Deloitte.

West Africa in Focus

A Sneak Preview of 2025: What lies ahead?

MAKING AN IMPACT THAT MATTERS since 1845

Table of Contents

Executive Summary

A tale of two countries: same region with varying degrees of challenges

"One of the greatest pieces of economic wisdom is to know what you do not know" - *John Kenneth Galbraith*

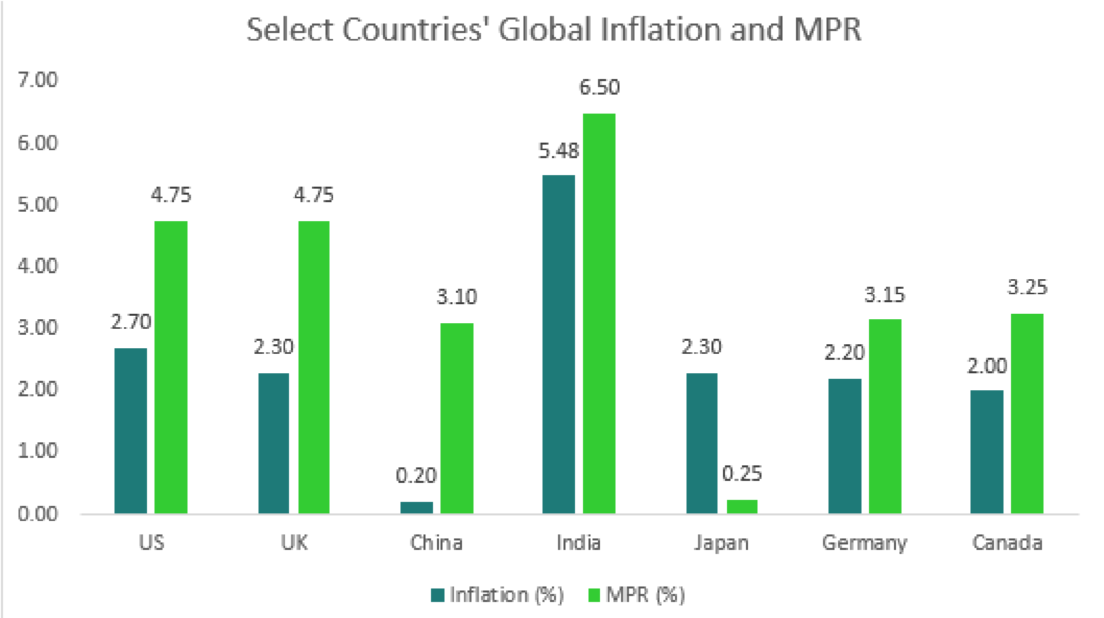
Another year is gradually coming to an end and everyone is itching to see what 2025 has in store. But before we check our crystal ball, how was 2024?

Global disinflation amid heightened inflationary pressure in Africa

Globally, 2024 could be termed as one of improved macroeconomic indices especially in developed markets, which experienced a downward trend in inflation. This triggered a reversal in the monetary policy stance of several advanced economies to expansionary after over two years of a tightening posture and high interest rates. Monetary authorities such as the United States (US) Federal Reserve, the European Central Bank, the Bank of England, and the People's Bank of China have cut their monetary policy rates (MPR) by varying basis points. Global inflation is projected to fall further to an annual average of 4.3% in 2025 from an estimate of 5.8% in 2024 and 6.7% in 2023.[1]

The impact of lowering interest rates has been positive for the markets and the global economy at large. Borrowing costs are trickling down, mortgage rates are becoming more bearable, and the labour markets appear to be stronger. This trend is expected to continue with more global economies recording disinflations and monetary authorities shifting more towards an expansionary stance. In addition, countries are posited to record stronger growth rates as from 2025, barring any major shocks.

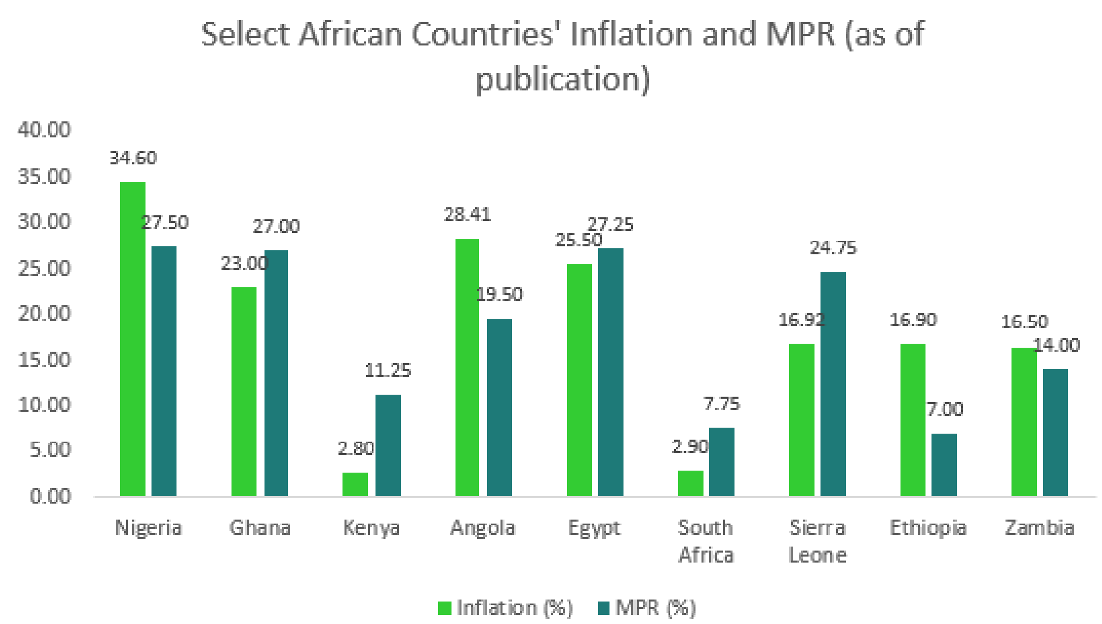
[1] International Monetary Fund (IMF)



2

Regionally, the inflation picture was mixed. Countries such as South Africa, Sierra Leone and Ethiopia mirrored the global deceleration, while Nigeria, Zambia and Zimbabwe towed the opposite path. Angola, Uganda and Ghana were some African countries that depicted a mixed inflation trend during the year.

