a grave healthcare concern but also, and of equal significance, a serious economic challenge. With the pandemic still ravaging countries and spreading across the world, forcing countries to undertake different measures in a bid to halt or reduce the spread of the virus, the effect on businesses and their activities will be manifold. Many countries have closed their borders, banned international flights, restricted movement, etc. From the world-leading economies of United States of America, China, Japan, Germany, India, United Kingdom, Italy, France, Canada, to smaller emerging economies in the Middle East and Africa, millions of people are constrained to stay at home causing one of the greatest manpower reduction in history.

In Nigeria, the Federal government has recently reacted to the outbreak of COVID-19 in the country by signing into law, the COVID-19 Regulations further to the Quarantine Act Cap Q2 LFN 2004 (Quarantine Act). Before the regulations, the Federal government had closed all borders. Also, at the declaration of COVID-19 as a pandemic by the World Health Organisation (WHO), some State Governments had, as well as dealing with the health issues, closed schools and restricted gatherings to a limited number, whilst some organisations had instructed their employees to stay home. The healthcare challenge and the restrictions in movement will no doubt have an impact on business. This piece will consider some of the legal cum commercial issues that would arise concerning (1) Employee Relations and Workforce Management (2) Commercial Contracts & Obligations (3) Supply Chain and Distribution (4) Cyber Security & Data Privacy (5) Government Response & Regulatory Communication and Issues.





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## **Employee Relations And Workforce Management**

The outbreak of COVID-19 in Nigeria has presented employers with significant workplace challenges. Employers are worried about the potential legal

risks involved in attempting to sustain a balance between protecting the health and safety of their employees and maintaining their business operations. Where employers do not make informed decisions and implement the right strategies, there is the risk that their companies may be exposed to claims in discrimination, negligence and unfair labour practices amongst others.

Some of the practical and legal issues that businesses would have to consider with respect to handling employee-related matters in the light of the pandemic are as follows:-

### **a. Business Continuity Management: Social Distancing & Remote Working**

Up till now, the decision on remote working has always been one of workplace culture. Many businesses have preferred the traditional method of working from the office premises whilst others, particularly the newer (mainly tech) companies prefer to use technology and allow their employees to work from home or other remote locations.

With the recent directive by the WHO in terms of social distancing, many employers have been faced with tough decisions regarding remote working. Social distancing aims through a variety of means to minimise physical contact between individuals thereby reducing the possibility of new infections.

Businesses are faced with the double-edged sword of ensuring that their most critical activities and processes remain operational in the face of the disruption, no matter how expensive this may prove, and an attendant financial burden as a result of some employees becoming automatically redundant at this time.

Given the present situation, companies will have to review their business operations to allow for more flexible working arrangements including but not limited to teleworking and electronic meetings.

Interestingly, the concept of virtual/telework is not prohibited under the Nigerian legal framework. In fact, under the labour and employment relation laws, the official place of work of the employee is usually designated by the employer as either the place of business of the employer or anywhere else so designated (which may be extended to include the employee's home).

It is envisaged that the idea of remote working would throw up several issues, particularly for companies that have only used the traditional "face-to-face" model. Some of those issues include supervision and direction of the employees, meeting with customers, the technology that would ensure a seamless transition to remote working and the provision of resources to the employees that would aid remote working (e.g laptops and inter-

net). Companies have to ensure that these issues are properly managed to ensure that this transition is seamless and does not significantly disrupt their business operations.

## **b. Occupational Safety & Health**

In Nigeria, the employer should ensure, so far as is reasonably practicable, the safety, health, and welfare of all workers whilst the employee is obligated to co-operate with the employer and the government to secure the occupational safety, health and welfare in the workplace. However, it would appear that legislation on occupational safety and health is largely focused on factory workers and manufacturing companies.

The above notwithstanding, at common law, employers owe a duty of care to their employees to take all steps which are reasonably possible to ensure the health, safety, and well-being of their employees. This duty is essentially the same as the duty of care in negligence. This duty of care may be held to have been breached where it is established that there was a failure to do everything reasonable in the circumstances to prevent an employee from being harmed. Also, the International Labour Organisation Standards on Occupational Safety and Health enshrines the employee's rights to be protected from sickness, disease, and injury arising from their employment.

