

# Issues that matter

PwC/LCCI Economic &  
Business Outlook H2 2021



Presentation by **Andrew S. Nevin, Ph.D.**  
August 2021

# What matters in 2021

Demographics

Climate Change

Post COVID-19 World

10 Themes for Nigerian Economy

# Countries that fit in the Africa map...

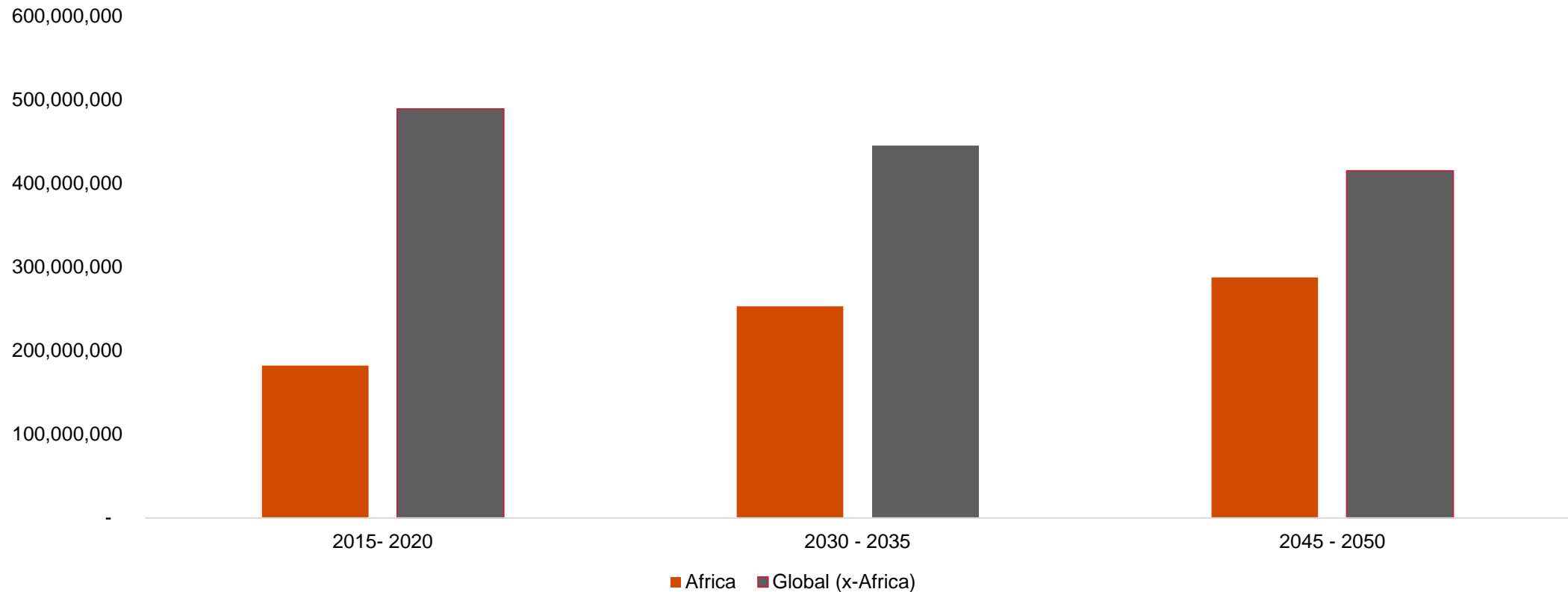
Africa is not just one country...all the continents fit into Africa...



# Africa is projected to account for about 40% of the global population by 2050...

Of the 329 million births that were estimated to occur globally between 2015 and 2020, about 36% were projected to occur in Africa...By 2050, Africa is projected to account for about 41% of the total global population...

Number of births, Global (x-Africa) vs Africa

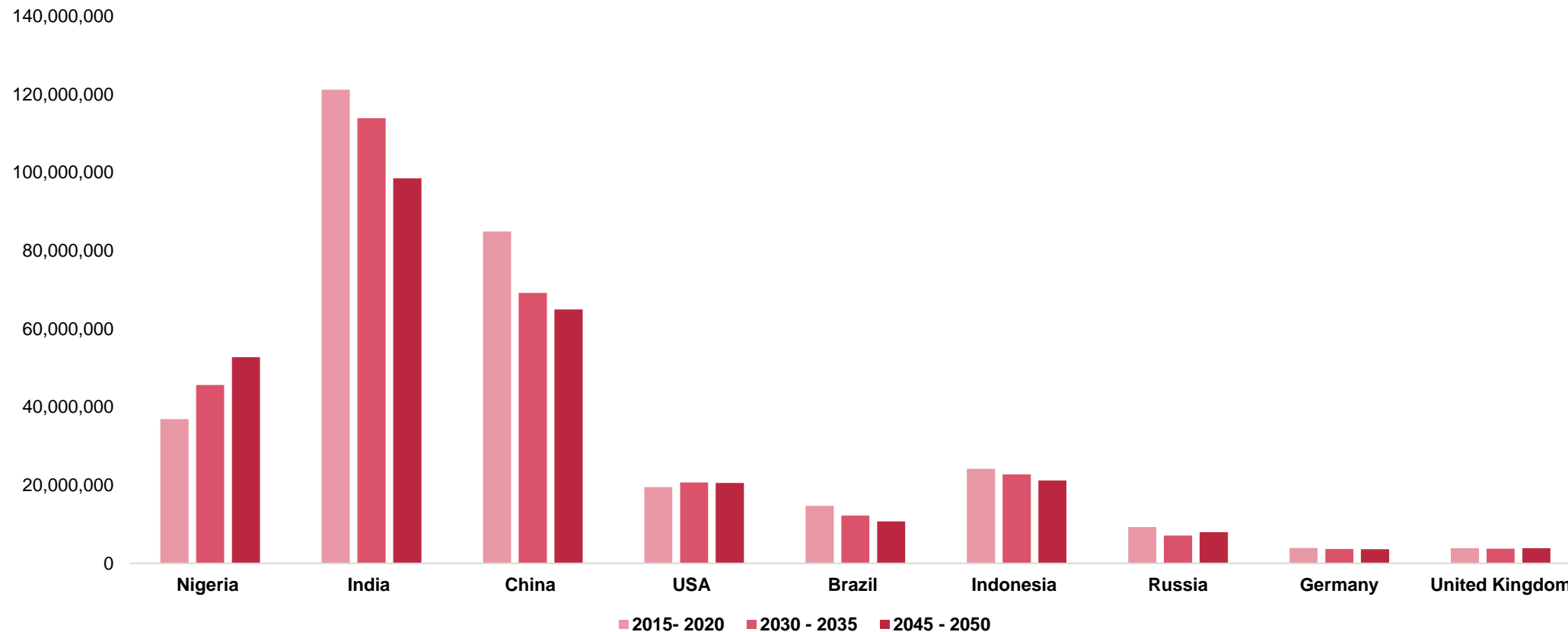


Source: UN DESA

# Country by country comparison of births in selected countries...

Population of births in Nigeria were estimated to account for almost 40% of total births in West and Central Africa, and more than 23% of births in SSA in 2019... Globally, over half of the world's births are estimated to take place in just eight countries, including Nigeria (UNICEF)...

