

Nigeria 2025: Path to Economic Rebound and Recovery

The Issues, The Drivers and The
Expectations

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- Prof. Adedipe is the founder and Chief Consultant of B. Adedipe Associates Limited (BAA Consult). With over 44 years of post-graduate work and professional experience in university teaching, investment banking, project finance, management and financial consulting as well as leadership in business and not-for-profit organizations.
- 'Biodun has had an illustrious career that took him through the University of Lagos, Enterprise Consulting Group, the World Bank (Africa Region), International Merchant Bank Plc, and First City Monument Bank Plc.
- He received his Doctorate degree in Industrial Economics (specializing in Corporate Finance) from the University of Lagos in 1989 and B.Sc. in Economics (First Class) from the University of Ife (now, Obafemi Awolowo University, OAU) in 1980, and bagged several awards in the process, including Sir Adam Thomson scholarship as visiting doctoral student to the University of Sussex, UK (1984).
- He is a member of several respected professional bodies and membership organizations, including the Chartered Institute of Directors, Nigeria (Fellow & Council Member), Chartered Institute of Bankers of Nigeria (Fellow), The Nigeria Economic Society (Life Member), American Economic Association (Member) and Lagos Chamber of Commerce & Industry (Council Member).
- 'Biodun founded BAA Consult in February 1993, and he served as the CEO for 30 years, from March 1994 up until May 2024 when he retired from the firm and transited into an advisory role and Chief Marketing Officer, starting June 2024.
- He sits on the boards of some profit-seeking and not-for-profit organizations in diverse capacities as Chairman, Non-Executive Director and Independent Director.



- Overview
- The Global Business Environment
- The Nigerian Macroeconomy: A Proven Case of Resilience
- FGN Budget 2025: Nexus with Challenges?
- The Outlook and Expectations: What and Why?
- End Notes: Implications and Recommendations

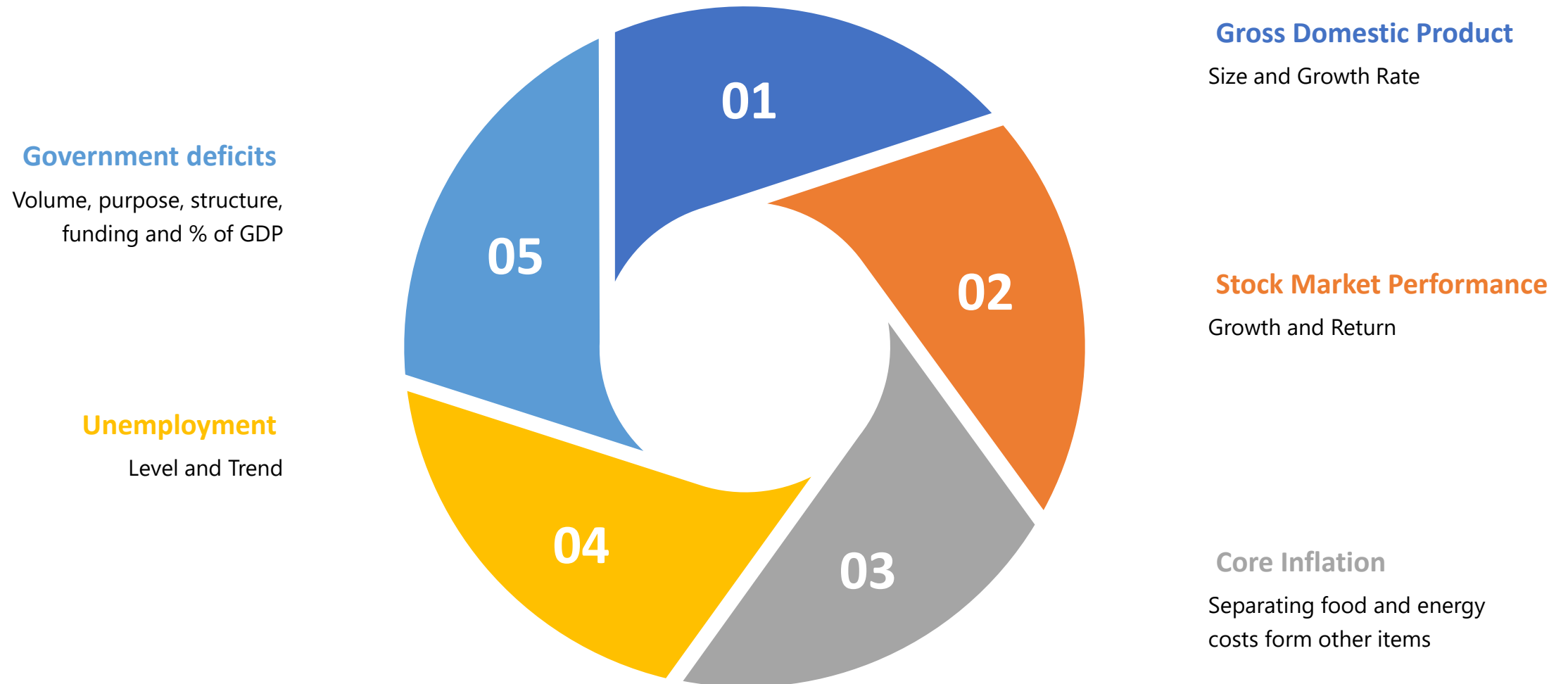
Overview

Foundational Issues



- The fundamental **problems** of developing countries have been reduced to:
 - Food deficit
 - Energy deficit
 - Manufacturing deficit
- These speak to **Nigeria** in that we are not producing enough!
- Unfortunately, most policy makers and analysts focus on the symptoms and effects of these deficiencies rather than the big question.
- How do we produce more to bridge the gaps?

Typical Metrics for Comparison of Economies across Geographies



But...



“A mind trained to see opportunities will not surrender to or complain about problems.”

‘Biodun Adedipe

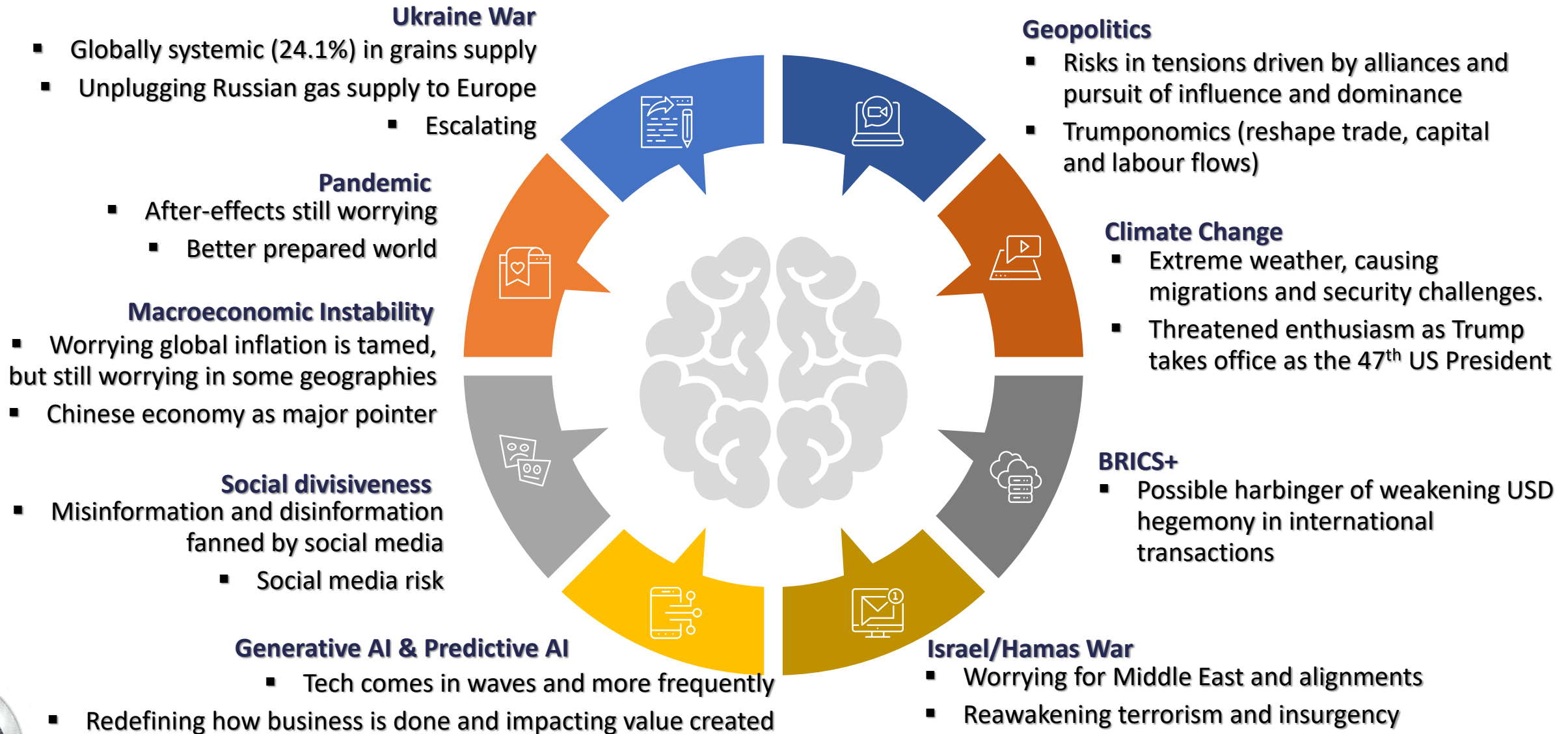


The Global Business Environment

The Key Issues and What they Mean



Major Global Disruptions



- Cut \$2trn from the govt's annual budget, slimming bureaucracy and government.
- Deregulation to stimulate some sectors (especially for self-driving vehicles) and corporate tax rate cuts from 21% to 15%.
- Unleash technology innovations and particularly AI.
- Encourage fossil fuel prospecting and production by relaxing environmental regulations.
- Up tariffs up to 60% on China and 10%-20% on the rest of the world, targeting Mexico, China and Germany especially.
- Deport illegal immigrants (nearly 50% of farm hands in the US are undocumented immigrants!)

Implications:

- The USD will strengthen.
- Global trade will dampen.
- Supply chain disruptions and inflationary tendencies.
- Higher interest rates.
- Greater \$-debt burdens on developing countries.
- Lift corporate profits and ginger stock markets.

Global Economic Prospects: Resilience Gives Way to Uncertainty

Morgan Stanley

- “The global economy should grow at 3.0% in 2025 and 2.9% in 2026, softening modestly as uncertainty rises and tariff and immigration policies in the U.S. begin to slow activity.”
- Inflation continues to normalize, but progress slowly and vary across countries.
- Europe’s growth at around 1%, dragged by global trade disruptions.
- China continues to battle deflation as US and European tariffs pose a risk to the country’s overinvested manufacturing sector, while consumption and stimulus may remain insufficient.
- Japan continues in the stimulus lane.

Oxford Economics

- “Global growth is highly likely to hold steady in 2025, but beneath the surface the new US administration and China’s struggles are set to usher in a new, more mercantilist era for the global economy. Trade disruption, volatility in prices and a new policy mix will determine the winners and losers.”

The Real Economy

- “Global growth in 2025 will expand at a modest 2.5% pace as the sluggish recovery from the pandemic continues.”

Watchlist:

- ☐ Chinese, US and Indian economies
- ☐ Transition to green economies
- ☐ Intensified digital transformation
- ☐ Emerging markets
- ☐ Decentralized finance (DeFi) – cryptos and CBDC

The Nigerian Macroeconomy

A Proven Case of Resilience



“Progress is impossible without change;
and those who cannot change their
minds cannot change anything.”

George Bernard Shaw

Major Domestic Policy Shifts



Fuel Subsidy Removal

Remove crippling annual waste of
US\$10.7bn
Create environment for competition



Unified Exchange Rates

Eliminate strange arbitraging and
roundtripping opportunity.