Monetary policy in Africa remained predominantly contractionary with outliers like Ghana, South Africa and Kenya commencing few and far between interest rate cuts.



3

[2] Trading Economics, Deloitte Research
[3] Trading Economics, Deloitte Research

Global commodity prices impacted by supply management, trade restrictions, weather-related supply shocks and heightened conflict-related risk

Geopolitical tensions in the Middle East and Europe and uncertainty revolving around the US Federal Reserve's policy stance kept global commodities such as oil, gas, gold and silver swinging on a pendulum. Oil prices touched a high of USD 90 per barrel (pb) and a low of USD 68 pb, impacted by declining global oil consumption and the diversification of global oil supply, as the market share of non - Organisation of Petroleum Exporting Countries (OPEC+) members gradually increases. In the metal markets, the prices of base metals such as aluminum and copper remained responsive to the outlook for industrial activity globally and the anticipated demand that is stemming from the transition to green energy. Agricultural commodity prices (e.g, maize, soybeans and wheat) trended lower overall this year due to robust harvests and favorable growing conditions. However, weather and disease related shocks affected cocoa prices, leading to historic highs this year. In 2025, global commodity prices are predicted to fall to a five-year low amid improved supply conditions, according to the World Bank. Global food prices are projected to decline by 4% while energy prices are likely to fall by 6% in 2025. Lower commodity prices will make the decision to cut interest rates easier.[4] This will have positive implications on emerging and frontier markets who are facing heightened debt service burdens and are mostly net importers of food and energy.

Table 1: Select global commodity prices (actual versus forecast)

	2024 Average Price	2025 Price Forecast
Brent Crude (USD/pb)	80.81	73.00
Natural Gas (USD/ mmbtu)	10.93	11.50
Gold (USD/ toz)	2,389.63	2,325.00
Cocoa (USD/ mt)	7,270.00	5,975.00
Wheat (USD/ mt)	269.64	265.00
Rice (USD/ mt)	587.23	530.00
Sugar (USD/ lb)	20.73	18.88

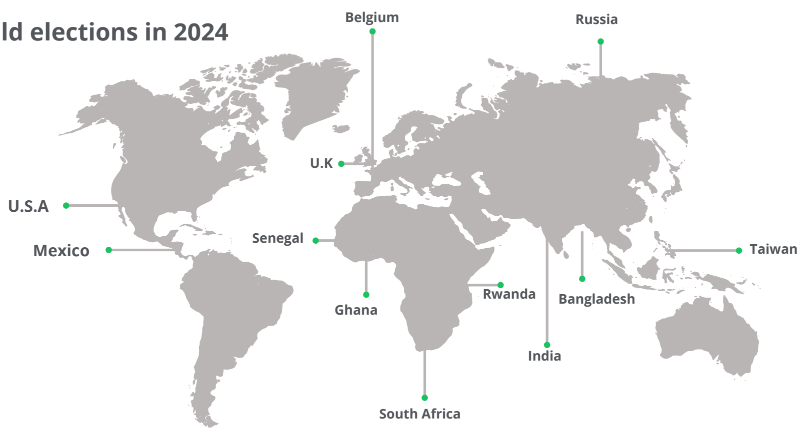
[5]

Global financial markets performed better, thanks to falling headline inflation and interest rate cuts. However, easing monetary policy could heighten the vulnerabilities of the financial markets, some of which include high asset valuations, rising debt and leverage build up in the near term.

2024 a year of elections

We had some election surprises this year, with Donald Trump winning the US presidential elections and the Labour Party making a big comeback in the UK after 14 years in political hiatus. History was also made in Ghana as Jane Opoku-Agyemang will become the first female Vice President of the country, assuming her role alongside former President John Mahama. Mahama's story is one of *persistence pays off*, as he won the 2024 election after three attempts. He was President of Ghana between 2012 and 2017.

Some countries that held elections in 2024



4 World Bank
5 World Bank, the Economist Intelligence Unit (EIU)

Tensions continue with pockets of social unrest in response to economic hardship and policy impact

Governments and policy authorities now have to pay more attention to the socio-economic impact of their policy decisions in order to prevent the risk of social unrest and protests. Countries such as Kenya, Nigeria, Bangladesh and Ghana recorded varying degrees of protests this year, with some (e.g., Kenya) leading to policy reversals and calls for presidents to step down from power e.g Bangladesh.

Some countries that recorded social unrests in 2024

1.0 A walk through 2024

A tale of two countries

"Due to current economic conditions, the light at the end of the tunnel has been turned off" - Anonymous

1.1 Nigeria: An economy plagued with a deteriorating cost-of-living crisis, currency weakness and power shortages

Table 2: Nigeria's macroeconomic picture

Indicator	2023	2024	Direction
Output			
Real GDP Growth (%)	2.74	3.21 (9M)	↑
Oil production (mbpd)	1.63	1.71 (11M)	↑
Year-end purchasing managers' index (pts)	52.70	46.90 (November)	↓
External			
Year-end official exchange rate (NGN/ USD)	644.00	1,555.45	↓
Capital inflows (USD billion)	3.91	5.98 (H1)	↑
Others			
Unemployment (%)	5.40	4.30 (Q2)	↓
Misery index (pts)	29.92	38.90	↑
Moody's credit rating/ Outlook	Caa1/positive	Caa1/positive	↔ [6]