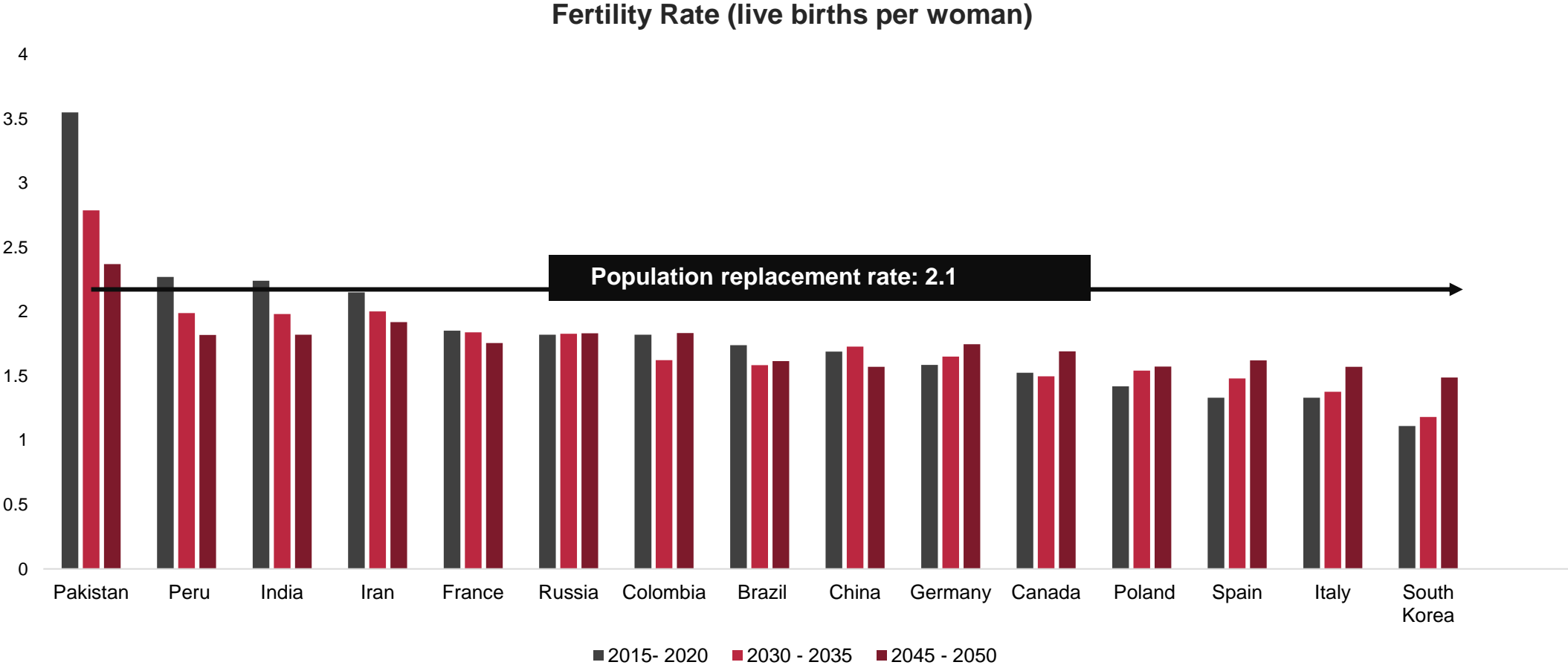
Number of births across selected countries, 2019



Source: UN DESA

# Fertility rate by countries

In the last two decades, majority of the countries in the more developed regions of the world have fertility rate at an average of 1.6, while less developed regions have an average of about 2.7; with the least developed countries at average of 4.5.

