

# NIGERIA IN 2023

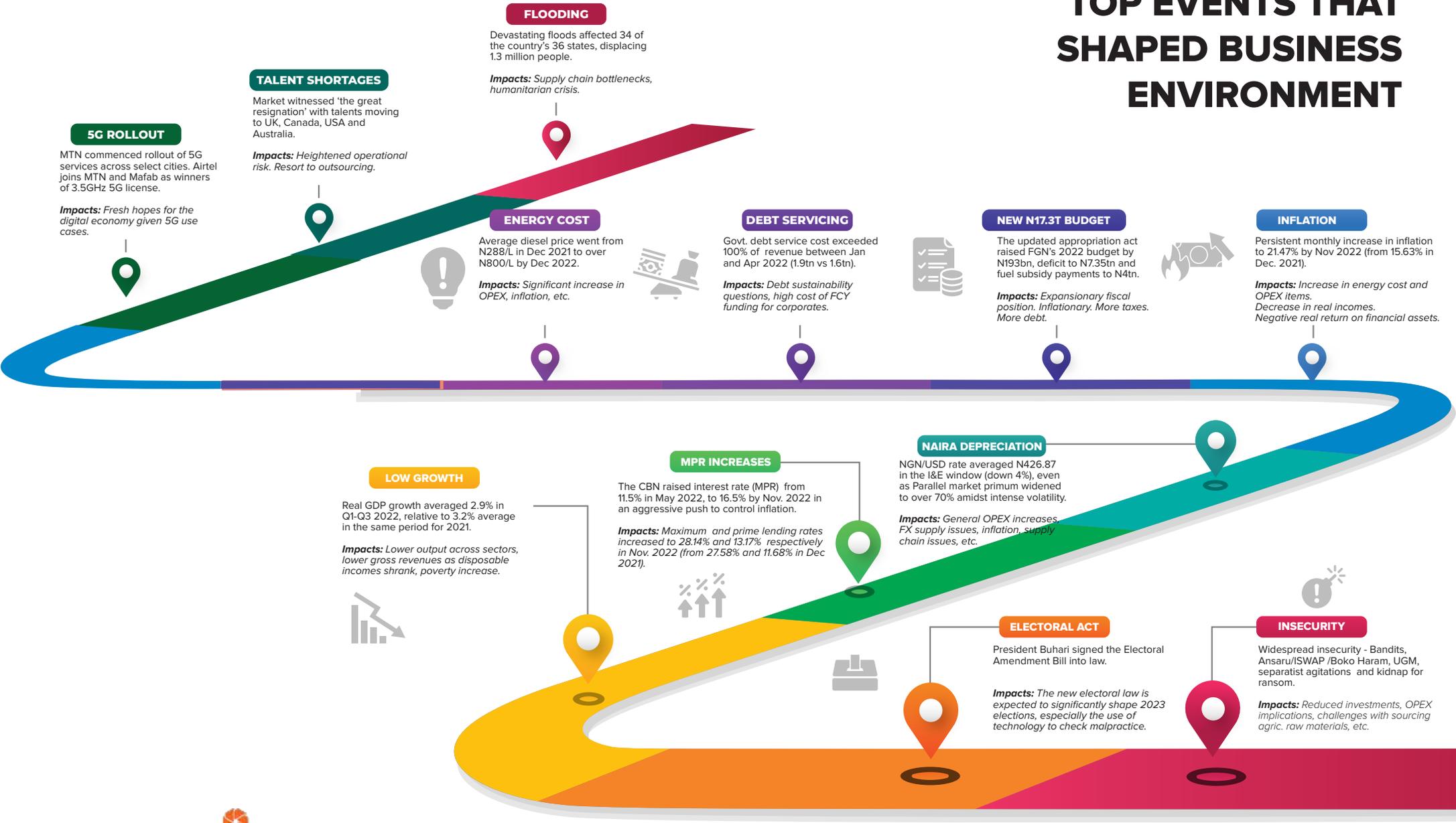
LIKELY EVENTS AND IMPLICATIONS  
FOR BUSINESSES

JANUARY 2023



# 2022

## TOP EVENTS THAT SHAPED BUSINESS ENVIRONMENT



# 2023

## LIKELY EVENTS AND IMPLICATIONS

### KNOWN-KNOWNs

#### GDP GROWTH

Nigerian economy to sustain a low c3% growth as fiscal stress continues.