More international companies exit the Nigerian market due to macroeconomic challenges and policy uncertainty

Pick n Pay, Kimberly-Clark, Microsoft, PZ Cussons, DIAGEO

6. National Bureau of Statistics (NBS), Organisation of Petroleum Exporting Countries (OPEC), EIU, Stanbic IBTC, Moody's, Deloitte Research

Table 3: Higher interest rates are yet to rein in inflationary pressures

Monetary Indicator	2023	2024	Direction
Average inflation (%)	24.52	33.03 (11M)	↑
End period MPR (%)	18.75	27.50	↑ [7]

Table 4: Improved government revenue generation amid rising debt stock

Fiscal Indicator	2023	H1 2024	Direction
Total debt (NGN trillion)	97.34	134.30	↑
Domestic debt (NGN trillion)	59.12	71.22	↑
External debt (USD billion)	42.50	42.90	↔
Debt service to revenue ratio (%)	69.0	162.00	↑ [8]

1.2 Ghana: On a path towards macroeconomic stability on debt restructuring

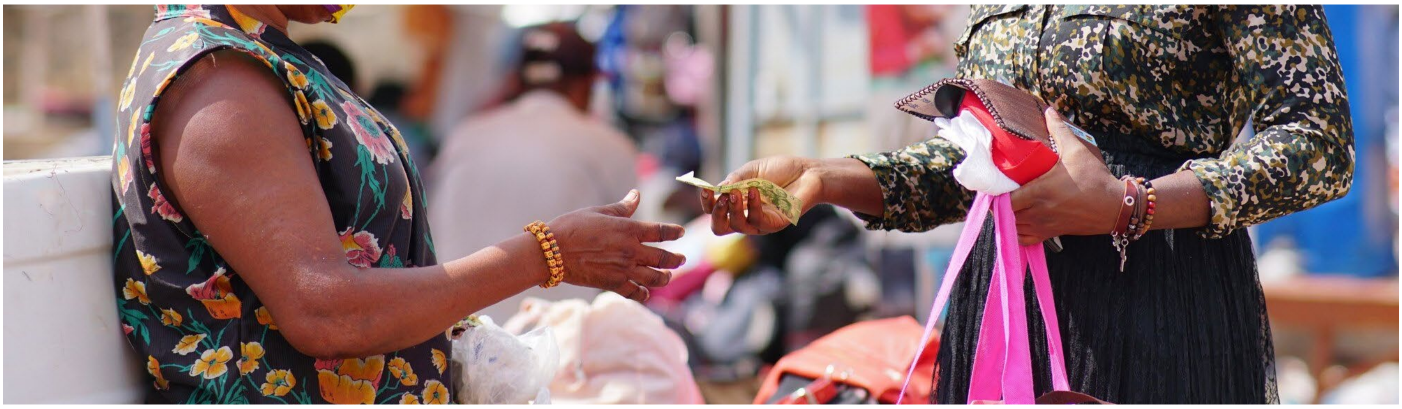


Table 5: Ghana's economy on a recovery path

Indicator	2023	2024	Direction
Output			
Real GDP Growth (%)	2.90	5.80 (H1)	↑
Gold output (tonnes)	128.00	132.00	↑
Year-end purchasing managers' index (pts)	51.80	52.50 (November)	↑
External			
Year-end official exchange rate (GH¢/ USD)	12.00	14.70	↓
Year-end inward remittances (USD million)	5,118.40	4,980.00 (September)	↓
Others			
Unemployment (%)	3.50 (2022)	3.60 (2023)	↑
Misery index (pts)	43.78	26.45	↓
Moody's credit rating/ Outlook	Caa3/stable	Caa2/ outlook	↑ [9]

7. Central Bank of Nigeria (CBN)
8. Debt Management Office (DMO)
9. GSS, BoG, Trading Economics, EIU, Deloitte Research, S&P, Moody's

Table 6: Monetary policy to ease as monetary conditions improve

Indicator	2023	2024	Direction
Monetary			
Average inflation (%)	40.28	22.85 (11M)	↓
End period MPR (%)	30.00	27.00	↓

[10]

Table 7: Fiscal consolidation and debt restructuring to start paying off in 2025

Indicator	2023	H1 2024	Direction
Fiscal			
Total debt (GH¢ billion)	608.40	742.00	↑
Domestic debt (GH¢ billion)	257.20	290.00	↑
External debt (GH¢ billion)	351.10	452.00	↑

[11]

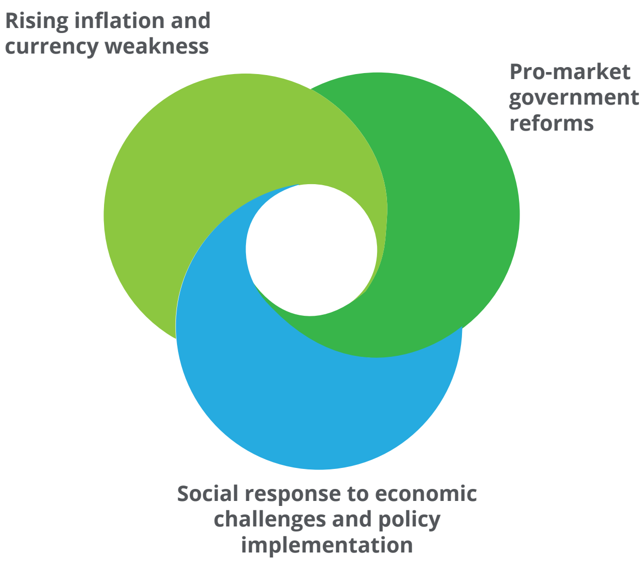
10. GSS, BoG, EIU, Deloitte Research
11. Ministry of Finance - Ghana

2.0 2025 is around the corner - any new year resolutions?