The interactions between employees and other stakeholders (customers, suppliers, distributors and other employees) may pose a breeding ground for spreading COVID-19 at the workplace and the employer may become exposed where it is established that there was a failure to reasonably ensure the safety of employees with respect to COVID-19. Employers should take a second look and ensure that their safety and health policies, strategies and practices are reviewed to accommodate the current realities of work in line with international best practices concerning the present situation.

## **c. Business Reorganisations**

Without a doubt, companies would have to consider re-organising their business operations to accommodate newer models of work. Some businesses would also have to consider how to deal with employees whose job roles may have been rendered redundant by remote working as such employees have to work on-site to perform their job roles. The International Labour Organisation (ILO) has stated that the economic and labour crisis created by the COVID-19 pandemic could increase global unemployment by almost 25 million.

It is highly likely that employers would look to improve efficiency and reduce overhead costs associated with payroll and workforce management based on operational requirements including but not limited to the grant of leave of absence and structuring job retention schemes amongst others. For the positions that would be retained, employers may also look to negotiating a reduction in benefits in line with the reduced job functions of the employees amongst other things.

The various options available to the employers to reduce their overhead costs and improve efficiency must be explored in line with the Nigerian labour and employment relations legal framework to avoid legal pitfalls such as unfair labour practices or wrongful termination of employment.

## **d. Data Privacy and Protection**

To avoid further exposure, employers must ensure that they comply with the provisions of Nigerian law on data protection, in requesting information from the employees on their health status, as it constitutes Sensitive Personal Data. Such information must be obtained with the explicit consent of the employees, stored accurately and secured against all foreseeable hazards and breaches such as theft, cyber-attack, viral attack, dissemination, manipulation of any kind, damage by rain, fire or exposure to other natural elements.



Where the employer is in the possession of information relating to the personal health of the employees, the employer owes the employees a duty of care and will be held accountable for acts and omissions in respect of the data processing.

From the combination of the above impact of COVID-19, the world of work is being profoundly affected by the pandemic thus employers must start to re-assess and review their employment policies to sustain the balance between facilitating business continuity and complying with the Nigerian labour and employment relations legal framework in these uncharted times.

2

## **Commercial Contracts and Obligations**

As at the date of publication of this piece, over one million people have been infected, and over sixty thousand people have died as a result of the virus. The COVID-19 outbreak remains a

threat to the health and wellbeing of humans all over the globe. With the number of infections and deaths rising daily, concerns over the virus have escalated and more countries are increasingly introducing compulsory lockdowns, restricting intra-country travel, and closing non-essential businesses to prevent its spread.

The effect is that parties to contracts are finding it more and more difficult to perform their contractual obligations and are struggling to comply with agreed contractual timelines. Some parties are considering triggering the “force majeure” clauses in their contracts or getting ready to rely on the doctrine of frustration as a defence for non-performance of their contractual obligations. It has now become imperative for contracting parties to understand the concept of “frustration of contract” and to ascertain whether Covid-19 is truly a frustrating event.

