

The background of the slide is a photograph of a busy outdoor market scene, overlaid with a semi-transparent green filter. The image shows people, stalls, and various goods, creating a sense of a bustling economy.

NIGERIA'S 2023 OUTLOOK

POLITICAL, MACRO, AND SOCIOECONOMIC PROJECTIONS

JANUARY 2023



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EXECUTIVE SUMMARY



2023 is likely to emerge as a critical year that will shape Nigeria's growth trajectory and its ability to deal with external and internal headwinds that have constrained growth over the past 8 years. Heightened macroeconomic challenges, upcoming general elections, the first population census in almost two decades, and security concerns at federal and sub-national levels indicate that 2023 could be Nigeria's most consequential year since its return to democracy in 1999.

With the conclusion of President Buhari's 8-year tenure as President on the 29th of May 2023, whoever emerges as the winner of the presidential elections will immediately have to deal with a rising fiscal deficit in the midst of reduced export earnings and an unsustainable subsidy bill. He would also have to contend with limited forex earnings and poor access to the global markets to raise financing, given the rise in interest rates in advanced markets. More importantly, security concerns that have constrained food production in part of the food belt region have dampened agricultural poverty and contributed to rising unemployment levels, particularly amongst the youth.

For 2023 to be viewed as a successful year, the new government will need to develop a strategic response to these issues but also put in place a viable implementation plan to restore confidence in the economy while working to contain the impact on the populace, of some of the needed reforms that will be required.



2022 RECAP



2022 was dominated by political bickering ahead of the 2023 general elections, increased security challenges, rising inflation, declining oil production, increased unemployment rates, and what could best be described as a foreign exchange crisis in Nigeria. Some macro and socioeconomic highlights in the year are;

- The Nigerian economy experienced a rebound from the COVID-19 pandemic as GDP grew by about 3.5% year-on-year from Q3 2021 to Q3 2022.
- FG Revenue generation faltered at just 9% of GDP as budget deficits ballooned to nearly 5% of GDP, more than the 3% recommended threshold by the Fiscal Responsibility Act of 2007. This was mainly due to an increased public debt and limited international market credit access.
- Headline inflation rate increased from 15.6% in January to 21.47% by December 2022, compared with an average of 10.6% for emerging and developing economies and 8.8% for the world. The spike drove this in energy and food prices from the Eastern European crises and reduced oil production levels in the country.
- The oil sector shrank by 22.67% year-on-year from 2021 to 2022 as the average daily crude oil production stood at 1.20mbpd, below the 1.86mbpd allocation by OPEC.
- Multi-dimensional Poverty Index (MPI) indicates that extra 5 million Nigerians fell into the poverty bracket bringing the total estimated number to 133 million (63% of the population).
- The Non-oil sector grew by 4.77%, showing improvement from the 4.4% recorded in 2021 as the CBN reported \$4.99 billion repatriated from Non-oil exporters.
- In a bid to rein in inflation, the CBN adopted constricting monetary policies as the MPR was increased to 16.5% by the end of the year
- The Stanbic IBTC Purchasing Managers' Index (PMI) came in at 54.3 in November, moving further above the 50.0 no-change threshold

A large, vibrant photograph of a political rally or public gathering, overlaid with a semi-transparent green filter. The image shows a dense crowd of people, many with their arms raised in the air, suggesting a moment of celebration or support. The background includes a stage area with speakers and other structures, typical of a large-scale event.