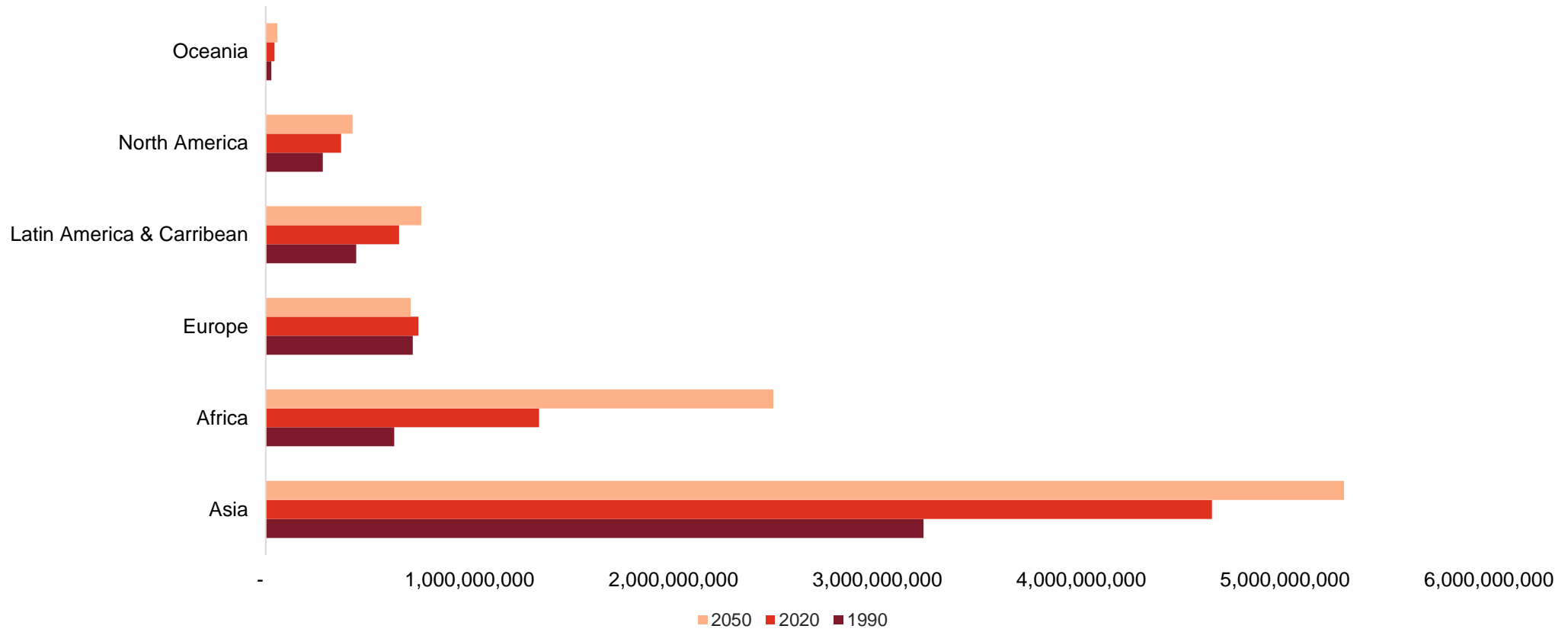


Source: UN DESA

# Population projections by Continent...

The world population is increasing, with Asia and Africa contributing the largest growth respectively. Africa's population is expected to grow by 86% from 1.3 billion in 2020 to 2.5 billion by 2050. The Continent will remain the second most populous in the world behind Asia in the period under review...

Population by Continent

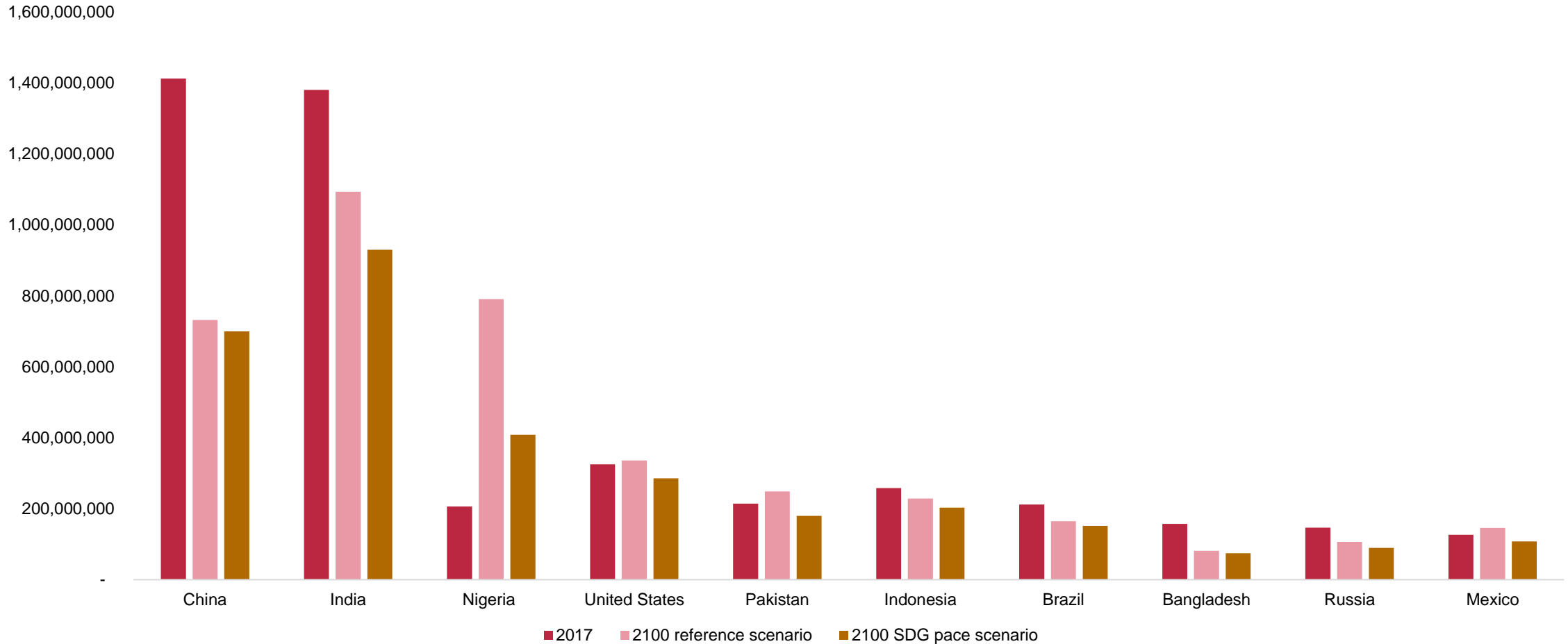


Source: UN DESA  
[www.worldometers.info](http://www.worldometers.info)

# Projection for country ranking by population (top 10 countries) 2/2

Some analysts have projected that Nigeria could become the second most populous country in the world by 2100 behind India, with China ranked third. According to a Lancet study, the five largest countries by 2100 are projected to be India (1.09 billion), Nigeria (791 million), China (732 million), the USA (336 million) and Pakistan (248 million).

### Population projections of top 10 populated countries



Source: Lancet Report

Data on population  
PwC

Reference scenario = Continuation of current policies

SDG pace scenario = **Pace** of progress accelerates to achieve the SDGs



# Top 10 largest cities by 2100...

The distribution of the world's largest cities has shifted from North America and Europe to Asia and Africa. This trend is expected to continue, as populations continue to increase significantly in emerging economies.



2100

1

**LAGOS, NIGERIA - 88.3 MILLION** - Set to become home to more than 88 million people –Lagos in Nigeria will be the largest city in the world by 2100.

2

**KINSHASA, DEMOCRATIC REPUBLIC OF THE CONGO - 83.5 MILLION** -DRC will have a larger population than the entire nation of France by 2100

3

**DAR ES SALAAM, TANZANIA - 73.7 MILLION-** Dar Es Salaam has grown significantly in both population and regional influence.

4

**MUMBAI, INDIA - 67.2 MILLION** - Predicted to become the world's largest city by 2050, it is expected that Mumbai will rise afterwards to 4th place by 2100.

5

**DELHI, INDIA - 57.3 MILLION** - Delhi will remain a major draw for rural populations throughout the next 80 years.

6

**KHARTOUM, SUDAN – 56.6 MILLION** - While home to a modest 5.1 million people in 2010, the city will become home to 56.6 million residents by the end of this century

7

**NIAMEY, NIGER – 56.1 MILLION** - The capital of the West African country of Niger, Niamey, looks set to see the highest level of growth of any city in the top 10.