"A weaker currency is a national tariff. After we get a weaker currency, we have to take advantage of that. Or else, we will waste it once more in inflation and the inability to raise competitiveness" - *Uday Kotak*

2.1 Nigeria

The three main themes that will paint the Nigerian macroeconomic picture in 2025 include:



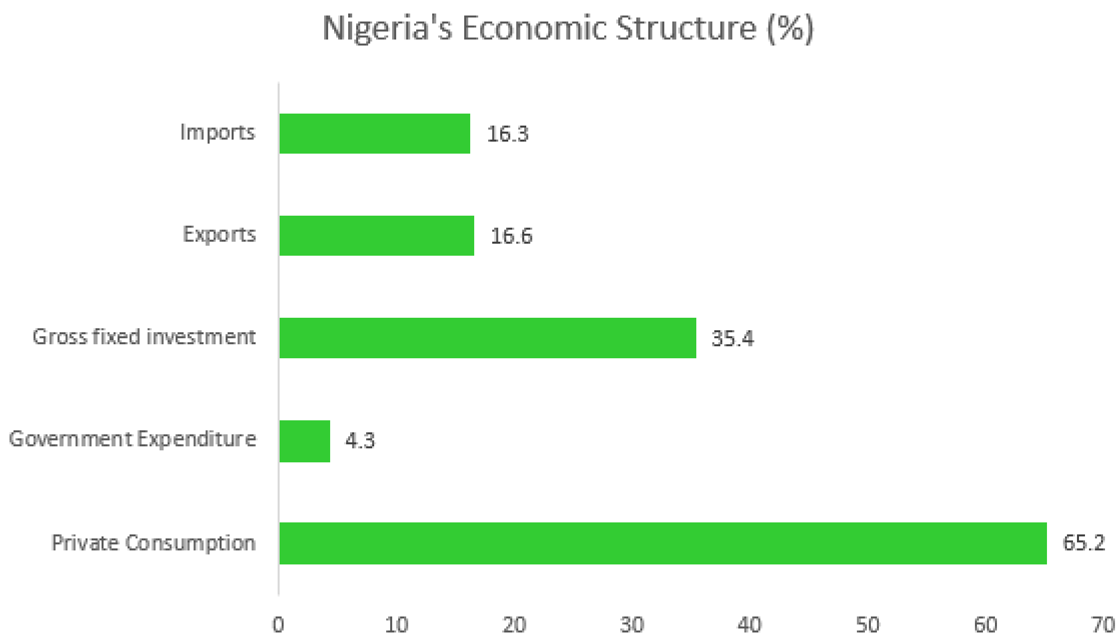
A comforting thought is that because 2024 was a year of severe pain and economic hardship, base effects will play a major role to dampen the numbers in 2025, painting a potential improvement.

2.1.1 Stagflation amid high interest rates, rising poverty and unemployment

Economic growth is a function of consumer spending, government expenditure, investment (local and international) and the trade balance of a nation.

Y= C+G+I+X-M; where
Y= Output
C= Consumer spending
G= Government expenditure
I= Investment
X= Exports
M= Imports

In Nigeria, consumer spending accounts for the largest share of the economy's structure at 65.2%, implying that anything that affects consumers' purchasing power and their ability to spend more, will impact on the overall level of output produced in the country and eventually, its economic growth.



[12]

Consumer spending in Nigeria is projected to inch upwards in 2025 despite persistent inflationary pressures. In 2025, consumers will continue to battle with elevated consumer prices (food, energy, data, etc.) amid sharply eroded real income and will have to make tough but rational choices among competing needs. What was once considered necessity is gradually being considered as luxury on the budget line as scarce resources become scarcer. The possibility of more new jobs being created is also slim as businesses and corporates deal with rising operating expenses and thinning margins.

Tough decisions will have to be made alongside thinking outside the box to stay afloat in 2025. One of such is being more cost efficient, and adjusting lifestyles. The Economist Intelligence Unit (EIU) is projecting an increase in consumer spending to USD 134 billion in 2025 from USD 123 billion estimated in 2024, as inflation tapers and purchasing power improves. However, this is an optimistic scenario as inflationary pressures are likely to remain elevated and could deteriorate further on the back of shocks and the implementation of more pro-market government reforms.

Government expenditure in 2025 is projected to remain largely driven by recurrent expenditure. In the 2024 Appropriation Act, capital expenditure accounted for 42% of total expenditure, (compared to recurrent expenditure of 58%) higher than the 34% in the proposed 2025 FGN budget. Some of the government's major sectors of focus include health, education and infrastructure. The government has an infrastructure development plan, part of which it intends to finance from tapping domestic financial resources such as pension funds that are worth about NGN 20 trillion.

In 2025, government expenditure is projected to grow to USD 11.7 billion from USD 9.9 billion estimated in 2024. Some of the factors that will drive this rise include funding of the new national minimum wage of NGN 70,000, debt financing and capital projects.

The level of **investment** in Nigeria is projected to increase on the back of improved investor sentiment about the country's policy environment. Global credit rating agencies, Standard and Poor's and Fitch upgraded their outlooks of the country's credit rating to stable from negative and from stable to positive, respectively. Both agencies retained their long-term foreign currency issuer default rating at B-. Moody's affirmed its positive outlook on the country, while retaining its credit rating of Caa1. These improvements were hinged on the government's implementation of key economic reforms and the prospects of positive change in the Nigerian economy.

We expect more of such economic reforms, targeted at restoring macroeconomic stability and debottlenecking[13] the difficult business environment in 2025. Will this lead to a massive inflow of investments into the country?