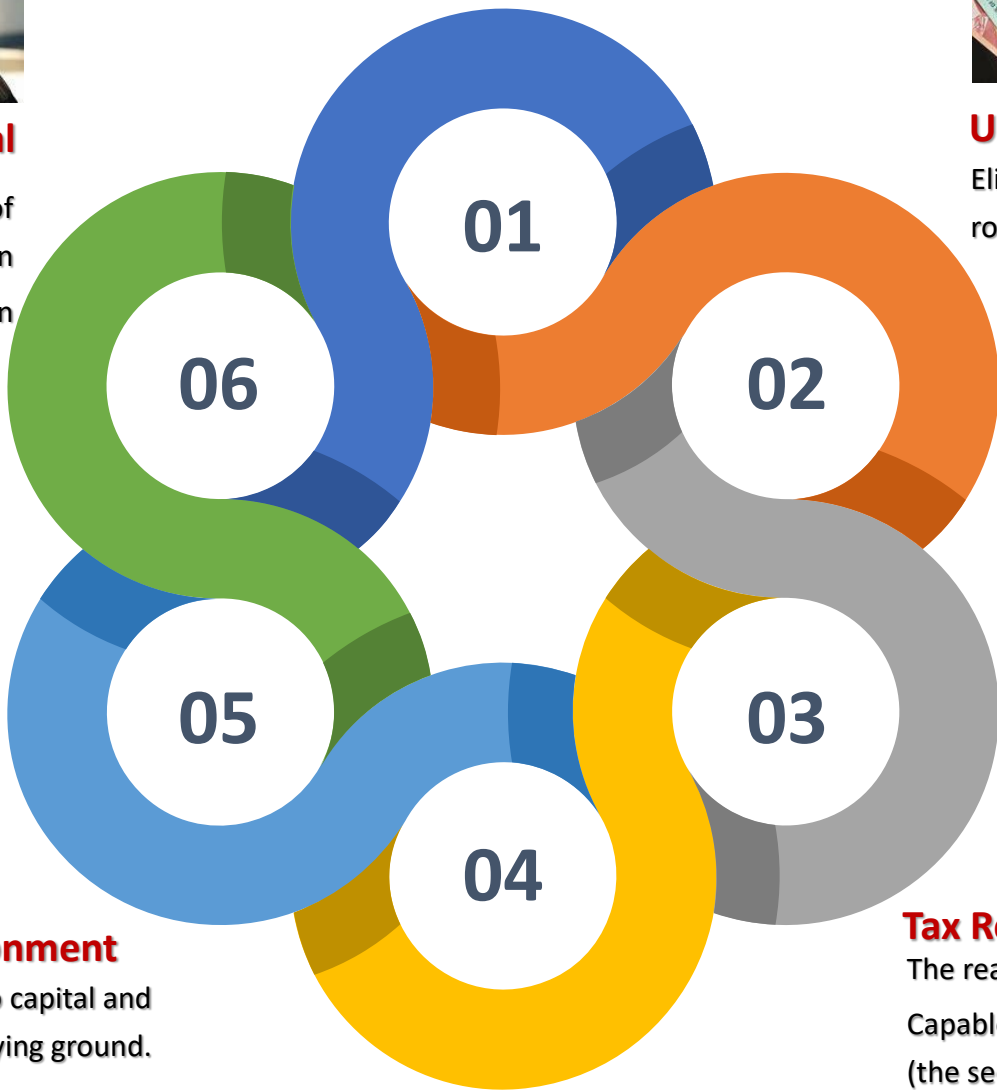
Fiscal Consolidation

Plug leakages, deploy technology and
make GOEs more accountable
Expanded fiscal space at sub-national



Tax Reforms

The real game changer!
Capable of igniting regional competition
(the secret behind Chinese economic
renaissance)



Bank Recapitalization

Stronger and more capable to
fund US\$1tn economy



Business Environment

Rule of law, access to capital and
level-playing ground.



Three Major Planks to Reforms

Oil Production
Increase oil production to 2mbpd (including condensate)

Trade
Boost trade to support current account

Agricultural Sector
Growth at >3% versus 2.1% in 2023



Reforms Enablers: Revenue Boost

MDAs and GOEs

Increase their revenue contribution by automating 2x daily sweep of 50% of their IGRs

Oil Revenues

Safeguard and progress to 2mbpd



Non-oil Revenue

- Expand tax base, improve compliance and automate excise duty
- Review tax exemptions and duty waivers (1% of GDP)
- Recalibrate incentive structure e.g. post-ante

Government Assets

Near-term and long-term value accretion from MOFI's shareholding in national assets estimated at over \$30bn

Macroeconomic Dashboard

GDP Growth Rate

3.46%

Best: AVG 7.97% (2001-10)
 Worst AVG -0.18% (1981-90)

Period	Y-o-Y%	Previous
Q3'24	3.19%	2.54% Q2'24

Exchange Rate- Official

₦1,535.82/\$ (31/12/2024)

100.4% value diminution in 2023
 41.41% depreciation in 2024

Exchange Rate- Parallel

₦1,670.0/\$ (8.74% premium)

24.02% value diminution in 2023
 27.25% depreciation in 2024

Monetary Policy Rate

27.50%

(Increased by 50 basis points)

Period	M-o-M%	Previous
Nov	0.92%	27.25% Sept 24

Oil Production

1.49 mbd

(above average in 2021 to 2023)

Period	M-o-M%	Previous
Nov'24	12.03%	1.33 mbd Oct'24

Oil Price

\$75.48/bbl

Period
 31 Dec 2024

Capital Importation

\$7.23 bn

2023

\$3.91 bn

Period	Y-o-Y%	2022
Q1-Q3'2024	156.72%	\$5.33 bn

Inflation

34.60%

in Nov'24

Period	M-o-M%	Previous
Oct'24	2.13%	33.88% Oct'24
Sep'24	3.61%	

Stock Index

102,926.4

(Y-T-D return 37.65%)

Period
31/Dec/24

Market Capitalisation

₦62.76 trn

(53.39% gain Y-T-D)

Period
31/Dec./24

FX Reserves

\$40.88 bn

24.2% increase over Dec'23
 Positive turning from decreases throughout 2022 and 2023

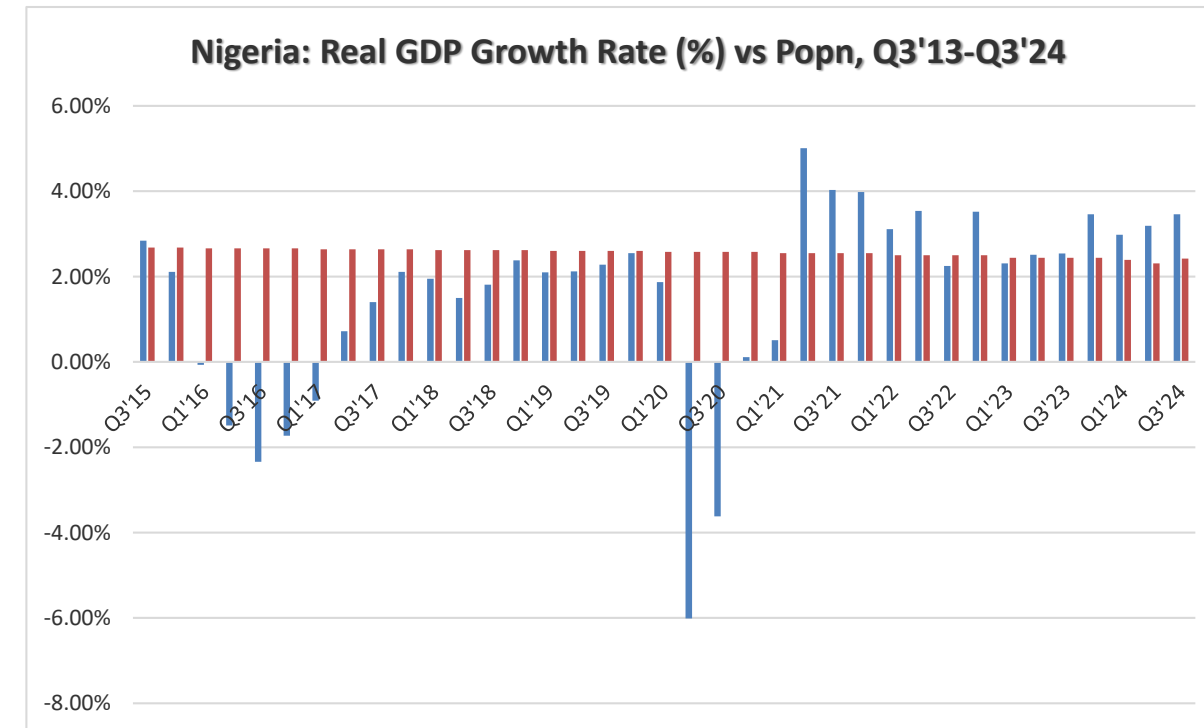
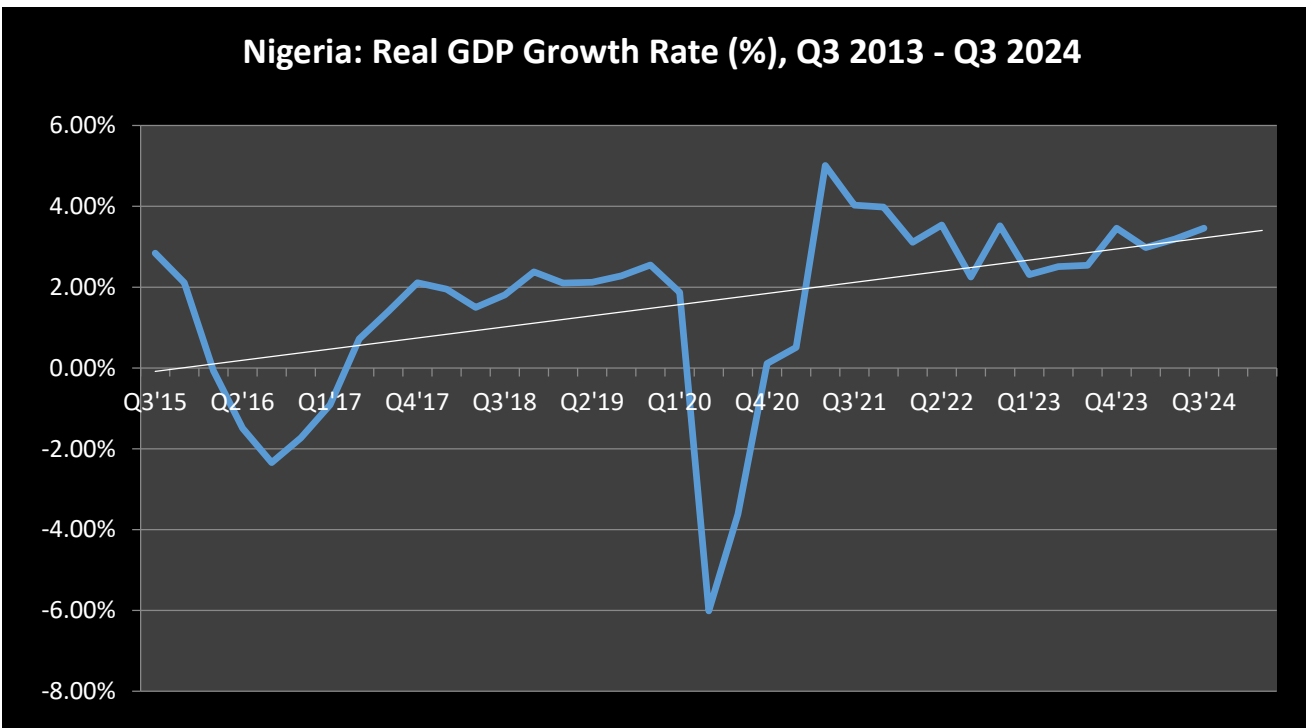
Period
31/Dec/24