8

**DHAKA, BANGLADESH – 54.3 MILLION** - With a growing number of climate refugees, Dhaka's population is set to hit 54.3 million people by the turn of the century.

9

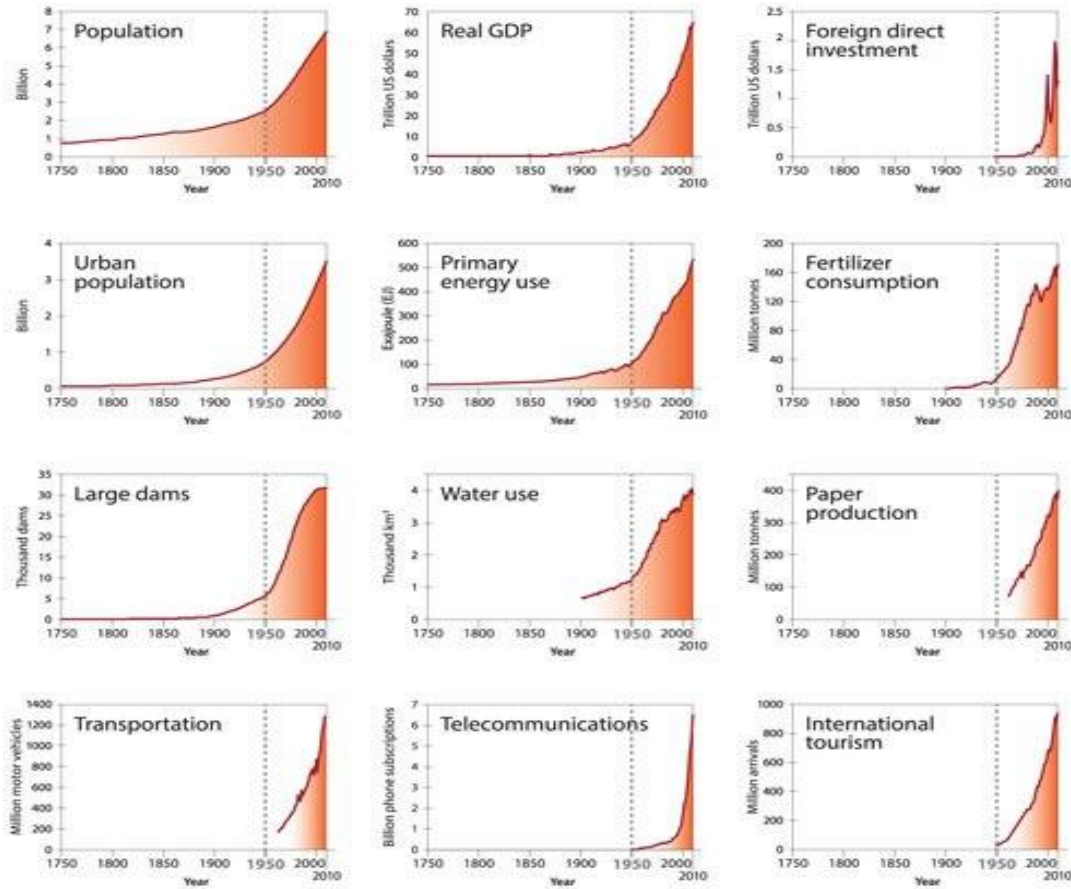
**KOLKATA, INDIA – 52.4 MILLION** - As the first of three Indian entries in the top 10, Kolkata is set to become the world's 9th largest city by 2100 with 52.4 million residents.

10

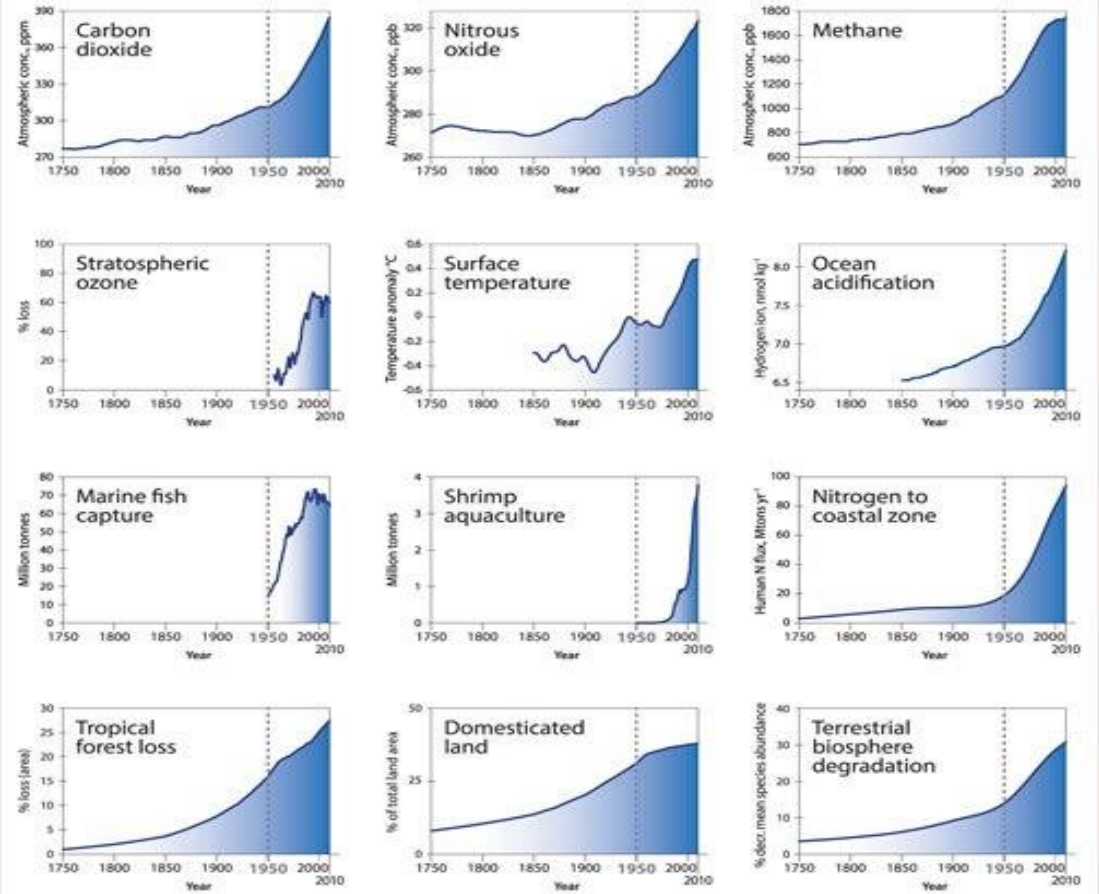
**KABUL, AFGHANISTAN – 50.3 MILLION** - Coming in as the 90th largest city in 2010 with 3.7 million people, the Afghan capital is set to see a meteoric rise over the course of the 21st century.