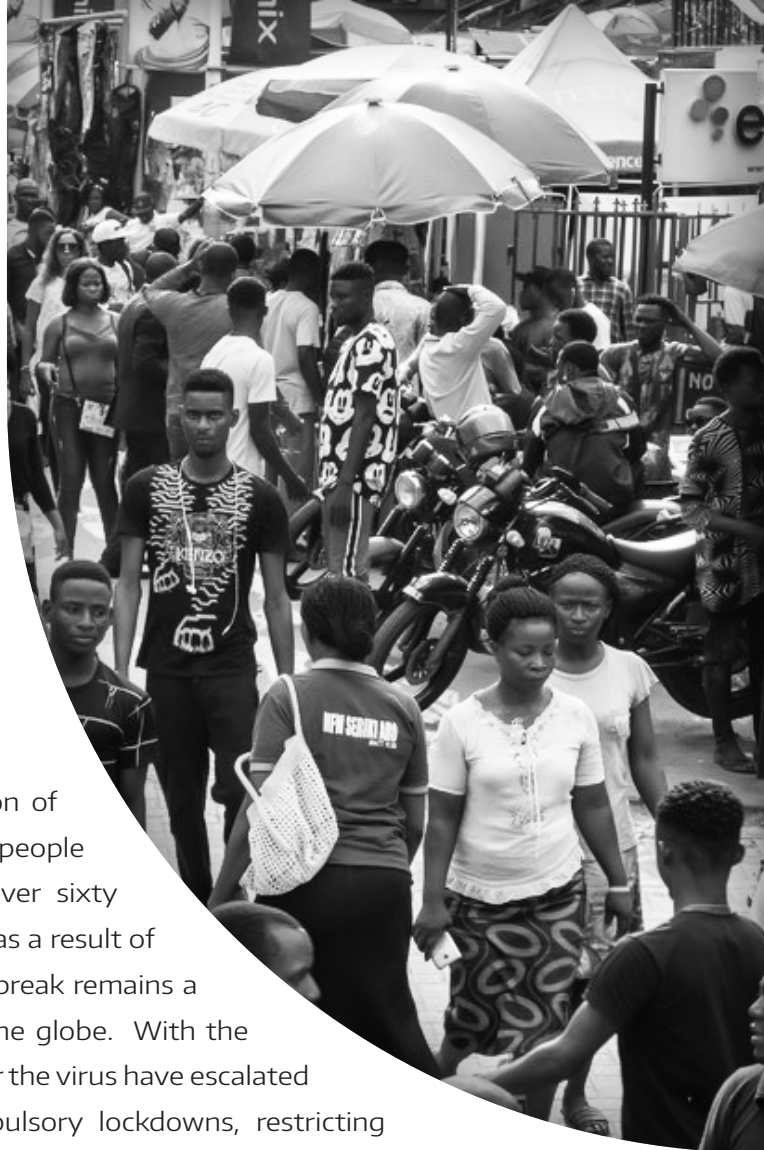
The frustration of a contract is said to occur where it is established that due to a subsequent change in circumstances, which was not in the contemplation of the parties, the contract has become impossible to perform. The doctrine of frustration has been restricted by the courts to:

- i. Situations where the supervening event destroys a fundamental assumption on which parties had contracted; and
- ii. Where force majeure clauses are drafted into the contract.

From the above definition, frustration of contract is thus a premature determination of an agreement between parties lawfully entered, owing to the occurrence of an intervening change of circumstances so fundamental and entirely beyond the contemplation of the parties.

### **a. Force Majeure**

Contracting parties in commercial contracts would usually provide for a force majeure clause. The force majeure clause stipulates the effect on the contract, such as suspension of performance of obligations and/or the option



to terminate the contract, in the event of the occurrence of certain frustrating events. The force majeure clause may also exclude certain obligations from being affected by the frustrating event. Upon the occurrence of a force majeure event, contracting parties must comply with the conditions provided in the force majeure clause before invoking force majeure; such as the requisite notice period and compliance with the duration of the force majeure event, otherwise, such a party may be liable in an action for breach of contract.

## **b. Doctrine of Frustration**

Where a contract does not provide for force majeure, or a contract entered by any other means other than in writing, the occurrence of an event which truly prevents a party from performing an obligation in a contract is a defence in any action for breach of contract under the general doctrine of frustration. The advantage of having a force majeure clause in a contract gives contracting parties some level of control upon the occurrence of a frustrating event but does not make it any less of a defence for breach of contract where it is not provided for.

Where a force majeure event occurs or frustration is established, the question of breach of contract does not arise as none of the parties can be held responsible for the occurrence of the frustrating event or circumstances.

## **c. COVID-19 Pandemic as a Frustrating Event**

The question then is, can COVID-19 pandemic be considered as a frustrating event to a contract? The answer is purely circumstantial and can only be determined by an examination of the following:

- i. The contract document: to elicit the nature of obligations of the party (some contractual obligations are absolute, and some may be excused on the happening of a force majeure event such as the COVID-19 pandemic), and any provision on force majeure.
- ii. An examination of the impact of the pandemic within the scope of the party's obligations.
- iii. The practicability of performing the obligation.

A party is more likely to successfully invoke a force majeure provision if it expressly covers the "outbreak of diseases", "epidemics" or "pandemics".