Months Reserves Cover

12.82 months

Min Benchmark: 3 months of unimpaired liquid reserves

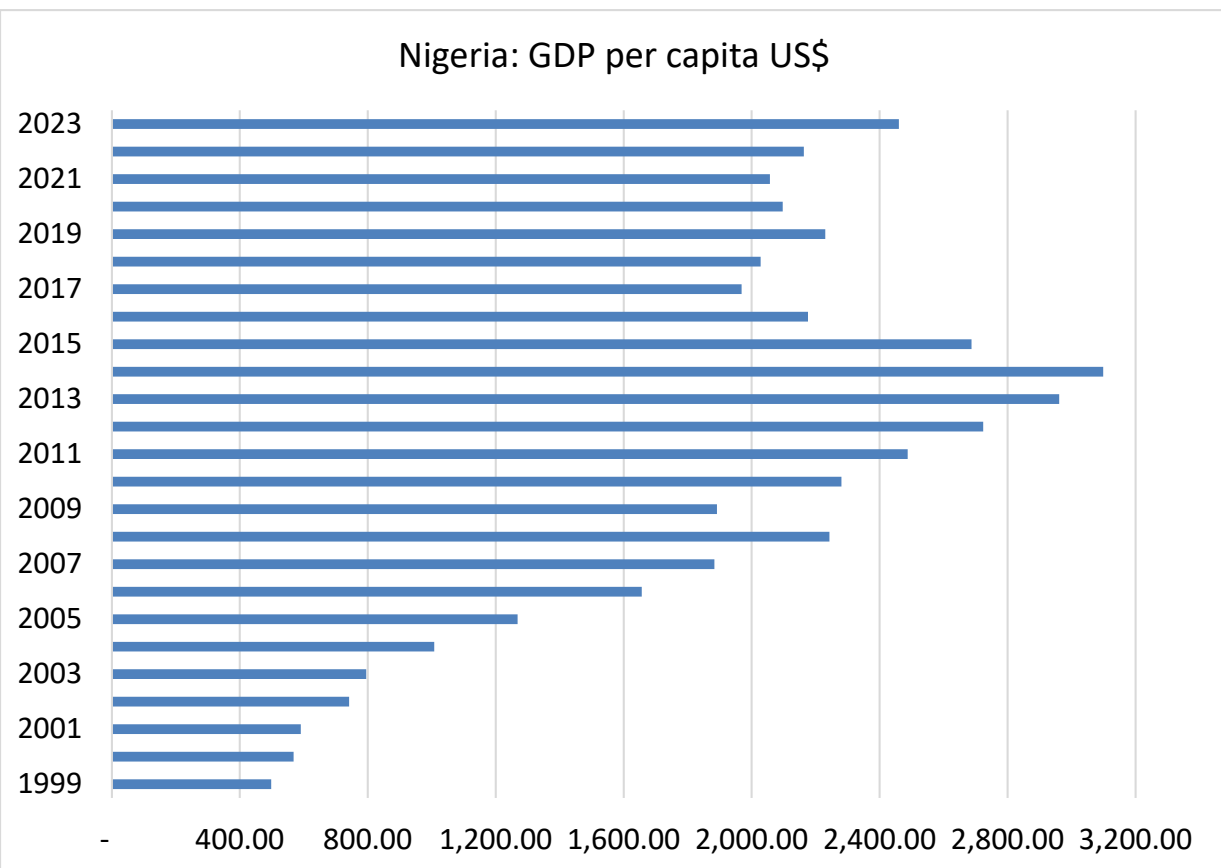
Real Growth Trend: Economy vs Population Q3'13-Q3'24



- From the trend line (chart above), the economy has maintained steady growth.
- Still highly vulnerable to external shocks – oil market variabilities and investment dynamics.
- Strong case** for diversified external sector.

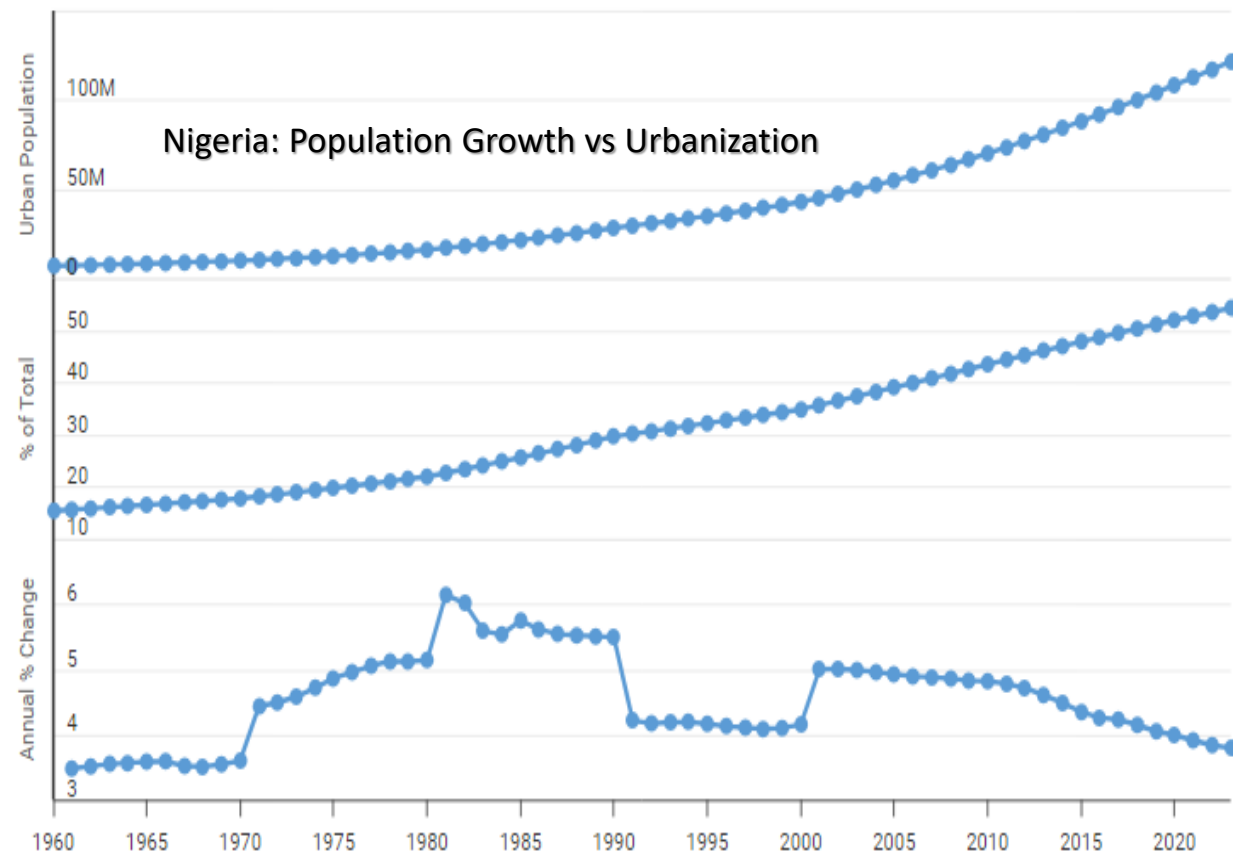
- Population growth rate has been slowing in the last ten years, from 2.55% to 2.42% in 2024.
- The economic growth pace has become faster than population since Q2'21, except in Q3'2022 and Q1'2023.
- Strong case** for reforms to quicken economic growth rate to at least, double population growth.

Real Growth and Population Dynamics



Sources: NBS, NPC, World Bank, Macrotrends

Best performance was in 2014, contracted during 2015 to 2017, recovered growth in 2018/2019, slowed in 2020 and started growing since 2021. Caution though – this is a ratio that changes with any of the numerator or denominator!



Source: Macrotrends

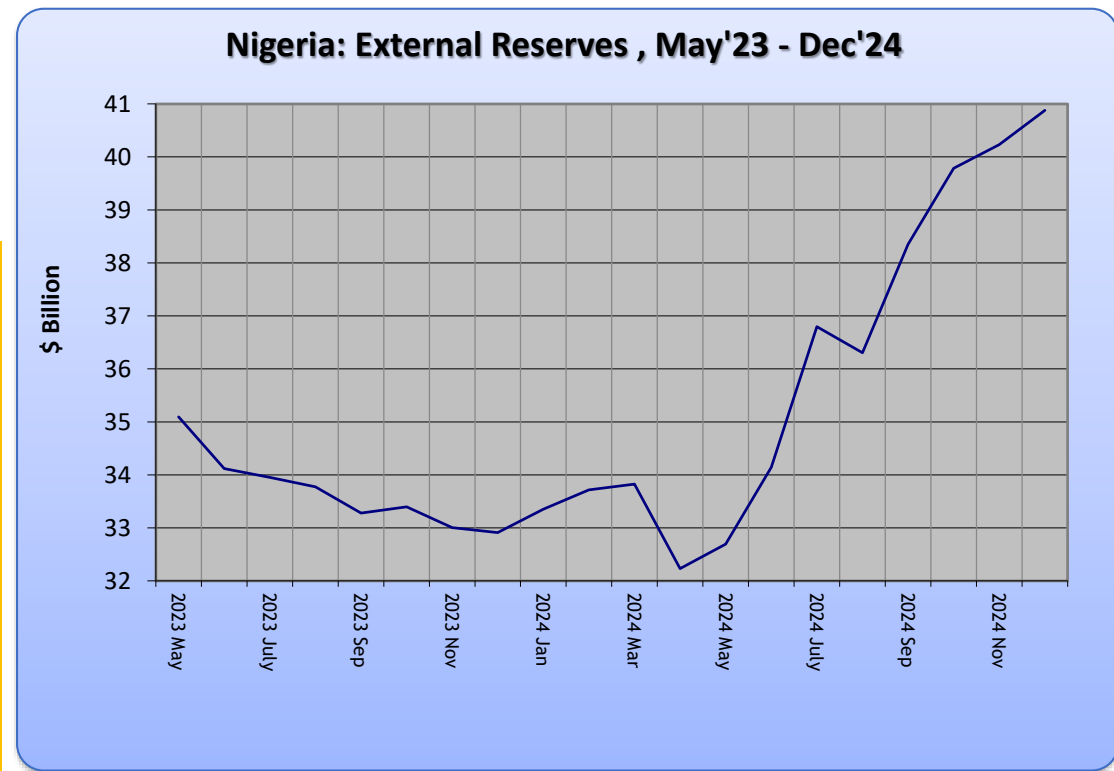
Urban population crossed 50% in 2018 and has been increasing steadily year-on-year since, coming to 121.49m or **54.28%** in 2023.

Nigeria: External Sector

Expanded Capacity to Extinguish External Obligations

Sources: Central Bank of Nigeria / National Bureau of Statistics

- ❑ Import pressures unrelenting.
- ❑ External Reserves vulnerability to oil and FPI vagaries.
- ❑ Terms of Trade was **101.05 points** in Dec'2022, 101.66 in Dec 2023 and **101.65** in June 2024.