# The Great Acceleration

## Socio-economic trends



## Earth system trends



## Updated Great Acceleration Graphs

Source: Will Steffen et al. "The trajectory of the Anthropocene: The Great Acceleration." The Anthropocene Review, March 2015

'Highest temperature on Earth' as Death Valley, US hits 54.4C.

17 August 2020



CAUTION!

**EXTREME**

HEAT

DANGER

# the guardian

August 20<sup>th</sup> 2020

Greenland ice sheet lost a record 1m tonnes of ice per minute in 2019



Percentage of national populations who live in places that will be drowned by a rise in long-term sea levels - even if global warming is held at 2C

0% 0.1-5 5-10 10-25 25-50 50-75 75-100

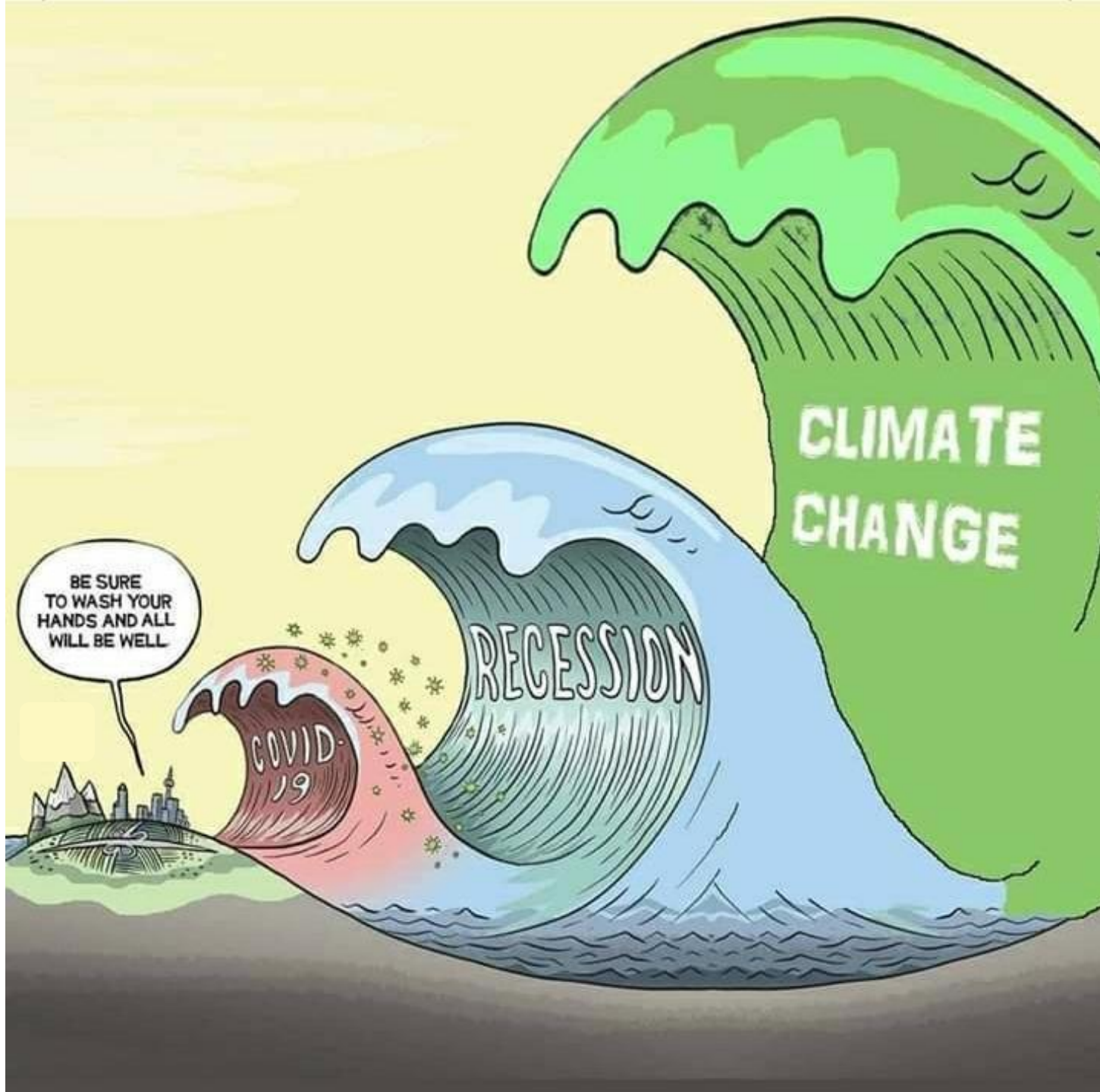




**BANK OF ENGLAND**

# 'Firms ignoring climate crisis will go bankrupt'

Mark Carney  
October 2019



“Having heard all of this you may choose to look the other way but you can never again say you did not know.”



William Wilberforce

The  
Economist

Espresso



# Long-term: Potential for major shift in social values, build back better

## Demographic shift amidst quest for economic stability

- Millennials even more dominant in working age population, consumption patterns
- Population aging further along in many countries – Europe, China, Japan, Russia, etc. (Brazil TFR = 1.74)
- 2020 pivot year for global grasp of Africa demographics

## Pushback on neoliberal values

- Climate change, biodiversity agenda comes to forefront ('coal is dead, peak oil')
- Renewed emphasis on physical, mental health
- More compassionate societies in western world
- More widespread support to tackle social issues – racism, sexism, consumerism, monopolies
- Millennials are dominant political force globally – end of post WWII boomer structures

## More thoughts about resilience, system

- Dominant economic model has been efficient
- But efficiency ignores system issues; efficient system is brittle and breaks with shocks
- Partial deglobalization

# Top 10 Themes shaping Nigerian Economy in 2021



**Unlocking dead assets**



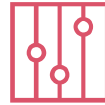
**Harnessing the Power of the Diaspora**



**Drive export growth through services**



**Need for growth across the country**



**Low investment/ gross capital formation**



**Move informal to formal sector**



**Improving the business environment**



**Nigeria's big 3 distortions**



**Shifting from GDP lens to SDG lens**



**Climate change**



# Nigeria must find her own development path...



Nigeria needs to take concrete steps to break its oil dependency to improve its economic and social outcomes. Notably, the government:

- began to harmonize exchange rates
- began to eliminate gasoline subsidies;
- started adjusting electricity tariffs to more cost-reflective levels;
- cut nonessential spending and redirected resources to COVID-19 (coronavirus) responses at both the federal and the state levels;
- enhanced debt management and increased public-sector transparency, especially for oil and gas operations.