The time of performance is essential in determining the practicability of performing the obligation. The relevant time in determining performance is the time the party ought to have executed the contract. Where execution of the obligation in the contract was due before the occurrence of the outbreak, then a party cannot rely on the pandemic as a frustrating event, in an action for breach of contract.

Also, the prevailing circumstance is material in determining performance. If performance was to be undertaken during the outbreak, the practicability of execution will be considered. For instance, the Lagos State Government directed people to stay at home except for those engaged in essential goods and services from 26th March 2020. A party who ought to have performed a contract that was possible on the 25th March will struggle to rely on the Lagos State Government's directive.

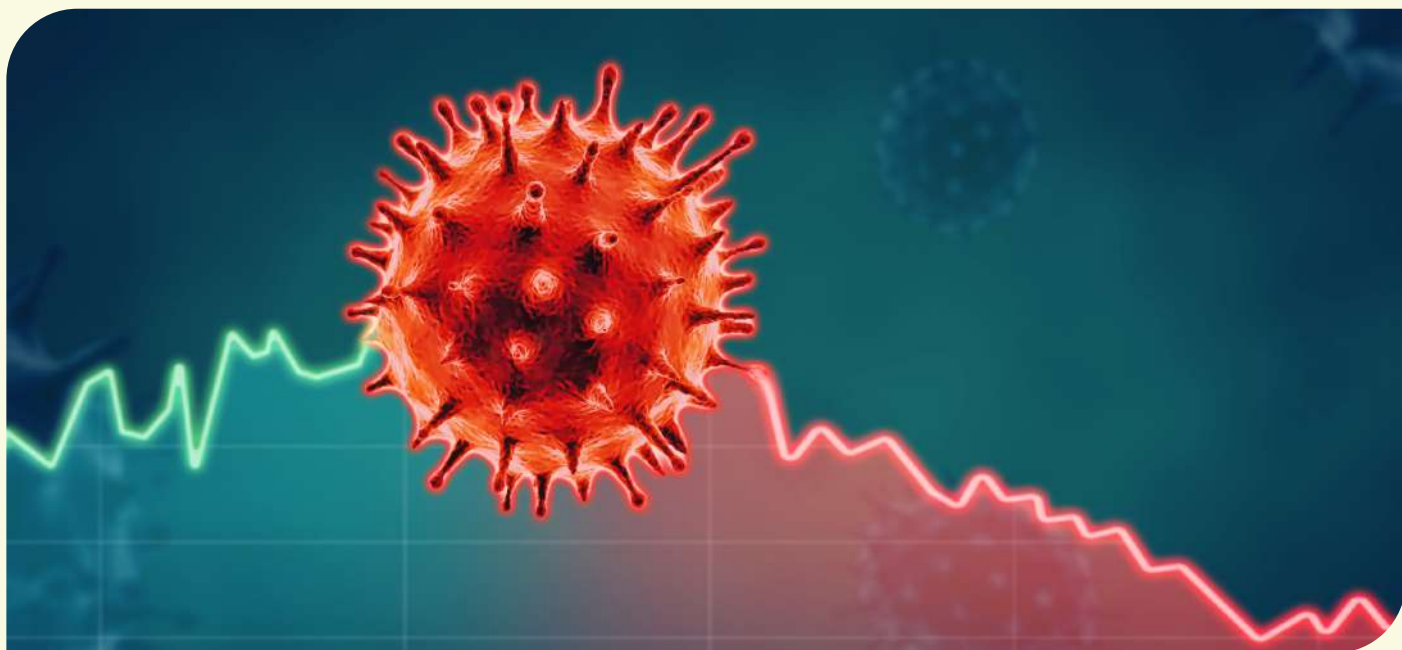
Another consideration in determining the fundamental nature of the Covid-19 pandemic as a frustrating event is the nature of the obligation. Whether the obligation can be done virtually, such as payment of money, services rendered online, or whether performance will merely be difficult or more expensive. Where the performance of an obligation will as a result of the pandemic be more expensive and difficult as opposed to being practically impossible, a party who relies on it as a frustrating event may be running the risk of breach of contract.

It is important to note that a party who is already in breach of contract before the outbreak of the pandemic

cannot rely on its consequences as a frustrating event to escape liabilities for breach of contract.