12. EIU, Deloitte Research
13. EIU

Maybe not immediately, but it should bring investors back to the discussion table. Investment decisions are based on three C's- clarity, certainty and continuity. Policy clarity, certainty and continuity will impact on the level of capital flows into the country. This coupled with the gradual reduction in global interest rates may compel investors to look for more attractive rates and returns in markets such as Nigeria. Domestic investors are not left behind in this discourse. The critical role domestic businesses play in attracting investment and developing a nation cannot be downplayed. Hence focus should also be placed on creating a more conducive business environment, which entails but is not limited to reducing regulatory bottlenecks, tax multiplicity and bureaucratic processes that undermine growth.

Nigeria's **external balance** will remain positive, at a projected level of USD 18 billion[14]. Export proceeds will remain predominantly from hydrocarbons, while the country's import bill will consist of fuel, food and used vehicles. The export-import trade dynamic of the country is at a precipice of a shift in the medium to long term, with the operations of the Dangote refinery, NNPC Port Harcourt refinery and the likelihood of other players coming onstream. Non-oil exports will stem from agriculture. Although a weaker local currency favors growth in exports, Nigeria is unlikely to benefit substantially (at least in the short term) due to a limited export base. The country made its second export under the African Continental Free Trade Area (AfCFTA) Agreement, with its shipment to Kenya.

In order to benefit under AfCFTA or any trade agreement, Nigeria has to build its export base, and simultaneously address issues regarding poor documentation, low manufacturing capacity and technology, but to name a few.

With all that said where do we see economic growth in 2025?

The Nigerian economy, is projected to expand at a marginally faster pace of 3.4% in 2025[15]. The tepid growth will be driven by

- Improved domestic demand as inflation moderates
- Increase in domestic oil output by about 5%
- Boost in net exports as a result of improved refining activities

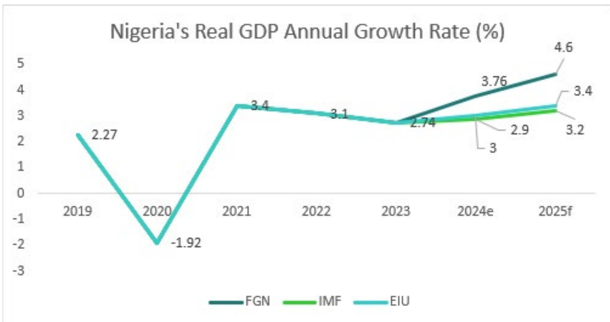
The government plans to rebase the GDP and consumer price index (CPI) in 2025 as part of its plans to enhance policy accuracy and boost investor confidence in the economy. Typically, a country should rebase its economic indicators every five years, allowing governments to better evaluate their fiscal positions and potential revenue bases, and provide investors with a more accurate picture of the economy[16].

Rebasing the GDP will further increase a country's nominal size. The last time the FGN rebased its GDP was in 2014, when it changed the base year from 1990 to 2010. As a result, Nigeria's nominal GDP increased by almost 100% to USD 510 billion, making it the largest economy in Africa, overtaking South Africa.

The new rebasing exercise could restore Nigeria back to its position as the largest economy in Africa. As of 2023, Nigeria was the 3rd largest economy due to the impact of the naira devaluation on the real GDP size of the nation. Kenya also rebased its GDP in 2013 and this led to its reclassification as a lower-middle-income country.

Whilst the rebasing exercise will provide a more reliable depiction of the economic structure, taking into account new/omitted economic activities, especially those performed in the informal economy, the law of large numbers will kick in. This implies that Nigeria's real GDP growth rate may slow, likewise its inflation rate.

In addition, the rebasing exercise has no impact on consumer welfare and the performance of socio-economic indicators like poverty and unemployment.



17

Are there risks to the above projections? Yes! And they are the usual suspects:

- Unabated insecurity
- Wide infrastructure deficit
- Global shocks
- Policy reversals
- Further monetary policy tightening
- Currency weakness

14. EIU
15. EIU
16. Brookings
17. FGN's 2025 - 2027 Medium Term Expenditure Framework and Fiscal Strategy Paper (NTEF & FSP), NBS, EIU, IMF, Deloitte Research

2.1.2 What sectors with growth potentials should we monitor?

1. **Information, communication and technology**
   a. This sector grew by 5.92% in Q3 2024 and contributed 16.35% to GDP in the same period
   b. Share of capital inflows in Q2 2024 was USD 114.16 million, 4.4% of total share
   c. Strong sector linkages
   d. Use of Artificial Intelligence to boost productivity and efficiency gains
   e. Growing demand for internet services

2. **Financial institutions**
   a. One of the fastest growing sectors of the economy with a growth rate of 31.92% and accounts for 5.06% of GDP
   b. Received the largest share of capital inflows at USD 1.12 billion (43.15%)
   c. Growth in fintechs and fintech innovations
   d. Ongoing bank recapitalization drive

3. **Creative sector**
   a. Grew by 4.74%, with a contribution of 0.20% to GDP
   b. A growing source of tourism revenue and forex supply due to rising global demand for and awareness of Nollywood movies and Nigerian artistes
   c. Major employer of labour due to diverse opportunities across the value chain

4. **Agriculture**
   a. Has a growth rate of 1.14%, but it is the largest contributor to GDP at 28.65%
   b. Share of capital inflows is USD 5.91 million (0.23%)
   c. Numerous opportunities across the value chain, especially in storage
   d. Beneficiary of government intervention as focus shifts from hydrocarbons for export proceeds
   e. Naira devaluation will make exports cheaper

5. **Power**
   a. Growth rate of 3.23%, contribution of 0.37%
   b. Stable supply of power is required to run an industrialised economy
   c. Transition to renewables