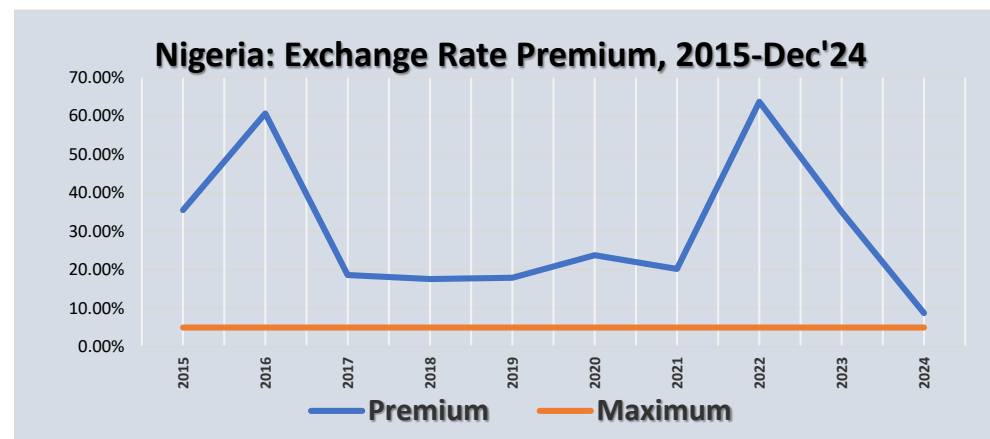
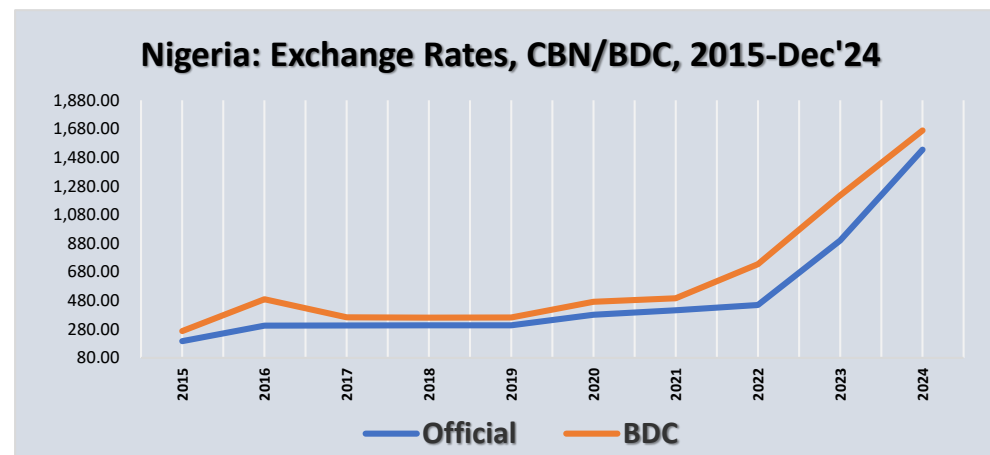
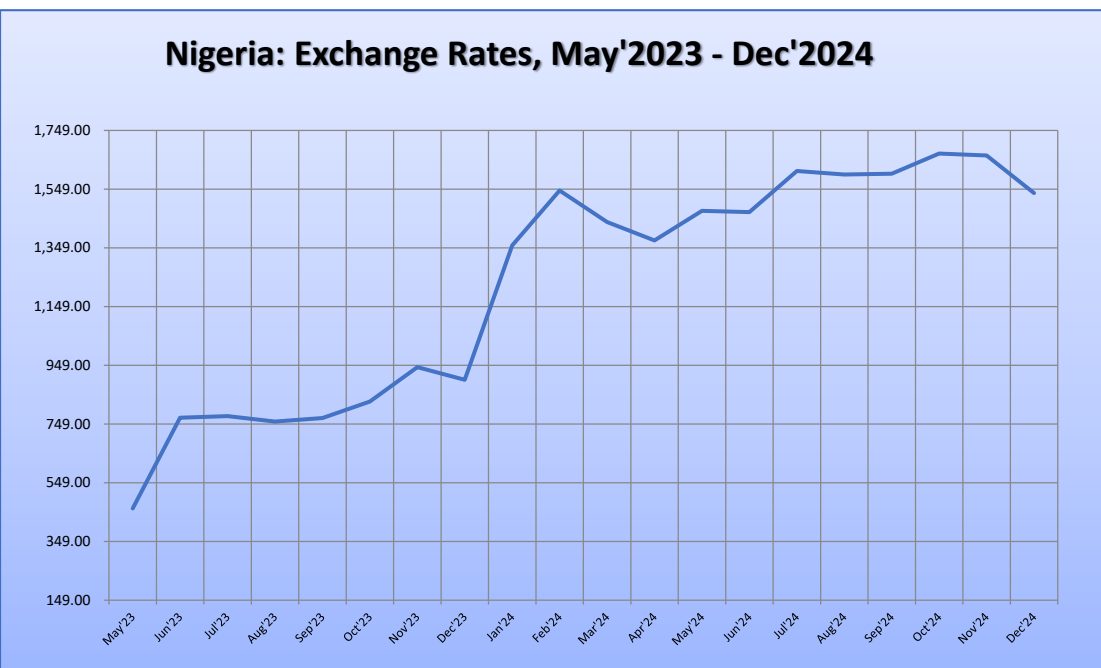


- Monthly import bill of **₦2.821 trillion** (or **\$3.13billion**) in 2023 was **51.7%** more (Naira) and **27.2%** less (USD) than **₦1.86 trillion** (or **\$4.31 billion**) in 2022.
- Total reserves of **\$32.91 billion** on 29th Dec'23 dipped by **-11.25%**, compared to **\$37.08 billion** at end-2022!
- Liquid external reserves of **\$32.185 billion** (29th December 2023) = **13.97 months**.
- Reserves increased by **24.2%** to **\$40.88 billion** on 31st December 2024.

Year	Monthly Merchandise Import (₦ bn)	US\$ Equivalent
2013	584,651.23	3,753.78
2014	614,530.88	3,657.92
2015	558,163.83	2,833.32
2016	722,027.47	2,367.30
2017	796,893.32	2,604.23
2018	1,097,093.95	3,573.60
2019	1,413,322.89	4,603.66
2020	1,057,578.65	2,783.10
2021	1,736,997.08	4,208.86
2022	1,863,580.12	4,305.17
2023	2,571,589.13	2,857.66
Q1-Q3'2024	4,682,444.22	3,128.53

Liquid reserves of **\$40.1 billion** on 31st December 2024 less contested \$2.4 billion liabilities translates into **12.05 months** import bill cover.

Exchange Rate Movement & Relativity

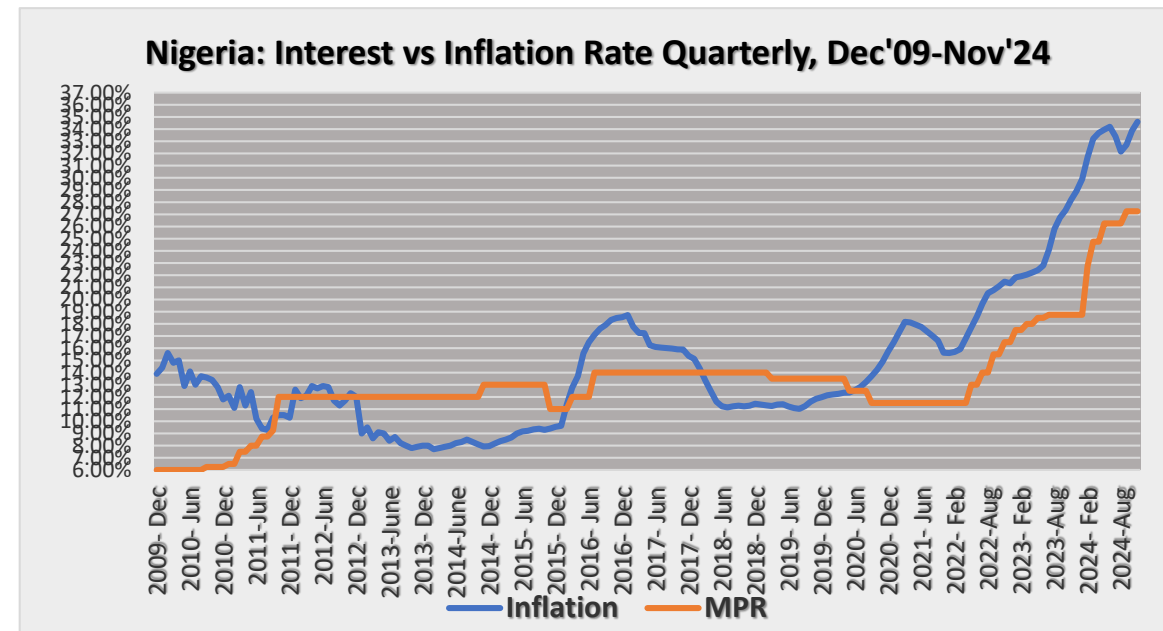
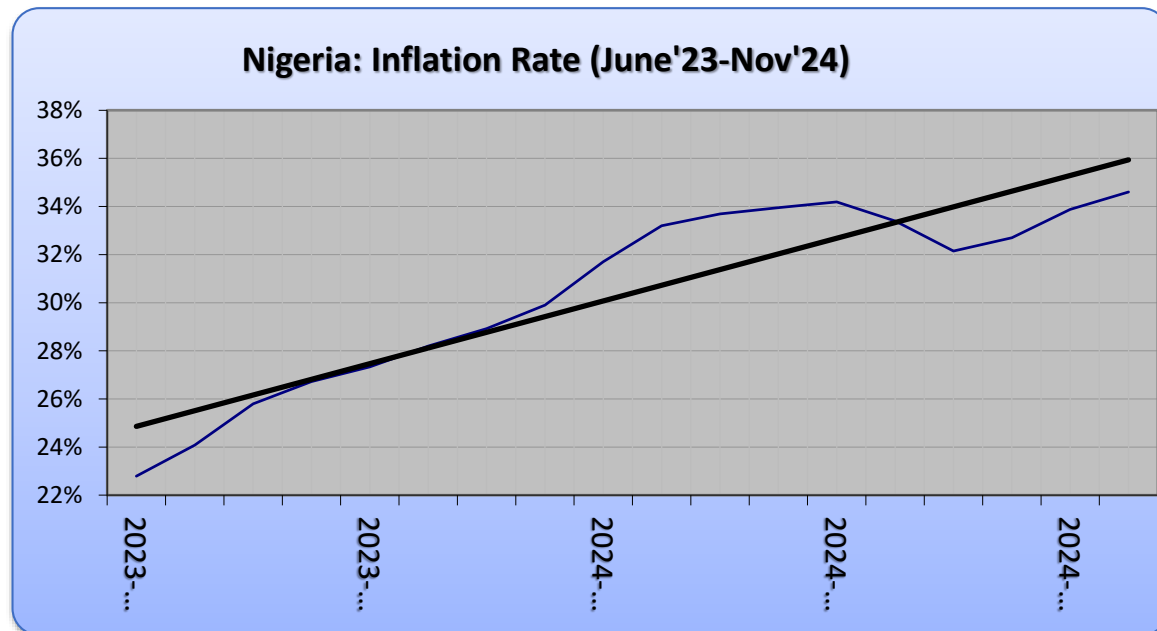


PM was ~~₦772.7/\$~~ on 5th July'23,
~~₦1,215/\$~~ on 29th Dec'23, ~~₦1,430/\$~~ on 31st Jan'24,
~~₦1,608.86/\$~~ on 16th Feb'24,
~~₦1,505.45/\$~~ on 28th June'24,
~~₦1,700.0/\$~~ on 30th Sep'24,
~~₦1,750.0/\$~~ on 29th Nov'24 and ~~₦1,670.0/\$~~ on 31st Dec'24 .

- ❑ Nigeria has applied the typical IMF recipe of eliminating premium by devaluation of the domestic currency, which is mere financial (borrowing and non-FDI capital flows) and won't solve the underlying structural problems.
- ❑ The enduring solution is expansive domestic manufacturing, agribusiness and relentless, deliberate and focused export drive.

Premium of **66.75%** as of 30th May'23 dropped to **28.76%** on 15th Jun'23, **5.34%** on 13th Jul'23, then rose to **22.54%** on 31st Oct'23, **35.02%** on 29th Dec'23, **52.64%** on 19th Jan'24, crashed to **5.35%** on 31st Jan'24, **2.36%** on 28th June'24, **2.86%** on 30th Sep'24, **4.15%** on 29th Nov'24 and **8.74%** on 31st Dec'24!

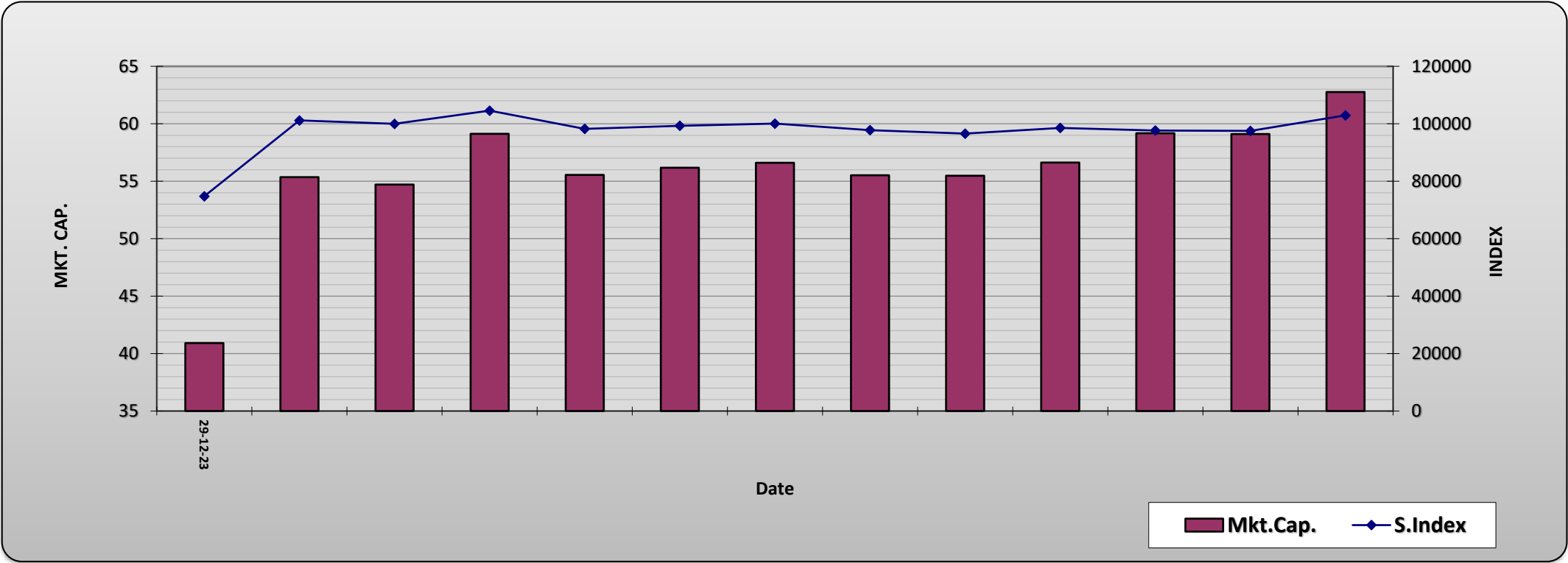
Inflation vs Interest (MPR) 2010-2024



- ❑ **Inflation spikes correlate with recessions of 2016 and 2020.**
- ❑ With inflation rate persistently trending upwards, the CBN had to raise the MPR and postures same for Q1'2025.
- ❑ Yet, the economy is desperate for growth and the big number in Nigeria is food inflation, at **39.93%** in November (Y-o-Y, upturn from **37.77%** in Sep and **40.87%** in Jun'24) – rising from 24.13% in Dec'2022, 24.45% in Mar'23, 25.25% in Jun'23, 30.64% in Sep'23 and 33.93% in Dec'23.
- ❑ Food security should therefore, come big in Nigeria's economic development agenda – **availability** and **affordability**, which are two of the four categories of the EIU Global Food Security Index in which the country **ranked poorly in #97** in 2021, **#107** in 2022 and **#110** in 2023 out of 113 countries. The other two categories are **quality & safety** and **sustainability & adaptation**.