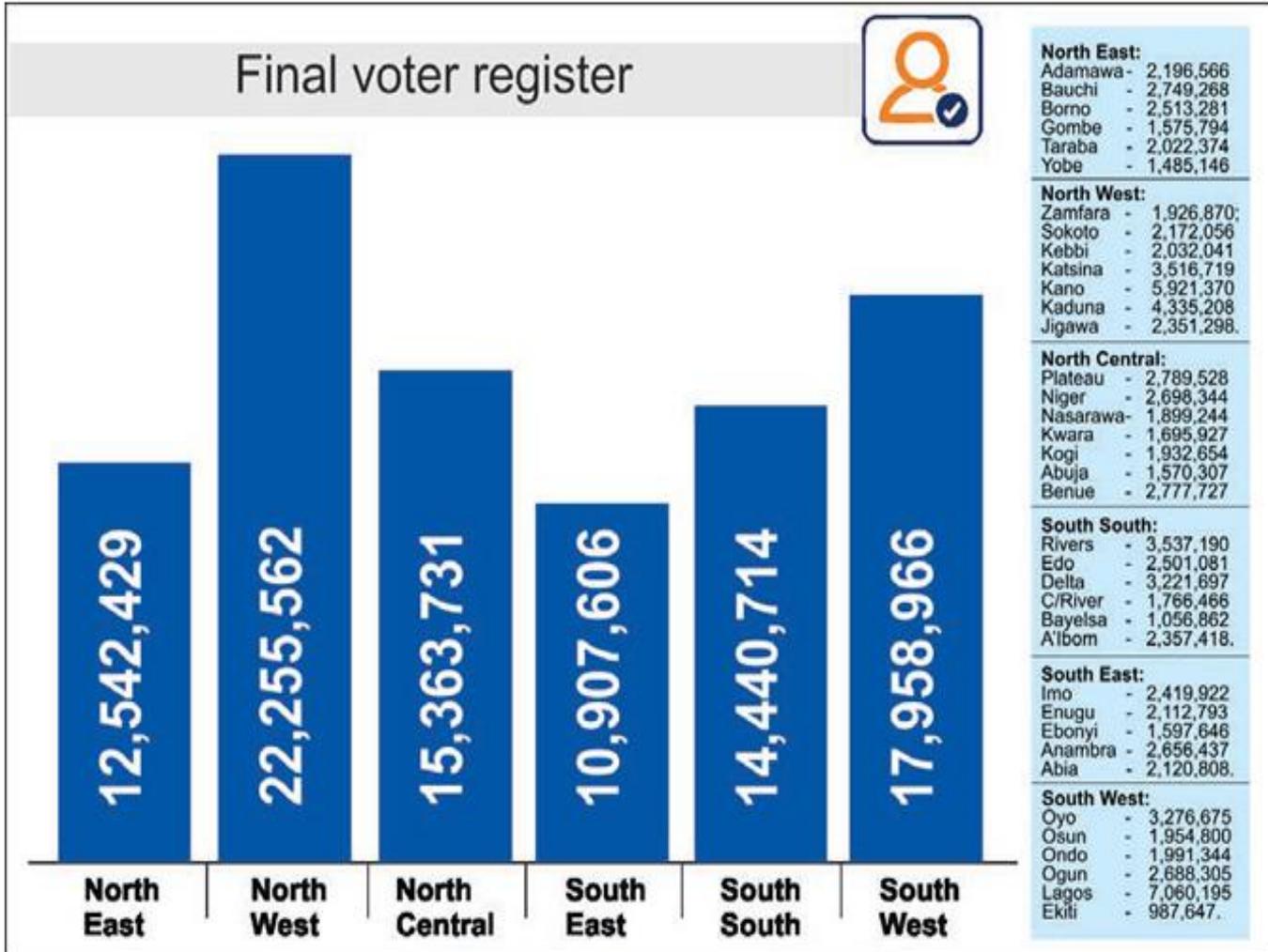
POLITICAL OUTLOOK



- President Muhammadu Buhari will leave office in May with Vice President Osinbajo and Senate president Ahmad Lawan.
- 18 states would undergo a transition as their sitting Governors will conclude their second and final term in office. These are – Abia, Akwa Ibom, Benue, Cross River, Delta, Ebonyi, Enugu, Jigawa, Kaduna, Kano, Katsina, Kebbi, Kogi, Niger, Plateau, Rivers, Sokoto, and Taraba.
- The 2023 elections will be the first since the President signed the 2022 Electoral Bill into law.
- Key provisions in the 2022 Electoral Law are the deployment of technology to improve the credibility of the electoral process. The Bimodal Voter Accreditation System (BVAS) technology and the INEC Result Viewing (IReV) portal will be used for the voter accreditation and result management processes, respectively.