Source: <https://www.worldbank.org/en/country/nigeria/publication/nigeria-development-update-ndu>

# Unlocking Dead Assets

**Nigeria holds as much as US\$900 billion worth of dead capital in residential real estate and agricultural land... According to Nigerian Institute of Builders, the value of Federal Government's abandoned properties is projected at about N230 billion...**

**7 million**

The housing deficit has been estimated at up to 7 million

**700,000 units**

700,000 units of houses needed every year to bridge the deficit

**200,000 units**

Estimates of the current output of the formal housing sector range between 100,000 and 200,000 per year

**80%**

Almost 50% of the population live in cities and about 80% live in substandard conditions



## Some abandoned properties

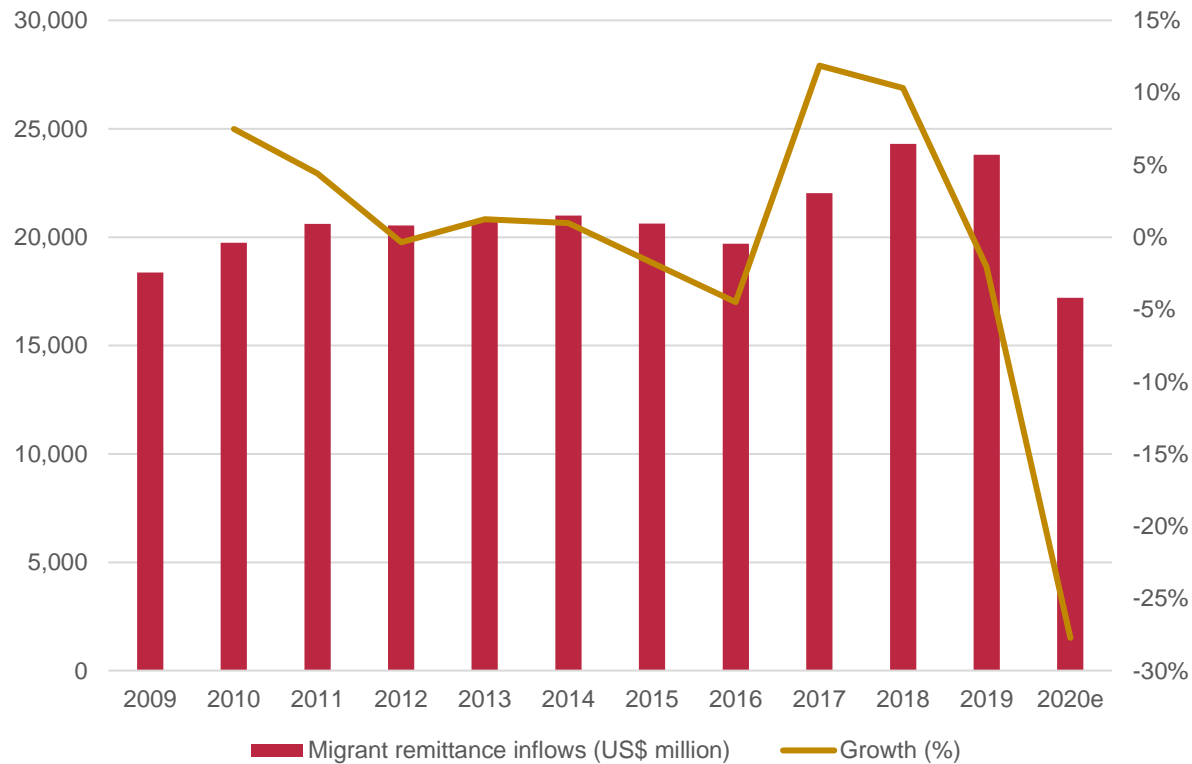
- Nigeria Social Insurance Trust Fund (NSITF) along Lagos-Badagry expressway
- The National Assembly Complex at Tafawa Balewa Square
- NECOM House at 15, Marina Street
- NITEL Building; Secretariat in Ikoyi
- Federal Government Ministry of Communications at Obalende, Lagos.
- Federal Government Secretariat in Ikoyi Lagos.
- There are over 60 abandoned properties belonging to the federal government in Lagos state.



# Harnessing the Power of the Diaspora

**Nigeria is the largest recipient of remittance in SSA accounting for over a third of flows to the region. Country's biggest export is human capital.**

Nigeria: Migrant remittance inflows (2009 - 2020e), US\$' million



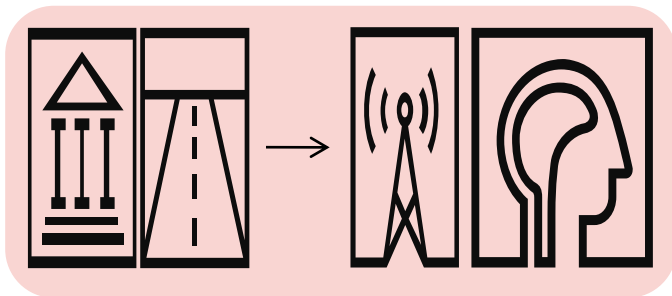
<https://www.worldbank.org/en/topic/migrationremittancesdiasporaisues/brief/migration-remittances-data>

[https://www.google.com/search?q=image+of+housing+in+Nigeria&rlz=1C1GCEA\\_enZA918ZA918&tbm=isch&source=iu&ictx=1&fir=se58F5AcldvoqHM%252CR3Nm5UJsFdVym%252C\\_vet=1&usg=AI4\\_-kTLCsm79fX4hN4cd537iHneiZaaqw&sa=X&ved=2ahUKEwiW-vr7fuAhUO1xoKHRlhAbQQ9QF6BAgFEAE#imgrc=\\_GPDAPSzabwuM](https://www.google.com/search?q=image+of+housing+in+Nigeria&rlz=1C1GCEA_enZA918ZA918&tbm=isch&source=iu&ictx=1&fir=se58F5AcldvoqHM%252CR3Nm5UJsFdVym%252C_vet=1&usg=AI4_-kTLCsm79fX4hN4cd537iHneiZaaqw&sa=X&ved=2ahUKEwiW-vr7fuAhUO1xoKHRlhAbQQ9QF6BAgFEAE#imgrc=_GPDAPSzabwuM)

# Drive Export growth and diversification through services

Two-thirds of the global economy is made up of the services sector which are higher value-added than physical goods. Nigeria's creative and cultural industries (CCI) presently plays an important role and will probably generate \$1 billion export revenue in 2020. Nigeria's exportation of Nollywood, technology and financial services are good exports to invest in. Outsource Global, a leading ICT and BPO firm services the international market...