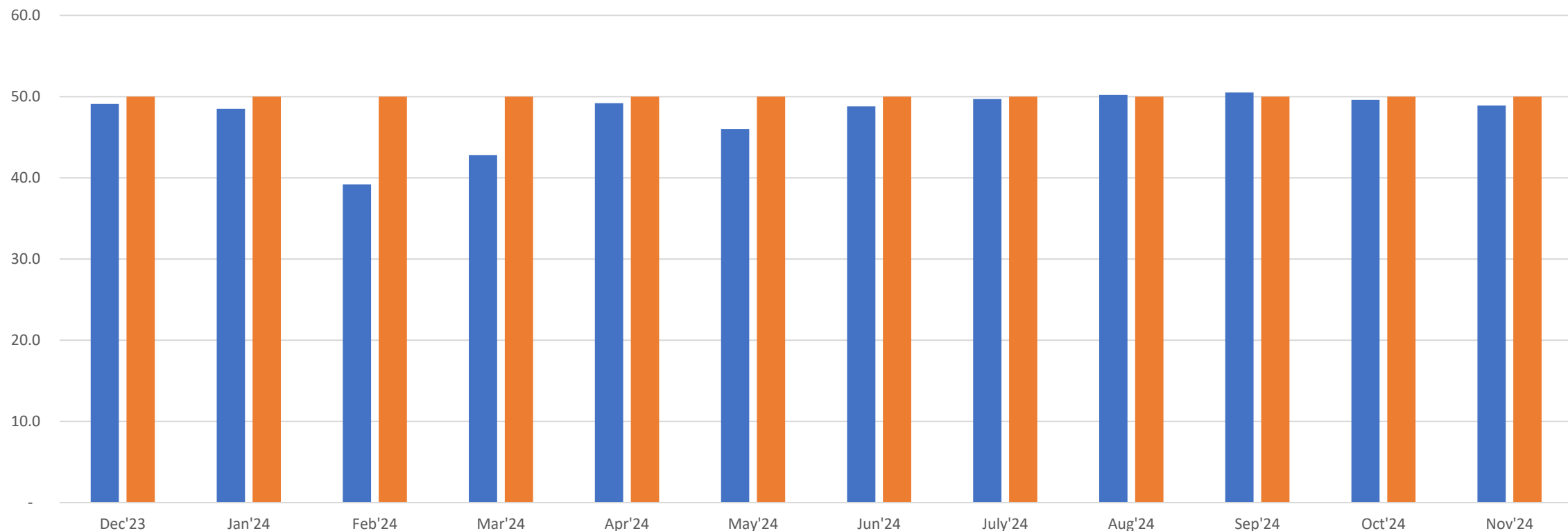
Nigeria: Stock Market Performance

Dec 2023 to Dec 2024



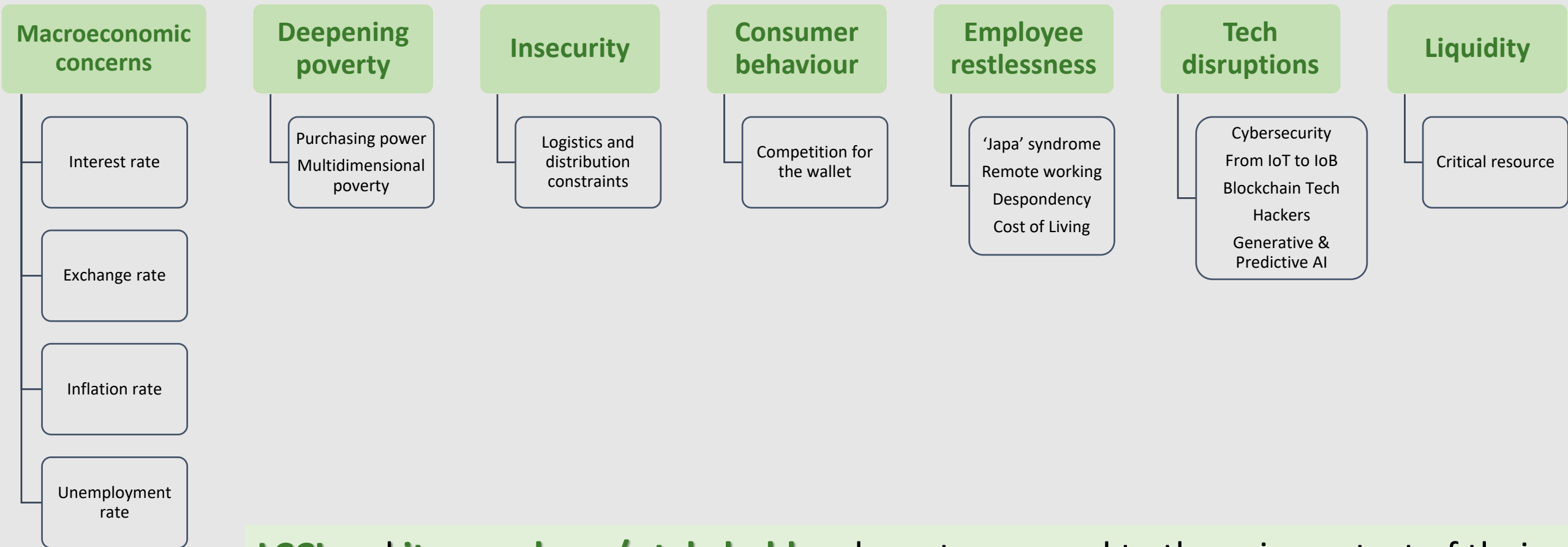
Metric	2023				2024			
	30 th May	30 th June	29 th Sep	29 th Dec	28 th Mar	28 th June	30 th Sep	31 st Dec
Index up	8.78%	18.96%	29.52%	41.24%	39.84%	33.81%	31.81%	37.65%
Market Cap. up	8.82%	18.93%	30.15%	41.90%	44.49%	38.33%	38.40%	53.39%
Y-t-D Return	8.78%	18.96%	29.52%	41.24%	39.84%	33.81%	31.81%	37.65%

Nigeria PMI: Dec'23-Nov'24 (CBN)



- Dampening PMI due to subdued demand and intense cost-push price increases both slowed down production and input orders for future production.
- Rising input costs was attributed to weakening Naira and higher raw material costs. The passthrough effect on selling prices and shrinking real value of the Naira dampened business confidence.

Summary: Local Challenges and Threats are ...

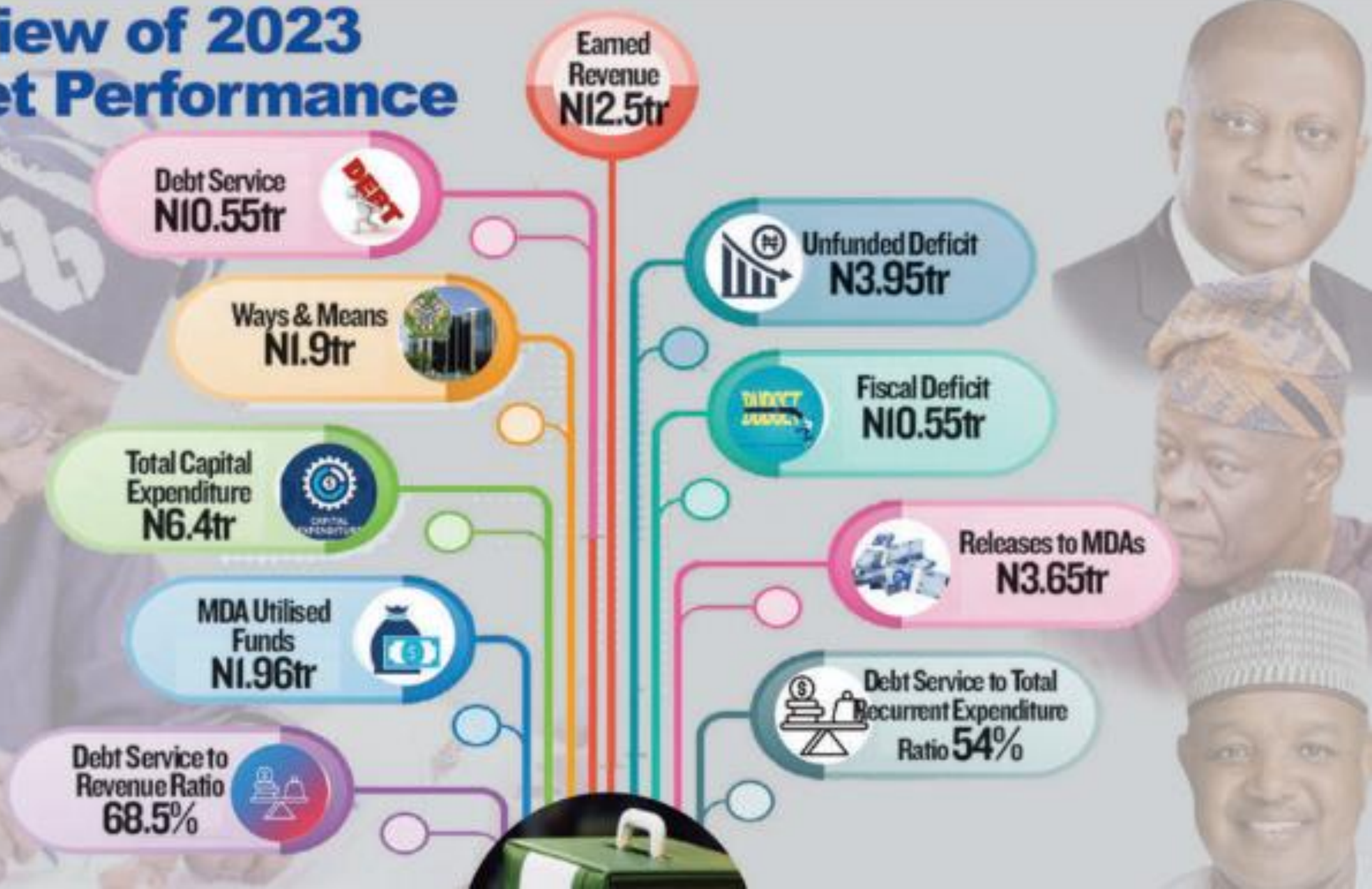


LCCI and **its members / stakeholders** have to respond to these in context of their core mandate by continually tinkering their **strategy** and **business models**.

FGN Budget 2025

Nexus with Challenges?