Where after an examination of the three (3) factors above, it is established that the pandemic or its consequences frustrated the performance of a contract, the effect is that the non-performance of the obligation will not amount to a breach of contract. In most cases and depending on the nature of the contract or any provision in the force majeure clause in the contract, the pandemic may automatically bring the contract to an end.

A fundamental effect of the Covid-19 pandemic as a frustrating event is where sums of money have been paid and received by a party for the performance of an obligation which has failed or has been rendered impossible as a result of the pandemic. The law frowns on unjust enrichment, and it is trite law that where money has been paid and received by a contracting party for a consideration that has failed, the money ought to be returned.



Complete failure of consideration occurs where one of the contracting parties fails to receive the benefit of valuable consideration which springs from the root and is the essence of the contract. However, where the contract has been partly performed, or payment and performance were agreed in milestones, then the amount to be returned will be based on the value of the unperformed obligation.

Relying on the Covid-19 pandemic without more is not enough for a party not to adhere to its obligations in a contract, as all the facts must be considered before the pandemic can be invoked as a frustrating event. Non-performance of a contract obligation can thus only be excused where it can be shown that as a result of the pandemic and its consequences, it is practically impossible to perform the obligation in the contract. Each contract will be treated on its merit to determine whether the pandemic can truly frustrate the same, or whether force majeure if provided, can be triggered.

Parties to a contract need therefore to exercise caution and not see the pandemic as an opportunity to renege on contractual obligations otherwise they may be exposed to the liabilities associated with a breach of contract. Proper examination of commercial contracts is advised, before relying on the pandemic as a frustrating event.

A CNN reporter stated recently: “this pandemic has caused an economic tsunami”, causing businesses to close and triggering devastating disruptions to global supply chains”. The Nigerian economy is largely dependent on the international supply chain. Nigerian businesses rely on the efficiency of international supply

chains to reduce cost, increase revenue and improve their bottom line. The effect of such global disruption on Nigeria cannot be quantified. Local supply chain and distribution networks are not left out with lockdown in certain parts of the country.

Whilst the Federal government has designated some goods as essential and as such exempted them from the lockdown directive, such exempted goods have been faced with supply challenges ranging from importation to distribution across the country.

### a. Import Dependence

Most Nigerian manufacturers depend mainly on raw material imports from countries like China, India, USA, France Netherlands, etc. A major disruption in the supply chain in these countries has a significant ripple effect on the supply chain in Nigeria. Apart from raw materials, the country also depends on imports for most of the intermediate and finished goods distributed in the country. Supply chain disruption is already triggering delays and the inability to meet supply obligations across the world. Many Nigerian manufacturers and suppliers may not be able to meet their contractual obligations. This raises concern about a breach of contract, the invocation of force majeure and possible litigation.

### b. Foreign Exchange Challenges

The effect of COVID-19 pandemic on global crude oil prices has heightened fears of a foreign currency crisis, possibly worse than that of 2016. Currency devaluation is now imminent as the recent currency adjustment by the Central Bank of Nigeria indicates its inability to continue to defend the Naira. The increased cost of obtaining foreign currency for imports will lead to an escalation of cost for manufacturers and suppliers of goods. Although some companies have since taken a long-term view of the volatility of the Naira after the 2016 crisis and hedged their foreign exchange risk through the purchase of derivative products, so many still rely on the spot market. The impact of the diminishing value of the Naira on these manufacturers and suppliers will be significant.

### c. Port Clearance Delays

Nigeria is a classic case of how inefficiency at seaports can lead to disruption of supply chains. Protracted delays at the seaports are due to congestion, inefficiency, and lack of infrastructure. As a result of the ongoing quarantine efforts, and reduction of manpower, the situation is likely getting worse and imports are being channeled to the airports. Many raw materials, intermediate and finished products would be trapped at the seaports, as preference would be given to essential goods like pharmaceuticals and medical devices. There is also a concern that the implementation of the VAT increase to 7.5% will be counterproductive as the government would try to cushion the effect of the pandemic through tariff reduction.