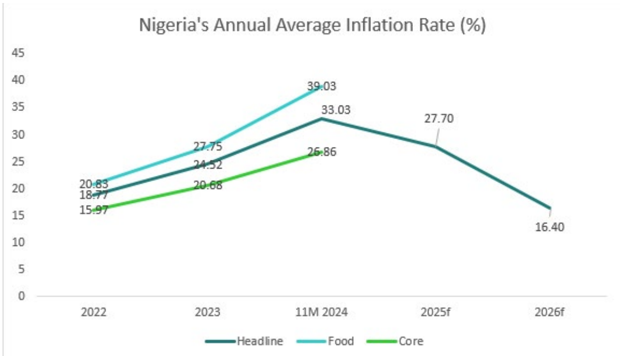
6. **Oil refining**
   a. Has been in recession for over two years, contracted by -32.39%, contribution to GDP is minuscule
   b. Growth prospects exist with the operation of the Dangote Refinery and the expected resumption of state-owned refineries and entry of other private sector players
   c. Has export potentials that will boost FDI receipts

2.1.3 Consumer prices will remain elevated despite base effect

"Inflation is not only unnecessary for economic growth. As long as it exists, it is the enemy of economic growth"- *Henry Hazlitt*

Inflationary pressures will persist in 2025 owing to the lingering effect of fuel price rises. In addition, the implementation of more economic reforms such as a possible VAT hike to 10% from 7.5% will feed into consumer prices. Other upside risks to inflation include elevated food prices, amid the unresolved food insecurity, logistics bottlenecks and the pass-through effect of a weak currency. The above nonetheless, the EIU expects Nigeria's average headline inflation to moderate to 27.7% from an estimate of 33.2% in 2024. Base effects, contractionary monetary policy, greater stability in the forex market and global disinflation will contribute to a lower average inflation rate in 2025.

Implications
Real income will stay low in spite of nominal wage increases, while businesses will continue to struggle with high operating expenses. Elevated inflationary pressures imply that the interest rate environment will remain high.



18

18. NBS, EIU forecast, Deloitte Research

2.1.4 Greater naira stability expected with external reserves accretion and CBN reforms

Currency reforms implemented in 2024 have set the foundation for greater stability in 2025, as long as the current pace of forex reform persists, and a better fiscal/monetary policy mix is pursued. Creating and sustaining an enabling business environment by debottlenecking the logistics channel, investing in infrastructure and eliminating a multiple tax system, is a good place to start to attract the necessary investment to support the value of the currency. Establishing strong institutions that are independent and autonomous to implement robust policies under good leadership is a must have for any nation keen on growth.

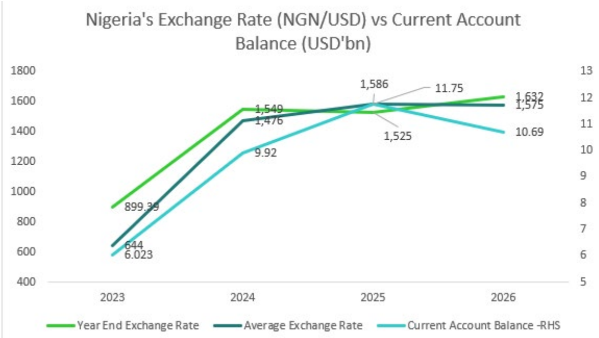
Also, the ongoing external reserves accretion will boost the value of the naira against global currencies. Nigeria's gross external reserves level is above USD 40 billion, and it is sufficient to cover at least 17 months of imports and payments and 18 months of imports alone.[19] The country's current account balance is anticipated to grow from USD 6.02 billion to USD 11.75 billion. The EIU is projecting a 2025 average exchange rate of NGN 1,586/ USD from a 2024 estimated average of NGN 1,476/ USD. The exchange rate as of December 17 was NGN 1,555.45/ USD.[20]

Further interest rate cuts by global monetary authorities in 2025 will trigger a shift in foreign portfolio inflows (FPIs) to emerging and frontier markets like Nigeria, which will further boost the external reserves and currency stability. In Q2 2024, capital inflows into the country spiked by 152.81% from a year ago to USD 2.6 billion, with FPIs accounting for the bulk of the receipts. The sector that received the most capital inflows was banking (43.15%), followed by manufacturing (23.99%) and trading (21.86%).[21] This trend is expected to continue in 2025 on the back of the above-mentioned factors. Meanwhile, the FGN raised USD 2.2 billion through 6.5 - year and 10 - year Eurobonds in December. The proceeds will be used to partly finance the 2024 fiscal deficit.

Implications
A word of caution - greater stability does not necessarily imply an appreciation or depreciation of the naira, it just means more certainty and better planning. The federal and state governments are expected to get more bang for their buck and earn more revenue in local currency from the Federal Account Allocation Committee (FAAC).

The country also stands to benefit from a boost in export revenue but there has to be goods and services to export to take advantage of a weak currency. Nigeria has a high marginal propensity to import, which is a reflection of its dependence on imported raw materials and finished products. The country's high import bill is projected to decrease nominally to USD 46.8 billion in 2025 from USD 47.1 billion estimated for 2024. Nigeria's export receipts are projected to flatline, hovering around USD 64.8 billion, leading to a trade surplus of USD 18 billion in 2025.[22]

A more stable exchange rate is positive for market sentiment. The trust deficit in the policy environment and uncertainty of policy direction needs to be bridged and addressed to attract more foreign exchange and ensure a broad-based stability of the currency, which could lead to a possible strengthening of the naira in the long term.



23

2.1.5 Tightening stance to continue at the risk of a flailing real economy

The CBN has maintained its contractionary stance for almost three years, and it is not expected to deviate from this path in 2025. A best-case scenario is that the apex bank will halt its interest rate hikes and adopt a holding posture. Real interest rates are forecast to remain negative as inflation continues to rise faster than interest rate hikes.