POLITICAL



Source: INEC

- The Independent National Electoral Commission, INEC, has released the final list of 93.4 million eligible voters for the 2023 general elections in Nigeria.
- The total number of registered voters increased by 11.3% from the 2019 elections.
- The 2023 election outcome will be dominated by youthful voters, as 75.4% of the total voter are between the ages of 18 and 49.
- The Independent National Electoral Commission (INEC) has cleared 18 presidential candidates to contest the 2023 presidential election in Nigeria, four of which are leading contenders.



Leading Candidates Policy Priorities



Peter Gregory Obi
(Labour Party)

- Improved Security
- Industrialization and Production
- Reduce Cost of Governance
- Infrastructural Development Through Public-private Partnership
- Leapfrog Nigeria into the 4th Industrial Revolution (4IR)
- Enhance the Human Capital of Nigerian Youths
- Protect the Rights of Nigerian Citizens Abroad.



Atiku Abubakar
(Peoples' Democratic Party)

- Restore Nigeria's unity through equity, social justice, and cooperation.
- Establish a strong and effective government that guarantees the safety and security of life and property
- Build a strong, resilient, and prosperous economy that creates jobs and lifts people out of poverty
- Promote True Federalism and National Unity.
- Education reform driven by Innovation, Science, and Technology.



Bola Ahmed Tinubu
(All Progressive Congress)

- Job Creation
- Improve manufacturing capacity and increase exports
- Boost agriculture productivity
- Modernize and expand public infrastructure
- Harness digital economy and emerging sectors for growth
- Basic healthcare, housing, and education available for all.
- Generate, transmit, and distribute affordable electricity
- Assertive national security architecture.



Rabi'u Kwankwaso
(New Nigeria Peoples' Party)

- National Restructuring by Popular Demand
- Free JAMB and WAEC Entrance Examinations.
- Boost security by massive recruitment into the military
- Improve education and mop up 20 million out-of-school children by 2027.
- Seven time-tested principles; Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty, and Leadership by example.

ECONOMIC OUTLOOK

2023 Economic Projections



2.5%

Average Expected growth rate of the RGDP in Nigeria year-on-year in 2023.

Assessing Nigeria's economic outlook using the 'Maastricht Indicators' confirmed that the country has a volatile macroeconomic environment - steep economic growth, acute foreign exchange (forex) shortages and volatility, and deteriorating current account position (NESG)

<p>Inflation rate</p>	<p>20.5% Projected Avg.</p>
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<p>Foreign exchange</p>	<p>500/\$1 545/£1 650/€1</p>
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<p>Unemployment rate</p>	<p>37.5%</p>
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<p>Crude oil Price</p>	<p>\$85.3 Per Barrel</p>
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GDP GROWTH PROJECTIONS FOR 2023