Shift from capital infrastructure to human capital



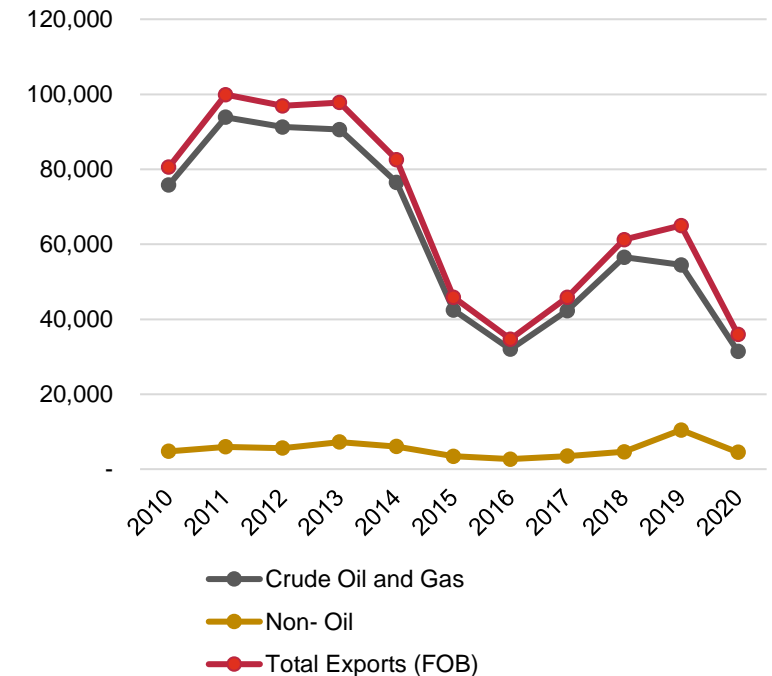
Nigeria's exportation of physical goods is constrained



Creating One African Market



Trend of Export (US\$'mn)



Source: CBN Bulletin Q1 2021

# Catalysts for growth



Education



Technology



Human capital



Industrial clusters



Innovation hubs

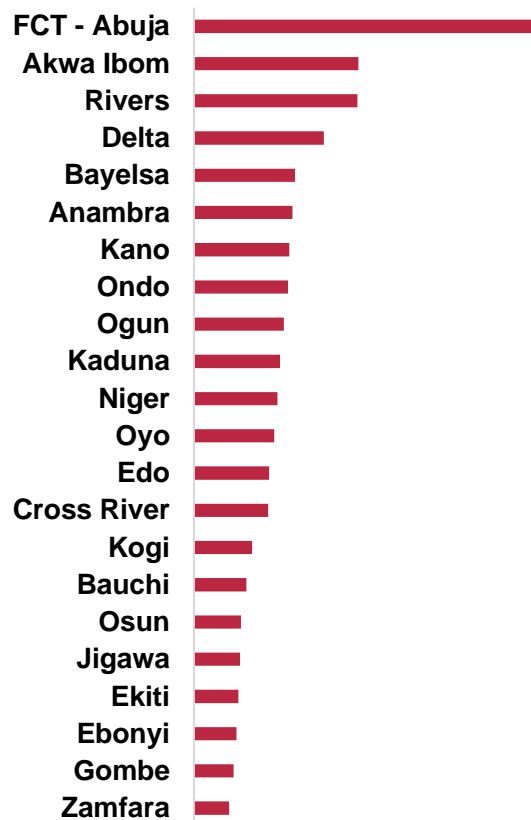


Good policies

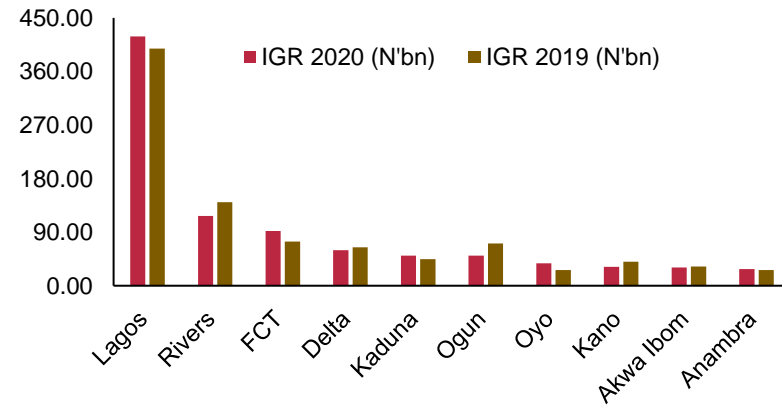
# Sub-national economic growth

Disparate growth at the sub-national level

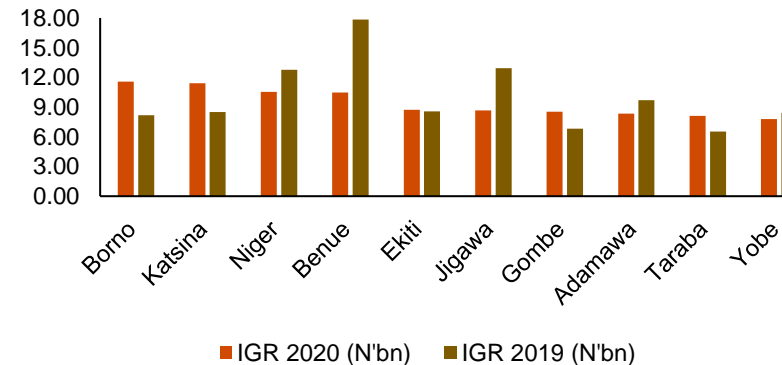
GDP of Nigerian states in 2017  
(N' millions)



Top ten states with IGR



Bottom ten states with IGR



Growth at the subnational level is greatly uneven. More so, the weak domestic revenue mobilization hampers the infrastructural and economic development at the sub-national level.