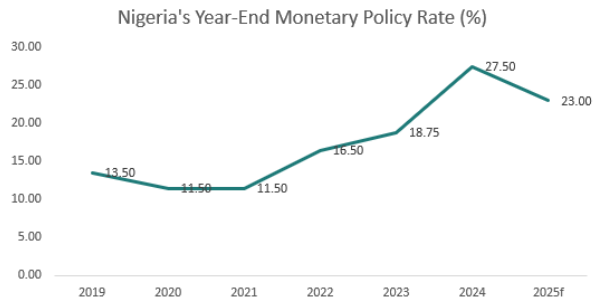
The CBN has at its disposal varying monetary policy instruments it can use to achieve its primary objective of ensuring price stability. These include the cash reserve ratio (CRR), open market operations and the liquidity ratio. However monetary policy is more demand side targeted than cost push and inflation in Nigeria is cost push driven. This means that the CBN will need the cooperation of the fiscal side to achieve the MTEF & FSP 15.75% 2025 inflation target.

Implications
The real economy will continue to bear the brunt of a high interest rate environment. The effective cost of lending is north of 30% and banks' averseness to high-risk sectors will constrain growth of the real economy and lead to a further slowdown of the local economy. Corporates and businesses will continue to struggle to make ends meet amid high operating costs, leading to cutbacks on expansion plans and an uptick

19. CBN's MPC report of November 2024
20. FMDQ
21. NBS
22. EIU
23. CBN, EIU Forecast, Deloitte Research

in unemployment. Nigeria's unemployment rate rose to 4.3% in Q2 2024 from 4.2% in Q2 2023, while its underemployment rate fell to 9.2% in Q2 2024 from 11.8% in the corresponding period of 2023.[24] Non-performing loans and bad debts in the books of banks will increase. In addition, the FGN will have to sacrifice its much-needed revenue to finance its debt repayment costs.

The beneficiary in a high interest rate environment is the fixed income market and players in this space. High interest rates are also a good incentive to attract capital inflows especially at a time of interest rate cuts globally. In Q2 2024, Nigeria received USD 2.6 billion in capital inflows, a 152.81% increase from a year ago (USD 1.03 billion). However, quarter on quarter it was a 22.85% decrease from Q1 2024 (USD 3.38 billion). A further breakdown shows that most of the inflows were from portfolio investments (largely money market instruments), which accounted for 54% of total capital inflows received, followed by other investments at 45% and foreign direct investments at 1%.[25]



26

2.1.6 Fiscal Policy: a blend of stricter compliance, higher taxes and debt restructuring

In 2025, the Federal Government of Nigeria (FGN) will have to juggle the balancing act of generating more revenue to fund its fiscal expansion plans while at the same time factoring in the additional pressures related to the cost-of-living crisis. Boosting revenue generation will require an improvement in the collection of taxes and tariffs, stricter compliance to rules and regulations, and transparency and efficiency in revenue collection. Nigeria has one of the lowest tax revenue to GDP ratio of 9.4% in Africa. The Tax Reform Bill, which is largely progressive and targeted at supporting critical sectors of the economy and small businesses, is awaiting the National Assembly's approval. However, the social economic impact of these measures and the need to provide social safety nets have to be considered to avoid a state of restiveness and bouts of protests.

The FGN is proposing a NGN 47.9 trillion budget for 2025, 36.62% higher than the revised 2024 budget in nominal terms. However, in real terms, using the projected budget exchange rates (refer to Table 8), this is sharply lower by at least 21%.

Table 8: 2025 FGN Budget Assumptions

Assumption	2024 (Revised)	2025
Real GDP growth rate (%)	3.80	4.60
Inflation (%)	21.40	15.00
Exchange rate (NGN/ USD)	800.00	1,500.00
Oil price (USD per barrel)	77.96	75.00 27
Domestic oil output (mbpd)	1.78	2.06

Table 9: Highlights of Proposed 2025 Budget

Assumption (NGN' trillion)	2024 (Revised)	2025
Aggregate expenditure (including GOEs*)	35.06	47.90
Recurrent (non-debt)	11.27	14.21
Aggregate capital expenditure	14.81	16.48
Debt service	8.05	15.38
Statutory transfers	1.74	4.26
Total revenue (including GOEs*)	25.88	34.82
Oil revenue	8.18	19.60
Independent revenue	2.69	3.47
Non-oil revenue	3.52	5.71
Fiscal deficit/ % of GDP	9.18/3.88	13.08/ 3.87
Debt service to revenue ratio (%)	31.00	44.00 28

**GOEs: government owned enterprises*

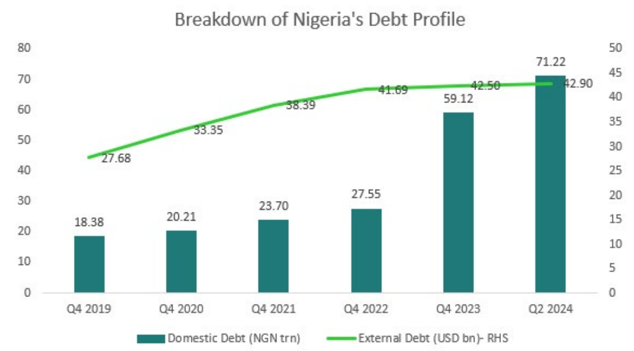
The FGN plans to issue new borrowings worth NGN 9.22 trillion, compared to NGN 7.83 trillion captured in the revised 2024 budget. Part of the new borrowings will include foreign currency denominated bonds to finance its budget deficit, after successfully raising a USD 900 million in its first ever domestic USD bond issuance. The naira devaluation effect on foreign debt has led to a spike in Nigeria's total debt stock to NGN 134.3 trillion

24. NBS Labour Statistics Report
25. NBS Q2 2024 Capital Importation Report
26. The CBN, EIU, Deloitte Research
27. 2025-2027 Medium Term Expenditure Framework and Fiscal Strategy Paper (MTEF & FSP)
28. 2025-2027 Medium Term Expenditure Framework and Fiscal Strategy Paper (MTEF & FSP)

as of Q2 2024 from NGN 87.38 trillion a year ago. However, in dollar terms, the FGN's total debt has fallen to USD 91.35 billion in Q2 2024 from USD 113.42 billion in Q2 2023.[29]