Overview of 2023 Budget Performance



2025 Proposed Fiscal Budget and Debt Servicing

Focus:

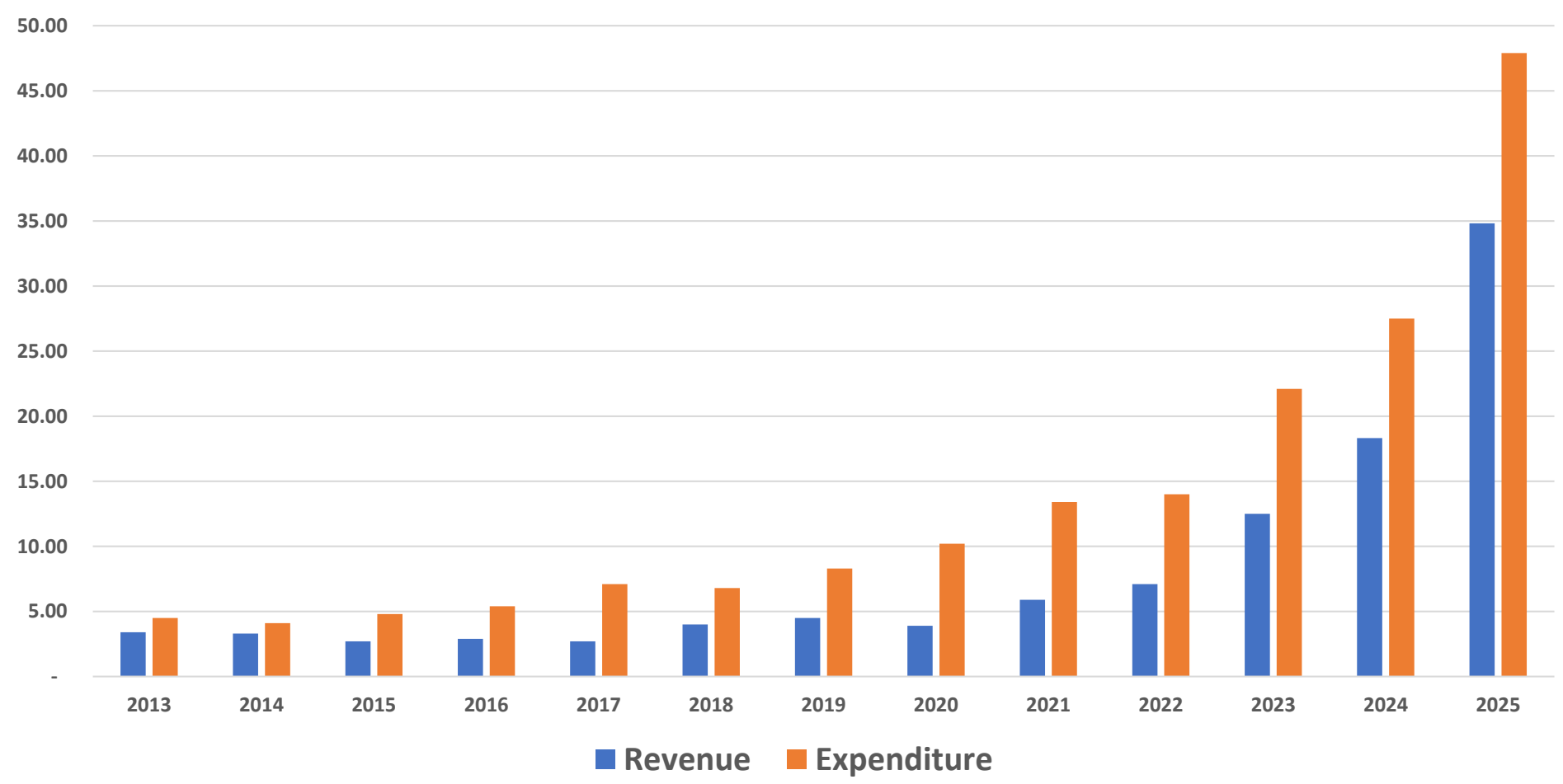
- Stability, Efficiency and Sustainable economic growth.

Assumptions:

- Exchange rate of ₦1,400/\$.
- Crude oil benchmark price of \$75 per barrel.
- Production estimates at 2.06 mbd

Item	₦ Trillion	USD Billion
Total Expenditure	47.96	34.21
Revenue	34.82	24.87
Budget Deficit	13.13	9.34
Item	₦ Trillion	% of Total
Capital Expenditure	16.48	32.5%
Recurrent Expenditure	14.21	28.0%
Statutory Transfers	4.26	8.4%
Debt Servicing	15.81	31.1%
Total		100.0%
Deficit as % of GDP	3.89%	-
Debt Service to Revenue Ratio	26.20%	-

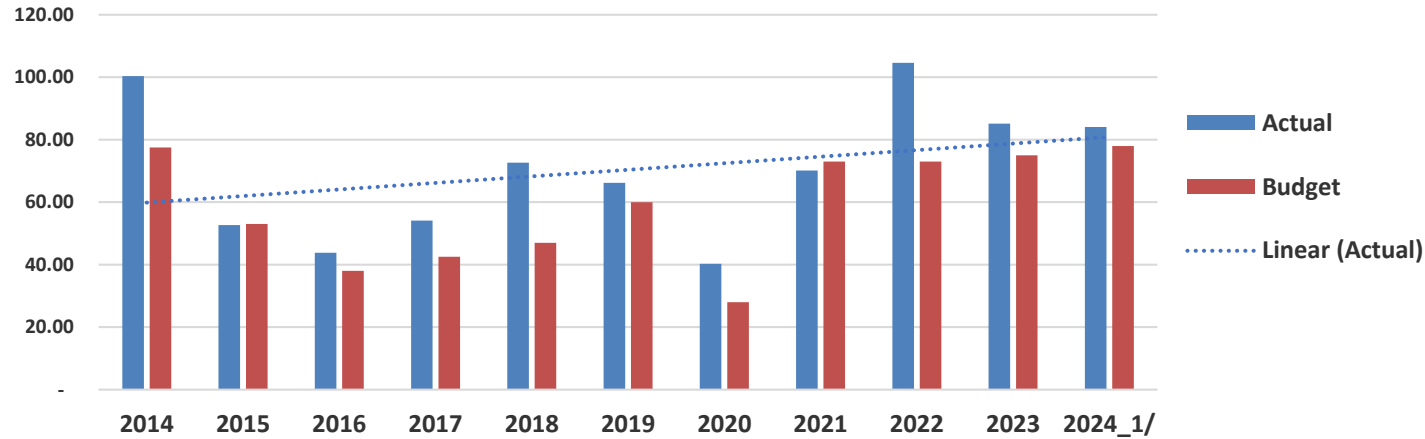
FGN Revenue vs. Expenditure: 2013-2023 Actual / 2024-2025 Budget



- This is the deep-seat of today's structural defects and misalignments.
- Unfortunately, this predates 2013 and has not been firmly put in the preferred direction.
- 2024 Budget: R ₦18.32trn; E ₦27.50trn
- 2025 Budget: R ₦34.82trn; E ₦47.90trn

Nigeria: Crude Oil Prices, Production and Export, 2014-2024

Nigeria: Crude Oil Prices (2014-Oct'2024)



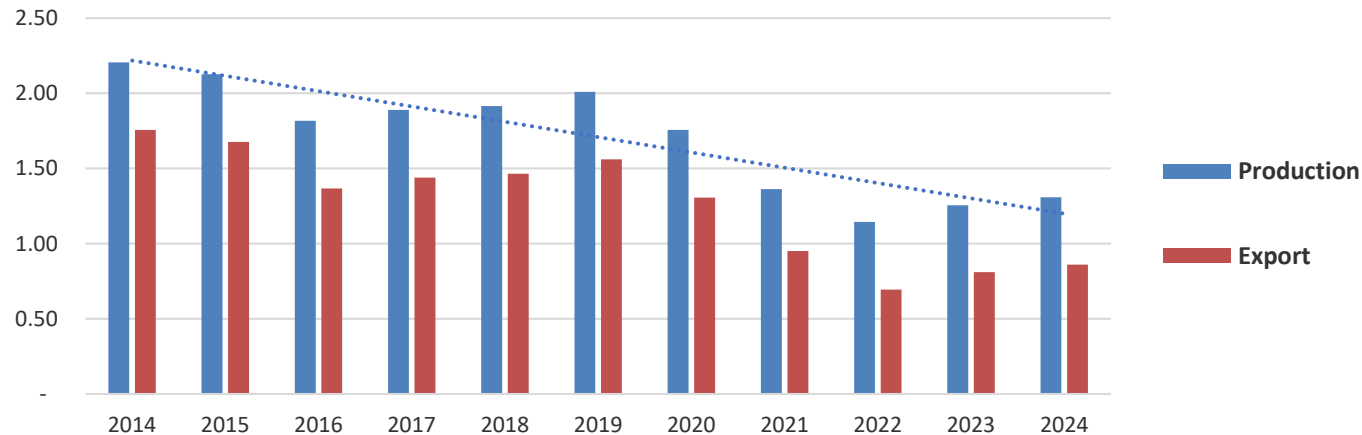
Crude Oil Price

Year	Actual	Budget
2014	100.35	77.50
2015	52.65	53.00
2016	43.81	38.00
2017	54.09	42.50
2018	72.66	47.00
2019	66.18	60.00
2020	40.26	28.00
2021	70.12	73.00
2022	104.62	73.00
2023	85.16	75.00
2024_1/	84.07	77.96

Source: Central Bank of Nigeria

Note: _1/ January-October 2024

Nigeria: Crude Oil Production/Export (2014-Oct'2024)



Volume mbd

Year	Production	Export
2014	2.21	1.76
2015	2.13	1.68
2016	1.82	1.37
2017	1.89	1.44
2018	1.92	1.47
2019	2.01	1.56
2020	1.76	1.31
2021	1.36	0.95
2022	1.14	0.69
2023	1.26	0.81
2024_1/	1.31	0.86

Source: Central Bank of Nigeria

Note: _1/ October 2024

Key Issues

- Fiscal challenges:
 - High debt service-to-revenue ratio
 - Low revenue generation relative to GDP
 - Significant budget deficit, with planned borrowing of ₦9.22 trillion.
 - High inflation rate and associated increase in interest rates are compounding debt-servicing costs, straining public finances further.
- CBN will maintain MPR momentum until inflation subsides and possibly achieve positive real interest rate.
- Devaluation of the Naira and rising import costs will contribute to inflationary pressures, as Nigeria remains import-dependent for many goods, particularly food and energy.
- Expanding non-oil revenue:
 - Tax reforms; Agricultural exports; Improved tax compliance.
- Continuing intervention in critical production sectors.
- Enhanced coordination between fiscal and monetary authorities should lead to more stable macroeconomic outcomes.
- Continuous monetary tightening but complement it with supply-side interventions to address core inflation drivers, such as food production support and improved energy supply.

Key Issues (contd.)

Key areas of priority are projected to include **infrastructure, security, and social programmes.**

- About ₦16.48 trillion (34.4%) is earmarked for capital expenditure.
- **Health, education, and social welfare programmes** is likely to be prioritized to enhance human capital development and reduce poverty.
- **Defence and security** are expected to receive substantial funding to combat terrorism, insurgency, and other security threats.
- **Agricultural spending** is also set to increase.

The budget allocations are obviously driven by needs assessments and guided by the "Renewed Hope Agenda," aiming to enhance efficiency and impact in resource utilization.

This approach underscores the government's shift toward tighter fiscal discipline to achieve sustainable growth despite revenue constraints.



The Outlook and Expectations

What and Why?

“Prediction is very difficult,
especially about the future.”

Niels Bohr

One of the foremost physicists of the 20th century

Outlook Drivers

Expected growth is supported by:

- Large, youthful and rapidly growing population (estimated at **229.1m** in June 2024 and **6th largest** in the world, median age at **19.2 years**).
- Rapid urbanization (**51.96%** in 2020 and **54.28%** in Dec 2023, up from 46.12% in 2013 and 51.96% in 2020).
- Deepening internet penetration: at **45.57%** in Aug 2023, rising from 31.48% in Dec 2018.
- Teledensity: **116.6%** in Dec 2022, **102.97%** in Dec 2023 and **71.46%** in Sept'2024 (154.9m active subscribers), drop due to data cleanup at end-April'24 and faster population growth (the base); Global internet users: Nigeria with 123m **ranks 11^h** (7th with over 84% on mobile devices).
- Exchange rate: budget assumption ~~₦~~1,400/\$; significant utterance ~~₦~~1,500/\$.
- Interest rate: MPR (27.5%) raised to reduce negative interest rate by closing the domestic inflationary gap (34.6%) and respond to rate differentials with \$ interest (4.59% yield on 10-year treasury bond) and inflation (2.75%).
- Treasury bills: True yield at 22.9% for 364-D bill, 18.5% for 182-D and 18.0% for 91-D on 27th Dec'24.
- Inflation rate: Money supply (M2) hit historical peak of ~~₦~~109.4 tn in Sep'24 and moderated to ~~₦~~108.94 tn in Nov'24, while currency-in-circulation rose to ~~₦~~4.8 tn in Nov'24.
- Local oil refining is expanding, manufacturing is reviving and there is refocus on non-oil export promotion.
- The Electronic FX Matching System (EFEMS) has introduced transparency and efficiency into the official FX market.
- Improvement in infrastructure will begin to positively impact the cost of doing business.
- Sustained deep, (especially tax) reforms will enhance global competitiveness and Ease of Doing Business, plug leakages and shrink the space for economic rent.