2.9%



3.1%



3.0%



3.75%



2.98%

TREND IN KEY ECONOMIC INDICATORS

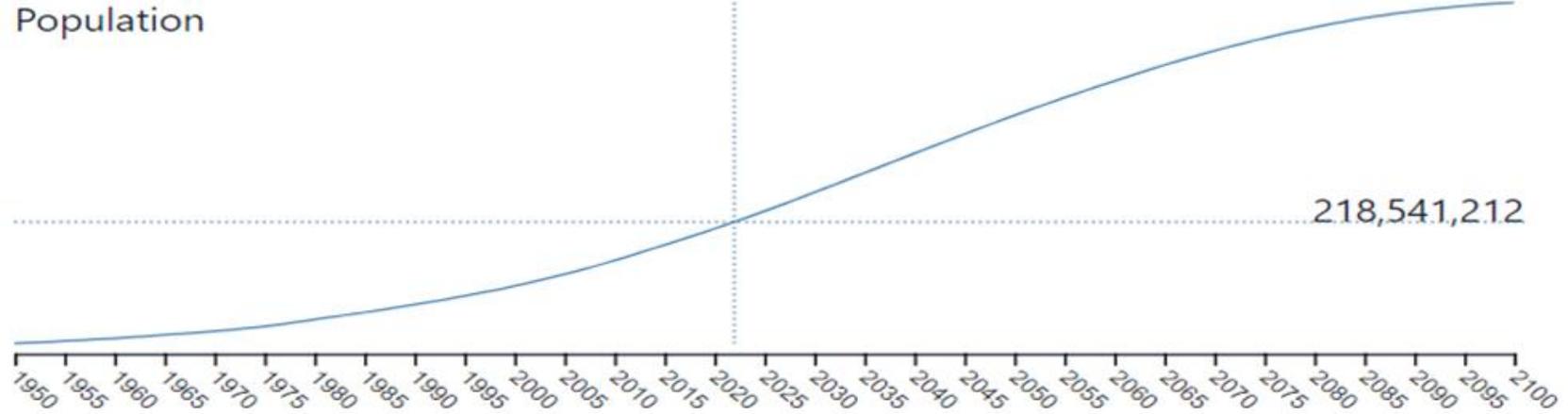
Overview	2017	2018	2019	2020	2021	2022	2023 _e
GDP Growth Rate (%)	-0.8	-1.9	2.2	-4.3	1.7	3.2	3.0
Unemployment Rate (%)	8.4	8.2	8.1	9.71	9.79	33.3	45.0
Inflation Rate (%)	16.5	12.1	11.4	12.9	15.92	21.34	20.5
GDP (USD BILLION)	375.8	398.2	448.1	443.0	440.8	504.2*	574.27
GDP per capita	2412	2396	2387	2250	2065.75	2065.75*	2584.7
Interest rate (%)	14.0	14.0	13.5	11.6	11.5	16.5	17.03
Forex Reserves (USD Bln)	40.5	42.8	38.3	35.7	40.23	37.17	--

* = EOY Projections

Source: IMF, NBS

WHAT TO EXPECT

- The CBN's Monetary Policy Committee (MPC) is expected to continue the trend of constricting policies by further increasing the MPR to stifle inflation in 2023.
- 80% of the Federal Government's 2023 revenue will be deployed towards servicing debts and subsidy payments. This will greatly impact the capacity of the government to execute high-impact projects and provide necessary infrastructure and amenities.
- CBN continues to push for a cashless policy as it sets limits on daily cash withdrawals to go with the redesign of N200, N500, and N1,000 naira notes.
- Nigeria's Sovereign risks are expected to increase in 2023, and the increase in public debt stock is projected to rise to N53.8 trillion.
- Removal of fuel subsidy confirmed for mid-2023 by the Ministry of Finance, Budget, and National Planning.
- Sources of foreign exchange and its availability will remain a challenge as productivity and investment activities will experience a lull around the elections



Source: PopulationPyramid.net from NBS Data

- Nigeria’s Population is expected to grow by 3.2% in 2023, with the poverty level increasing to over 70% due to the unproductivity in critical sectors.
- In April 2023, Nigeria will conduct a National population census, the first since 2006.
- The 2022 Multidimensional Poverty Index survey reveals that: 63% of persons living in Nigeria (133 million people) are multidimensionally poor.
- Proposed under the Finance Bill, in addition to existing customs duties and other charges, a levy of 0.5% is to be imposed on goods imported into Nigeria from outside Africa, and the existing investment allowance of 10% (ten percent) applicable on qualifying expenditure incurred on plant and equipment will no longer apply

Ease of Doing Business Going Into 2023

131st

According to the World Bank, Nigeria maintained the 131st position out of 190 world economies reviewed.



Source: World Bank Group

KEY INVESTMENT HIGHLIGHTS



- The Dangote Refinery will launch in March 2023 as the pre-commissioning test reaches the final stages. This will support the ailing oil sub-sector and the Manufacturing sector in Nigeria.
- During the US-Africa Leaders Summit 2022, President Biden committed to investing \$55 billion in the African continent.
- The usual election-induced increase in money supply and spending power is expected to trigger economic expansion from the year's second quarter.
- CBN to double efforts in boosting the non-oil sector through the RT200 initiative and other plans.
- Elon Musk's Starlink to boost ICT and Communication speed in Nigeria and to widen mobile reach country-wide.

Have A Blessed and Productive 2023

THANK YOU



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