#### NEW NAIRA POLICY

Redesigned Naira notes and daily cash withdrawal limits take full effect.

#### FINANCE ACT

Implementation of the 2022 Finance Act will increase taxes on businesses.



#### IMPLICATIONS

- The global growth will remain low (sub 2%) and fragile, hanging on the fate of Europe, China and global energy market.
- The operating environment will remain VUCA (volatile, uncertain, complex and ambiguous) given the headwinds.
- 2023 elections spendings to create opportunities in few economic sectors, even as business risks become elevated.
- OPEX will come under pressure from high energy, personnel and other costs. Higher taxes are also anticipated.

### KNOWN-UNKNOWNs

#### NEW PRESIDENT

We do not know who will emerge as the new President by May 29.

#### INSECURITY

Security threats to remain, with unknown dimensions and intensity.

#### EXCHANGE RATE

Naira exchange rate to remain volatile as supply pressures remains.



#### IMPLICATIONS

- More tightening is expected in countries where inflation remains high and broad-based.
- Major business decisions may drag into H2: 2023 as stakeholders watch the 2023 elections closely.
- Increased insecurity in Nigeria (in an election year) will continue to hurt businesses, investments and growth.
- Pressure on the Naira will worsen with increased FX demand, even as supply continues to shrink.

### UNKNOWN-UNKNOWNs

#### EAST AND SOUTHEAST ASIA TENSIONS

China vs. Taiwan, S. Korea vs N. Korea, South/East China sea.

#### ARTIFICIAL INTELLIGENCE SERVICES

Rise of bots in different sectors. e.g. ChatGPT

#### CREDIT DEFAULTS

The fate of debt-laden less-developed countries with FCY interest rate hikes.



#### IMPLICATIONS

- What if the Russia-Ukraine war escalates to NATO-Russia confrontation?
- A global debt crisis is a potential consequence of persistent increase in policy rates globally.
- Climate crisis could take unprecedented dimensions. A repeat of 2022 flood in Nigeria will not go well.
- What if the 2023 elections in Nigeria takes a completely different dimension?
- Rising use of AI in different sectors presents both opportunities and risks.

# 2023

## STRATEGIES FOR BUSINESS RESILIENCE AND GROWTH

### 01

#### A ROBUST RISK RESPONSE PLAN

Businesses need to proactively weight 2023 headwinds, scan the environment and develop strategic fallback plans to reduce threats to their supply chains.



### 02

#### PROTECT YOUR SUPPLY CHAIN

More disruptions to supply are anticipated. It may be useful to have a robust supply-chain risk-management framework, with attention of the impact on speed and precision.



### 03

#### PROTECT YOUR WORKFORCE

The hiring pool will shrink further. Motivate employees enough to keep them productive and help them navigate the elevated macro-related welfare issues.



### 04

#### BUILD A RISK-AWARE CULTURE

This will ensure that the organisation maintains strong defensive layers against unknown risks, and the organisational capability to respond effectively (and early) when the need arises.



### 07

#### DELEVERAGE

Debt will become more expensive in 2023. Organisations with sufficient room may consider several deleveraging strategies to strengthen their balance sheet.



### 06

#### REVENUE DIVERSIFICATION

Some non-oil economic sectors have shown impressive resilience since the pandemic. There are upsides in capturing good market share and opportunities across these sectors.



### 05

#### ENERGY COSTS

Removal of subsidies in Nigeria and global high oil & gas prices demands that businesses brace up for some cost shocks. It may be instructive to explore and budget for renewable energy.



## Contact

### OFFICE ADDRESS

4th Floor, Mansard Place,  
Plot 927/928 Bishop Aboyade Cole Street,  
Victoria Island, Lagos, Nigeria.

### NUMBER

+234 (1) 453 7151,  
0901-VERRAKI

### EMAIL

[info@verraki.africa](mailto:info@verraki.africa)

### WEBSITE

[www.verraki.africa](http://www.verraki.africa)