Note: Lagos has the largest GDP size in Nigeria estimated at N41 trillion (US\$136 billion). This dwarfs the economic size of the second largest - FCT-Abuja and affirms the disparate growth across the sub-national level in Nigeria

Source: NBS, PwC analysis  
PwC

Source: NBS, PwC analysis



# Increasing Africa integration (AfCFTA)

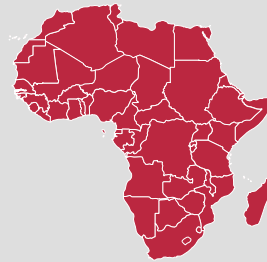
AfCFTA is the largest trade agreement since the establishment of the World Trade Organization(WTO) in 1994

## Framework/ Prospect

- To create a single market that fosters free movement of people, investment and business,
- Expected to enhance competitiveness at industry/enterprise level
- Expedite regional and continental integration
- Gradual elimination of tariff and non-tariff barriers
- Creates access to 1.27 billion people, which could grow to 1.7 billion in 2030 with 600 million consumers in the middle-class income bracket
- This translates to combined gross domestic product of \$2.1trillion to \$3.4 trillion
- Expected to attract an estimated \$4trillion, in form of investments and business spending

## Challenges

- Low level of industrialization and infrastructural development
- Overdependence on commodity exports
- Significant portion of the population in the low-income class bracket with low purchasing power
- Failure of countries to adhere to the rules and terms of the trade agreements



## Most imported products in Africa

Global Megatrends and Climate Change



Petroleum products



Cars, Motorcycle and machinery



Cell phones and Computers



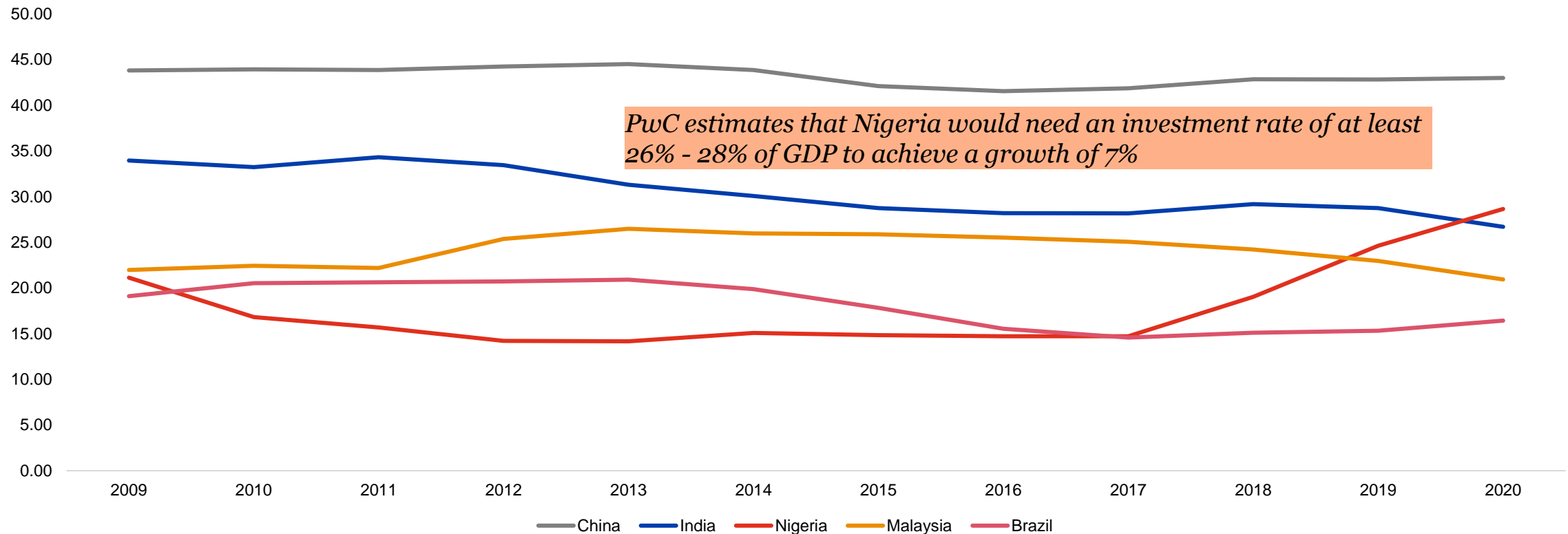
Food Stuff(rice, wheat, palm oil)



## Investment rate to GDP

Gross fixed capital formation to GDP ratio has steadily improved since 2017, standing at 28.65% in 2020. Regardless, Nigeria requires more investment.

Gross fixed capital formation as % of GDP (2009 to 2020)



Source: World bank

<https://data.worldbank.org/indicator/NE.GDI.FTOT.ZS?locations=NG-IN-CN>

## Moving the Informal Sector to the Formal Sector

Migrating Nigeria's informal sector holds tremendous revenue potentials for the government



# Improving the Business Environment

Nigeria currently ranks 131<sup>st</sup> on the World Bank's 2020 Doing Business Index

## Ease of Doing Business Ranking (of 190)

**Mauritius**

→ 13

**Rwanda**

→ 38

**Kenya**

→ 56

**Ghana**

→ 118

**Nigeria**

→ 131



Source: World Bank Group

## The big 3 distortions

The exchange rate, fuel subsidy and power sector need total structural/policy reforms as they are largely distorted...



### Exchange rate

The CBN aims to operate a market-determined rates, however this has not been implemented.



### Fuel subsidy

According to the PPPRA (Petroleum Products Pricing Regulatory Agency), Nigeria spent about N10 trillion on fuel subsidy between 2006 and 2018.



### Power

Nigeria's power and electricity industry is challenged with low electricity generation, poor transmission infrastructure, liquidity issues, high electricity consumer debts among others, due to non-cost reflective tariff.



# Moving beyond GDP as a measure of well-being

SDGs: the overall performance of all 193 UN Member States

  Nigeria ranks **160** and scores 48.93...

Top 10 countries in the World by SDG score

Countries	SDG Score	Global ranking
Finland	85.90	1
Sweden	85.61	2
Denmark	84.86	3
Germany	82.48	4
Belgium	82.19	5
Austria	82.08	6
Norway	81.98	7
France	81.67	8
Slovenia	81.60	9
Estonia	81.58	10

**NB:** A score of **100** implies all SDGs have been achieved

Top 10 African countries by SDG score

Countries	SDG Score	Global ranking
Cabo Verde	68.14	86
Mauritius	66.71	95
South Africa	73.74	107
Gabon	62.82	111
Ghana	62.49	114
Botswana	61.92	115
Namibia	61.77	116
Kenya	60.6	118
Gambia	59.26	123
Sao Tome and Principe	58.79	124

Source: <https://dashboards.sdgindex.org/rankings>

# Shifting from GDP Lens to SDG Lens



# Thank you

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