What We Expected at End-2024



GDP Projection

- **2024:**
- **FGN 3.88%;**
- **BAA 3.34% ;**
- **World Bank 3.2%;**
- **IMF 2.9%.**



Inflation Rate

- **Double digit inflation rate: End-2024**
- **BAA 33.23%;**
- **World Bank 31.6%.**
- **IMF 32.5%.**



Exchange Rate

- Naira **exchange rate stability** envisaged before end-H1'2024 happened,
- Expected average official rate at end-2024 **~~₦1,452.13/\$~~** and PM average of **~~₦1,516.02/\$~~**.



Monetary Policy Rate

- Hold in Q4'2024 and possible marginal downward adjustment in Q1'2025.
- Bank **lending rate** will remain double digit and follow MPR adjustments.
- **NPL** in banks will stabilize in H2'2024



Digitalization

- Intensified **digitalization** and ascendancy of the digital economy.

What We Expect in 2025: The Outlook

Indices and pointers paint positive outlook

Item	2021 (A)	2022 (A)	2023 (A)	2024 (F)	2025 (F)	Assumptions
GDP growth rate (%)	3.4	3.1	2.98	3.34	4.12	Reforms will begin to pay off, leading to faster growth.
Monetary Policy Rate (MPR) (%)	11.50	16.5	18.75	27.25	22.25	Inflation is expected to reach an inflection point in the early part of 2025, causing a potential downward trajectory of MPR.
Inflation rate (%)	15.63	21.34	28.92	33.23	21.60	Tightening by CBN, effects of tax reforms (if implemented), and supply-side bottleneck issues tamed should result in a reduction in Inflation rate.
Interest Rate (Maximum Lending Rate) (%)	27.58	29.13	26.62	37.80	29.95	Indexed to MPR
Exchange Rate (₦/\$)	409.42	425.98	646.37	1,452	1564.54	Pressure on FX should be moderated by Naira sale of crude oil to local refineries, CBN clearing of FX backlog, high MPR to drive FX inflow (largely FPI) that may reverse when MPR begins southward adjustment.
Crude Oil price (US\$/bbl)	65.41	82.5	79.12	81.0	78.0	Supply cuts by OPEC+, production from non-OPEC+ countries, geopolitical tensions in the Middle East, and tenuous global demand for crude. Relentless fiscal stimulus and accommodative monetary policy in China.
External reserves (\$'bn)	40.5	37.1	32.9	38.40	45.35	Official disbursements, remittances, portfolio inflows, and lower imports amid rising domestic refining production and the impact of currency depreciation on domestic demand.
Treasury Bills (%)	2.49	4.35	8.93	21.45	17.45	Indexed to MPR

Sources: NBS, CBN (2023), BAA Projections (2024-2025)

End Notes

Implications and
Recommendations

-

In context then ...

“The biggest room in the world is the room for improvement.”

Helmut Schmidt

There are **promising movements** in dealing with **food** and **manufacturing deficits**.

- ❑ If the **energy deficit** gets firmly on the reform train, the Nigerian business environment should become very, very interesting. *The chances are about 70%!*

The envisaged rebound is promising ...

- ❑ For **First Bank**, the convener of this discourse.
- ❑ For the **Nigerian economy**, our common interest.
- ❑ For **participating entities**, our individual aspiration.

What to Do in 2025: The Broadbrush

- Agricultural value chains are a winner.
 - Focus more on **the drivers**.
- Manufacturing for local consumption.
 - Focus on **volume** and not the margin.
- Look into productivity enhancers.
 - **Education, health** and **digital services**.
- Strategic partnerships across industries and geographies.
 - Your partner doesn't have to be in **related business**!
- Begin to shift attention to the **Generation Alpha**.
 - Their buy **motivations** and **choices** will redefine the future of business!



“Words without actions
are the assassins of
idealism.”

31st President of the United States of America

- Whatever government spends on creates immediate or secondary opportunities for businesses.
- Let your research and strategy teams pare the detailed appropriation bill, identify the opportunities for your sector and design strategies for expropriating them.



Think not outside the box; rather, think **what to do** with the following **boxes**:

- **Strategy** – what, why, how, for whom, where and when?
- **Business model** – how do we make money?
- **Resources** – what do we need?
- **Relationships** – whom do we need?
- **Organize** – the how and what of systems (**P**olicies, **P**rocedures, Business **P**rocesses and Daily **P**ractices)



Thank you
God bless you more



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Making International Comparisons

Useful for Learning: Useless
for Replication

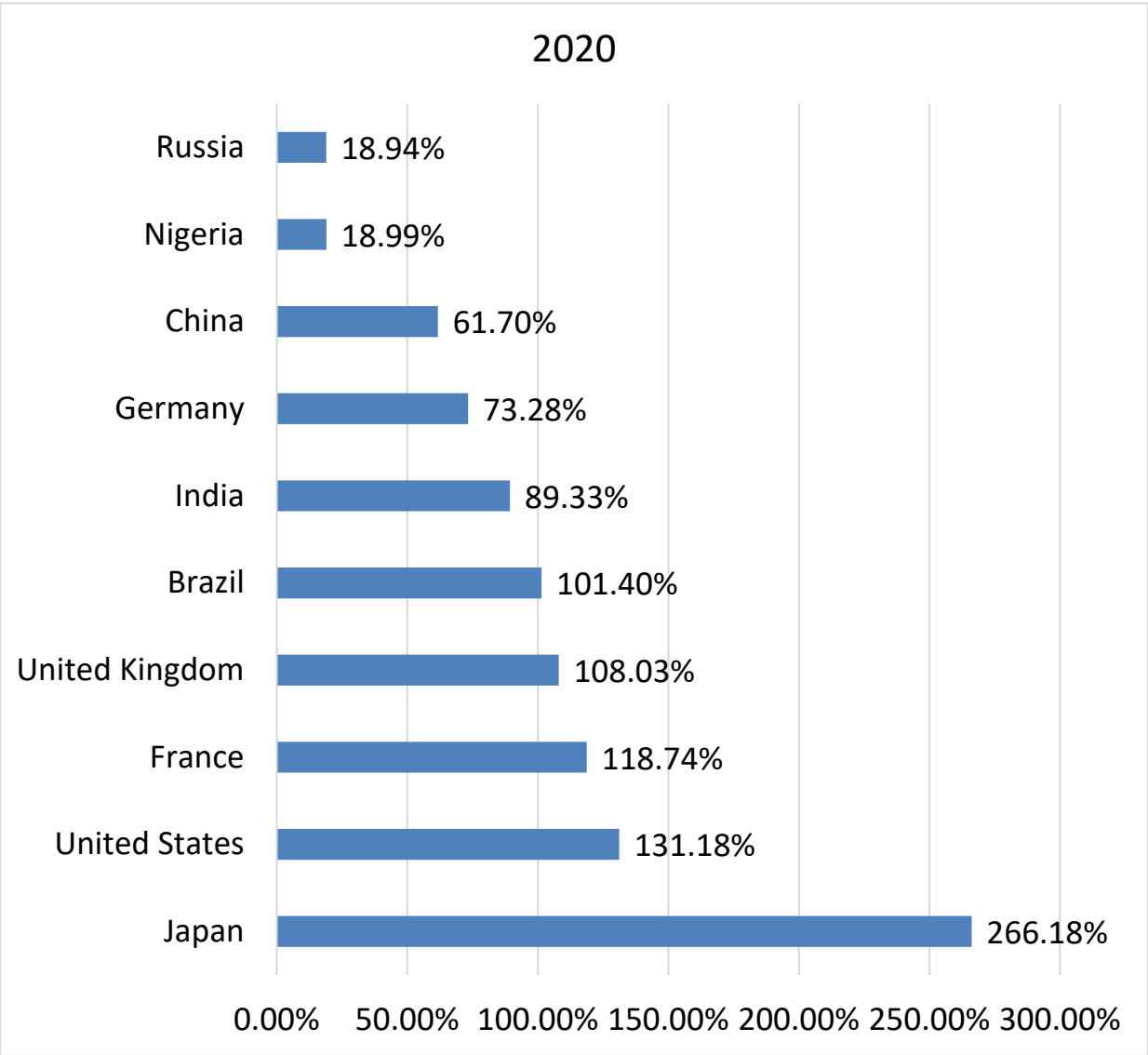
Internal Economic Evaluation: Nigeria

Metric	2022	2023	2024
GDP (N'trn)	74.639	76.684	75.572_1/
GDP Growth Rate	3.10%	2.74%	3.21%
Fiscal Deficit (% of GDP)	5.0%	6.1%	
Stock Index Growth	19.98%	45.90%	37.65%
MPR	16.50%	18.75%	27.50%
Headline Inflation	21.34%	28.92%	34.60%_2/
Food Inflation	23.75%	33.93%	39.93%_2/
Note: _1/ Annualized ₦56.679 trn for Q1-Q3.			
_2/ November 2024			

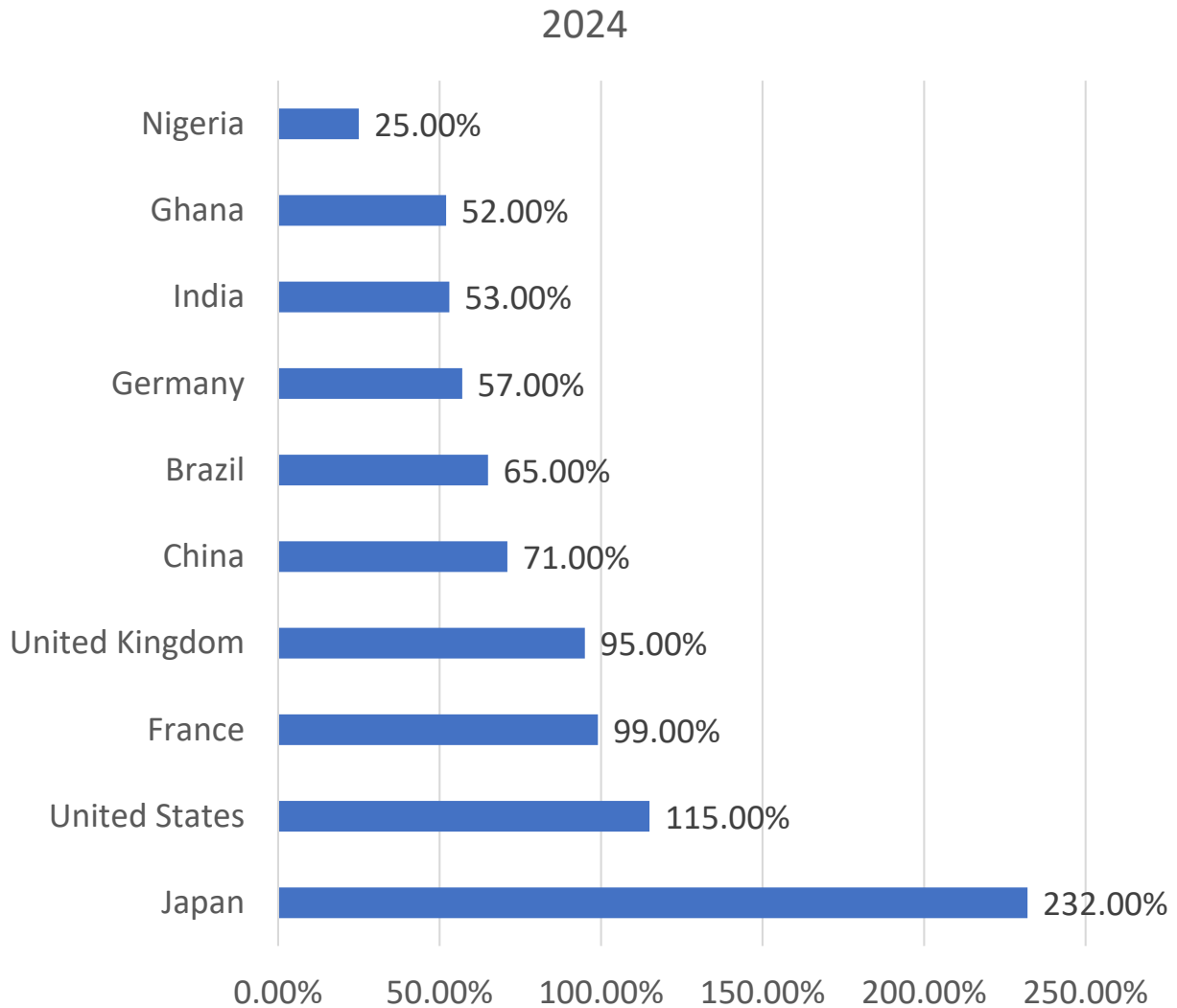
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- ❑ GDP (Q1-Q3): ₦56,678,999.18m
- ❑ Aggregate expenditure reduced by 16.26% in Q3 and 22.38% below quarterly target.