### d. Local Production Challenges

Local manufacturers are hugely exposed to external shocks. Only a few Nigerian companies can achieve end-to-end capacities across their supply chains. The infrastructural deficit, low or limited technological efficiency, storage, transportation, and manpower challenges contribute to the inability of local manufacturers to optimise the local supply chain. The FMCG and the pharmaceutical sectors are mostly under pressure to supply essential medical and food items. The Central Bank of Nigeria (CBN) has introduced a special stimulus facility for



the pharmaceutical industries to cushion the financial pressure on these companies and enhance their ability to scale local production during this period.

**e. What can be done to address the Challenges?**

**i. Identifying alternative sourcing strategy**

Countries like China, USA, UK and others in Europe hard hit by the pandemic will find it difficult to meet supply obligations from customers in other countries. Companies will start developing strategies for diversification. Particularly, Nigerian manufacturers should consider other countries to source raw materials.

**ii. Backward Integration**

Despite the infrastructure challenge which makes it unattractive for local manufacturers to invest in raw material sources, the current challenges make a compelling case for backward integration. This will reduce foreign exchange risks and volatility occasioned by a disruption in supply from external sources.

**iii. Adopting foreign exchange risk strategy**

Companies should conduct a foreign exchange risk assessment and take measures to hedge attendant foreign exchange risks. There are various derivative options available in the financial market such as futures, options, and currency swaps. Interestingly, companies are taking advantage of the Naira-settled non-deliverable forwards which were introduced by the CBN to address the foreign currency crisis of 2016.

**iv. Contract review and renegotiation of terms**

As a proactive measure, the current supply chain disruptions behove on companies to start reviewing the terms of their various sales, supply and purchase contracts. It will be worthwhile to have another look at the force majeure clauses, termination clauses, conditions about defaults, compensations, and renegotiation. More importantly, the present situation provides an opportunity for companies without proper supply and distribution contracts to do so.

It is also necessary as part of proactive measures, for companies to initiate discussions with customers, updating customers ahead of delays and warning against possible adjustments to outstanding orders.

Though there has not been any concrete data on the impact of the COVID-19 pandemic on supply chains, particularly in Nigeria, however, there is no gainsaying that the effect will be overwhelming, from imminent recession to likely large scale contractual defaults due to inability to meet obligations on time. The challenges present opportunities for companies to take a proactive and forward-looking approach. The major consideration for manufacturing businesses is the diversification of sources of raw materials and backward integration. Other proactive measures such as contract review and foreign exchange risk assessment cannot be ignored.

**4**

**CyberSecurity  
and Data  
Protection**

The pandemic has had far-reaching effects on the modus operandi of social and business affairs. It has impacted every aspect of human endeavour and a particular concern is cybersecurity and data protection. Today, the world has been compelled to embrace social distancing and adopt remote working alternatives

to address business needs and requirements. Substantial social and business interactions have migrated to the cyberspace, thereby increasing the average exposure of businesses to cyber risks. Before the outbreak, it has been estimated that phishing attacks occur every 30 seconds, phishing sites were mimicking major players including Apple, Google, Facebook, and Yahoo. There were about 900 phishing attempts detected per financial institution and 9,000 per technology company on the average.



### a. Cyber Attacks

### i. Global Downsizing

Many employers globally may have to downsize their workforce to be able to deal with the impact of the Covid-19 pandemic. It is likely that some companies may not even survive and thereby send all their employees to the labour market, including their IT team who may become idle and engage in activities such as network intrusion and internet fraud. Businesses at this time have to be well equipped against attacks of this nature.

## ii. Employees Working Remotely

There are risks that employees may introduce new devices and platforms to enhance work efficiency or seek unauthorised assistance to resolve information technology (IT) issues while working remotely. Also, the process for migrating from the office workspace to the remote workplace may not be error-free. The introduction of new network or VPN configurations, new devices and ports to allow employees to work remotely may also expose the organisation to cyberspace risks.

### iii. Preparedness for COVID-19 pandemic

## b. Data Protection

Data protection issues are heightened during the crisis. Therefore, organisations must take a critical step to ensure the following: -

- i. Personal data must be secured against foreseeable hazards, including cyberattacks, viral attacks, manipulation, etc. The duty is on the company to put in place all reasonable technical and security measures, bearing in mind the state of technology. It is advisable to review the security measures from time to time to maintain alignment with technological improvements.
- ii. Personal data should be stored only for as long as is necessary. Each company needs to define a justifiable data storage policy. This reduces the risk of data privacy liability.
- iii. Ensure that a data protection policy is put in place and employees are trained about data protection and processing matters.