Debt/GDP Ratio: Selected Industrialized and Emerging Economies

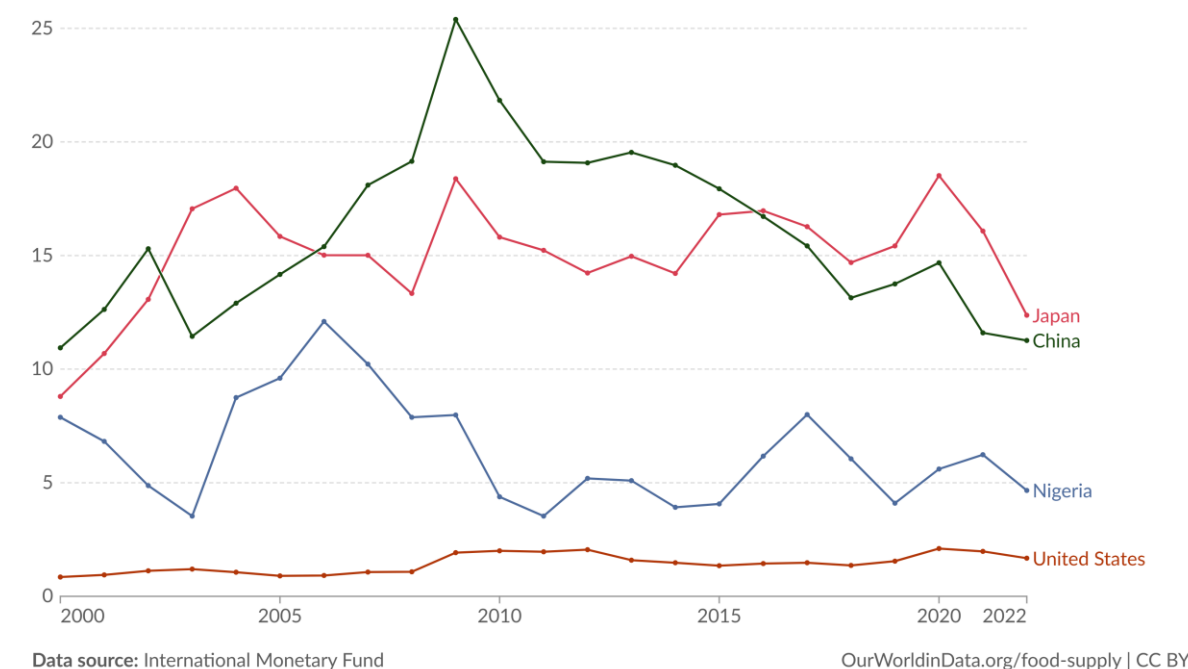
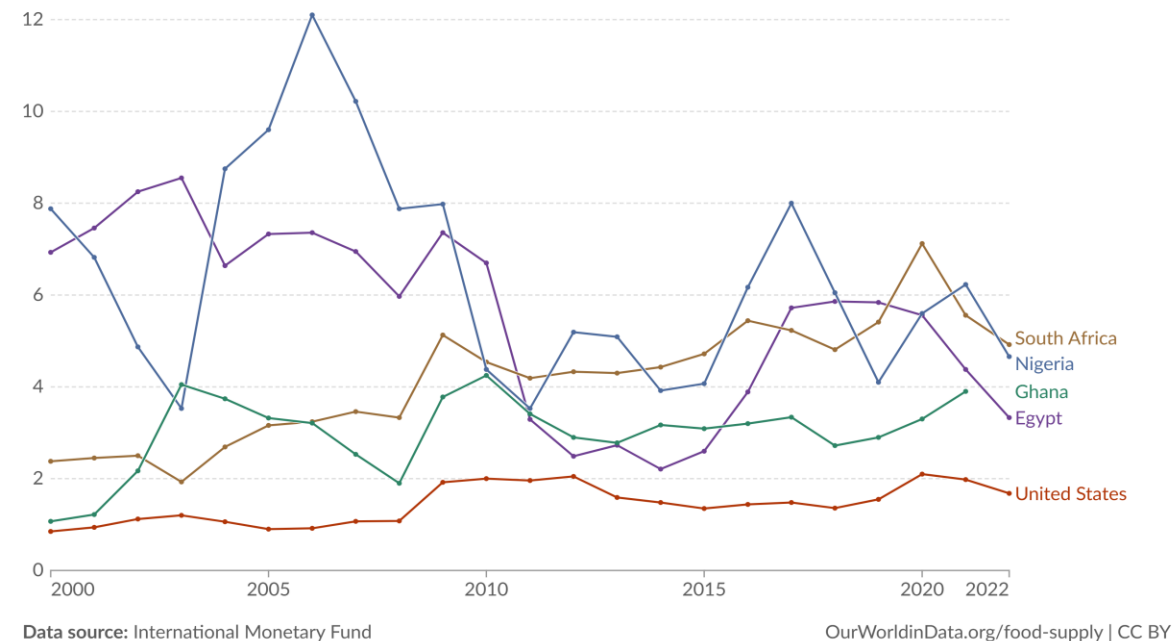


Ratios can be easily misinterpreted, and the interpretation can also be readily politicized!



Why Effects are Inferior to Fundamental Drivers

For example, external reserves in months of import bills covered are not significantly different among nations, except for outliers like China, Japan, Saudi Arabia and Libya.



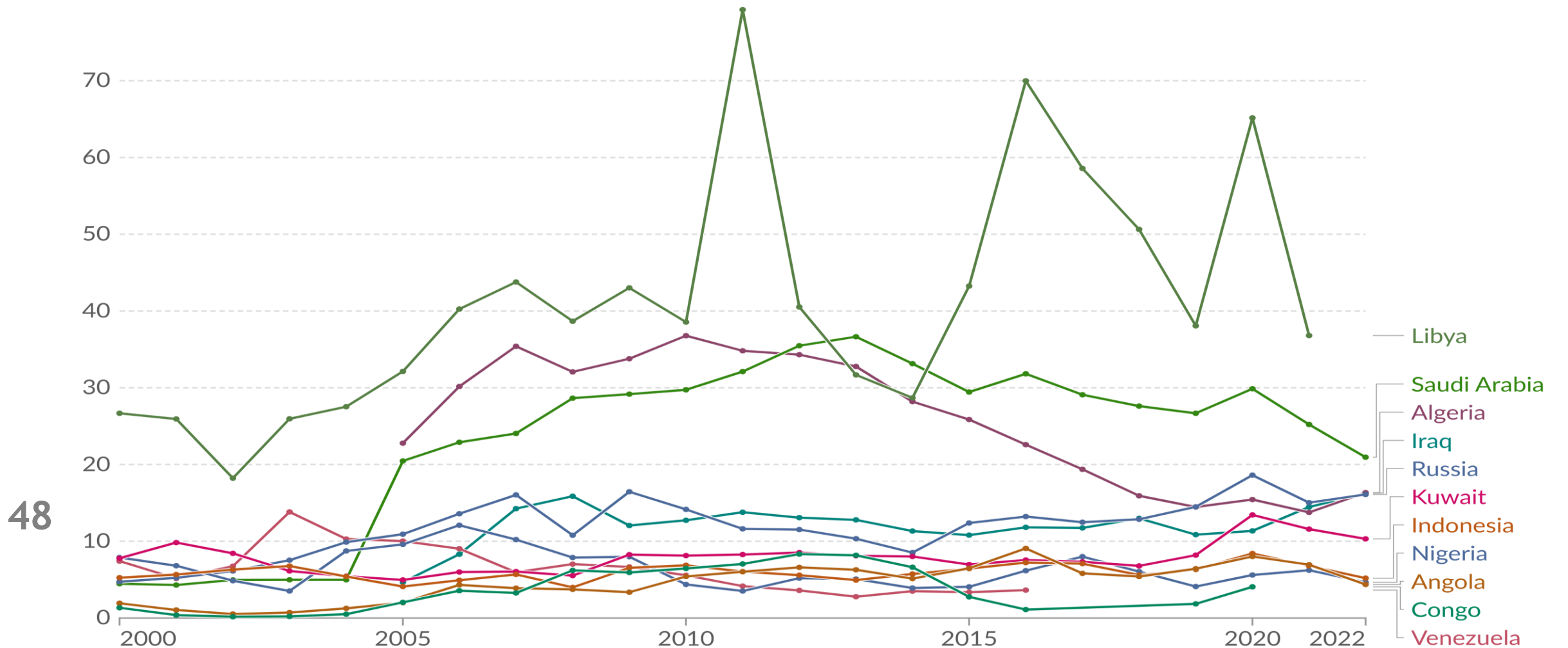
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Whichever metric is considered, the root cause is the value created through production and consumption.

- First, produce what is consumed locally. **Agriculture and manufacturing** (machines better than muscles)!
- Then, produce what is consumed abroad. **Export medium to high-value items.**

Why Effects are Inferior to Fundamental Drivers (contd.)

OPEC+ Members:



Consumer Credit Reforms

Tool for Re-creating the
Middle-class?

Relevance

Democratize Credit:

- Available
- Accessible
- Affordable

The 'why' of Consumer Credit:

- Make purchases without cash or immediate means.
- Opportunity to achieve life goals.
- Expanded spending power.
- Flexibility in cost spread.
- Unsecured, small amounts.
- Offered to the economically active.
- Economic growth.

Importance of Consumer Credit + Relevance of CrediCorp's SCALE

Reforms Rationale:

- Escalated cost of living and cost of doing business.
- Dampened standard of living.
- MSMEs struggling and shutting down.
- Prices of commodities are somehow settling at new equilibria.

Consumer Credit:

- Reconnection of businesses and households with the higher price levels.
- Spur new economic growth, focusing on domestic production.
- Institute advanced credit infrastructure – credit scores for individuals and evolution of a virile credit culture.

Credit Access for Light and Mobility (CALM) Fund

The Product

1. **Light:** Financing **solar energy solutions** to reduce reliance on costly and unstable power sources.
2. **Mobility:** Supporting **car conversions** to compressed natural gas (CNG), fostering cleaner and more affordable transportation options.

Key Features

- **Financing Scope:**
 - Solar energy systems for **households** and **businesses**.
 - **CNG conversion kits** for vehicles to reduce fuel costs and emissions.
- **Terms:**
 - **Interest Rate:** **24% per annum**.
 - **Repayment Tenor:** Up to **2 years**.

Securing Consumer Access to Local Enterprises (SCALE) Program

Key Features

- **Primary Goals:**
 - Empower consumers through affordable credit.
 - Stimulate growth in local manufacturing sectors.
 - Promote sustainability with a focus on environmentally friendly products.
- **Target Impact Areas:**
 - **Vehicles:** Facilitate access to 500,000 **CNG and electric vehicles**.
 - **Electronics:** Support 2,000,000 Nigerians with access to **digital devices**.
 - **Energy:** Provide 2,000,000 households and businesses with **solar and energy-efficient systems**.
 - **Housing and Furniture:** Enable 500,000 households to access **locally manufactured furniture** and **building materials**.
 - **Healthcare, Education, and Essentials:** Deliver solutions to 2,000,000 consumers in **essential sectors**.
 - **Revolving Credit:** Issue **credit cards** to 2.5 million Nigerians.