## **c. Dealing with Threats to Cybersecurity**

Organisations can take the following steps to deal with threats to cybersecurity: -

### **i. Upgrade and Investment in Cybersecurity**

Organisations will need to check the resilience of their IT system and infrastructure to ascertain the ability to resist attacks and invest in additional infrastructure to safeguard the IT systems. Any deficiency in the IT system may increase the probability of a cyber-attack. It will also be necessary to develop a cybersecurity expenditure plan.

### **ii. Employee Training**

It is necessary to train employees on cybersecurity awareness to be able to detect phishing attacks, avoid authorised access and modifications of software and report the same to the IT department. Guidelines for the use of the internet and IT gadgets must be provided to employees who should be required to adhere strictly to the guidelines with penalties for non-compliance. The use of unauthorised devices or organisation's gadgets for personal purposes should be outrightly prohibited.

### **iii. Conduct Regular Security Assessment**

As has been earlier stated, cybersecurity risk will be on the rise hence organisations need to conduct a regular security assessment of the IT system and infrastructure. It is expected that cybercriminals during this period will become more ingenious and therefore regular security assessment will be useful in detecting any gaps in the IT system.



The Federal Government of Nigeria is mandated by the Constitution to ensure the welfare and security of the citizens and residents of Nigeria. Also, the government has the responsibility to ensure the safety of lives and property for both citizens and non-citizens and to administer the economy in such a way that the economic potentials of citizens are realized. To achieve these obligations and objectives, the Federal government and its agencies have taken key actions in response to the outbreak of the pandemic.

### a. **Restriction on Movement & Cessation of Business Activities in parts of Nigeria**

The President has directed the full cessation of business and restriction of movement in Lagos State, Ogun State and the Federal Capital Territory (FCT) for two (2) weeks from 30th March 2020 in the exercise of his powers under the Quarantine Act. Companies such as hospitals and health-related businesses, food production, processing and retail, petroleum production and retail companies, telecommunication companies, power generation, transmission and distribution companies, private security companies are exempted from these restrictions.

Following in the footsteps of the President, Governors in States like Ekiti, Kaduna, Kano, Ondo, Enugu, Rivers, etc. have announced some sort of restrictions in movement, closure of schools and other non-essential businesses to avoid a spike in the spread of the virus.

### b. **Review of the 2020 Budget Estimates & Amendment of the Appropriation Act**

To limit the negative impact of the COVID-19 pandemic on the economy, the Federal government will be faced with the need to amend the Appropriation Act 2020 to reduce the overall size of the annual budget. This can be achieved by a reduction of the budget benchmark rate; elimination of non-priority procurement projects in the budget; and the introduction of intervention funds as buffers for key sectors of the economy.

It does appear that many capital projects, recurrent spending on non-essential items, training or other procurement envisaged by various ministries, agencies and departments of the government may be pruned due to paucity of funds. Ambitious infrastructure development projects may also be impacted as it appears the government may be compelled to focus on completing ongoing projects rather than initiate new ones. Businesses who are majorly dependent on Government spending will have to devise creative ways to keep afloat as the government tightens the noose to reduce its exposure

### c. **Travel Restrictions & Temporary Closure of Borders**

To curtail the spread of the virus, all land, sea and air borders are closed to all forms of international private or commercial travel for one month ending 23rd April 2020. However, diplomatic travels, medical emergencies & humanitarian services, essential cargo and national security are excluded for which travel, and landing clearance may be permitted after prior approval and clearance from relevant agencies of the government. The Embassies of Israel, Germany, and USA recently facilitated the grant of special clearance to evacuate their respective citizens from Nigeria.

Foreigners who intend to depart Nigeria will require some diplomatic assistance from their country of origin or residence for the provision of special travel arrangements upon clearance, within the period.

### d. **Suspension of Immigration Facilities**

In response to travel restrictions and closure of all borders, the Nigeria Immigration Service has suspended the issuance of all forms of Visa on Arrival (VoA) to foreigners indefinitely. The VoA facility was intro-



duced to facilitate ease of entry for foreigners and high net-worth individuals who intend to come into Nigeria for business or whose country of residence does not have Nigerian diplomatic presence. Passport issuance for Nigerian nationals and electronic registration of migrants are also suspended.

Foreigners seeking to visit Nigeria may have no choice but to delay their travel while unregistered immigrants will not be able to complete the mandatory electronic registration and data capture until restrictions are lifted.

#### **e. Closure of Public Offices**

All public offices providing non-essential services are closed while government officials are advised to work remotely, where possible. While many agencies are exploring the possibilities of working remotely, some agencies do not have the facilities to achieve remote work. Business undertakings who may require approvals, permits, and licenses, or who may require regulatory intervention within this period should explore the possibilities of online filings or expect delays in regulator's response due to the closure and suspension of non-essential services.

Agencies like the Federal Competition and Consumer Protection Commission announced that Merger Control applications will be processed by email. The Securities and Exchange Commission also announced that the registration of new market operators and all pending applications or requests by operators will now be processed online.

#### **f. Closure of Courts & Access to Justice**

In response to the Covid-19 crisis, the Chief Justice of the Supreme Court directed the closure of all courts for two weeks in the first instance while Heads of Courts were directed to decide strategies for addressing urgent, essential or time-bound cases within the period.

This decision impacts on access to justice and the settlement of commercial disputes as parties are not able to approach the courts for the determination of their rights while ongoing matters will be delayed until the end of the prescribed period.

#### **g. Extension of Deadlines**

Some government agencies have extended the deadlines for statutory and regulatory filings. For instance, the Federal Inland Revenue Service has extended the deadline for the filing of Withholding Tax Returns and the Value Added Tax Returns to the last day of the month following the month of deduction while businesses have an extended timeline of one month and two months for the filing of Companies Income Tax and an accompanying Audited Accounts respectively.

The Securities and Exchange Commission also approved and announced a sixty-day extension for public companies to file their 2019 Annual Reports and Q1 2020 returns which were otherwise due on 31st March 2020.

#### **h. Social Intervention Funds to Critical Sectors of the Economy**

To palliate the adverse effect of the outbreak on the economy, the Federal government through the CBN has announced the plan to extend intervention funds to critical sectors of the economy starting with the announcement of a 100billion Naira targeted Credit Facility for the Health Sector. Businesses involved in the manufacturing of health and pharmaceutical equipment, distribution and logistics of health equipment, healthcare service providers and other critical industry stakeholders can apply for this facility



as part of the drive to grow the sector, and more importantly combat, the spread of the outbreak. A 50 billion Naira Credit Facility targeted at small and medium enterprises and households impacted adversely by the pandemic has also been introduced.

The CBN has also reduced the rate of interest on all CBN Intervention Facilities from 9% to 5% as well as extended the moratorium on all principal repayments by an additional one year with effect from March 1, 2020. As a result, all participating financial institutions are required to provide new amortization schedules for the beneficiaries of the various loans.

## Conclusion

It is becoming evident that the containment of COVID-19 and return to normalcy will depend on the measures taken by the government, regulatory authorities and individuals to “flatten the curve”. In the meantime, businesses without a doubt will be impacted negatively. In a crisis of this magnitude, it could be argued that only the large business will weather the storm – history has however shown differently. The more nimble or flexible a business, the greater the chances of survival. Businesses who are prompt at identifying the issues and put in place a strategy to deal with the issues will survive and even thrive – there are opportunities in a crisis.

As is usually the case, legislation and policies that kick-start the economy will be slow-paced, and more particularly, in these times, when governments are trying to save lives. Companies should seize the opportunity to engage the government with sustainable proposals to drive businesses even during the period.

In and out of the COVID-19 pandemic, the market and marketplace are fast evolving, businesses must adapt to the changing times!

**No Longer Business as Usual** is the tagline for Jackson, Etti and Edu Thought Leadership until COVID-19 is contained. In addition to providing legal and commercial analysis of matters that impact on businesses, a Crisis Management Team is available to navigate your Company and its management through the myriad of issues arising during this period to enable you stay in business.

Contact the members of our Crisis Management Team as follows:



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