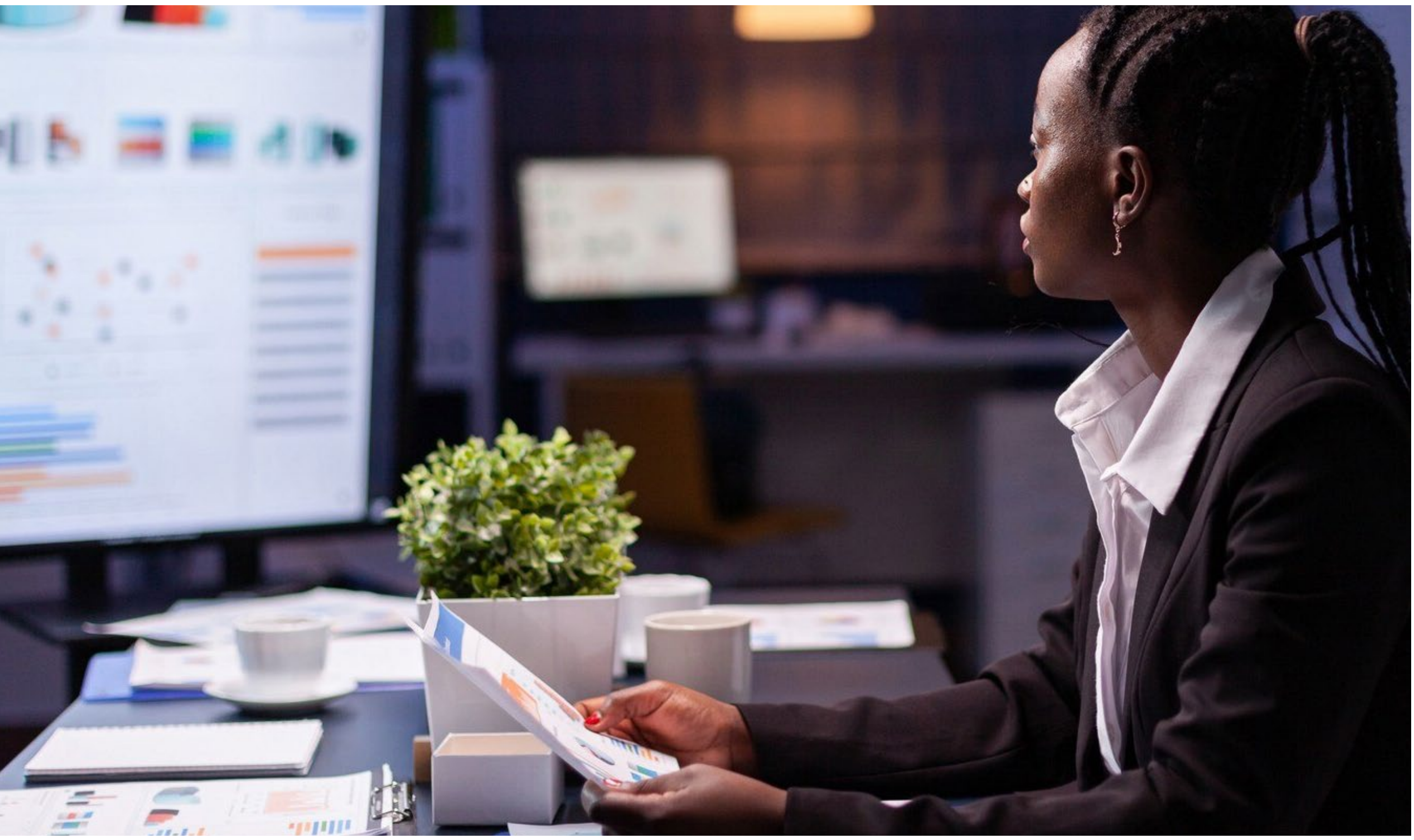
The Federal Government will have to battle with elevated debt service costs and a large public sector wage bill, following the increase in the national minimum wage to NGN 70,000 from NGN 30,000. In a high interest rate environment coupled with a weak domestic currency, debt service repayment will remain excruciatingly high.

30



31

29. Debt Management Office
30. Debt Management Office
31. Debt Management Office



2.2 Ghana

2.2.1 The return to macroeconomic stability

Ghana is slowly retracing its steps back to a path of macroeconomic stability, as the government's fiscal consolidation and debt restructuring activities are bearing fruit. The gold and cocoa giant is estimated to grow by 4.9% in 2024, with further expansion of 5.1% projected in 2025.[32] This will be on the back of the government's debt sustainability initiatives, a more stable local currency and deceleration in inflation. The deceleration in inflation would trigger further interest rate cuts that began in 2024 and lead to lower borrowing costs. This should drive increased private consumption and investment spending, which will boost economic growth.

Ghana's December 2024 elections were relatively peaceful, with the outcome resulting in a change in government and Party. Former President John Mahama won the election on his third attempt under the National Democratic Congress (NDC) party, truncating the ruling party's (New Patriotic Party) 8-year regime. Mahama was the President of Ghana between 2012 and 2017.

President-elect Mahama will be inheriting an economy challenged by high inflation, currency weakness and debt concerns. His economic policies will likely focus on but not be limited to fiscal discipline and strategic investments in infrastructure. There is the possibility that he would renegotiate the terms of the ongoing International Monetary Fund bailout of USD 3 billion.

History is also being made as Professor Jane Opoku-Agyemang becomes the first female Vice President of the country. She served as the Minister for Education during Mahama's first term in power.

33

Ghana is a major exporter of cocoa and gold. The country's gold production is projected to rise marginally by 3% to 136 tonnes in 2025 from an estimated 132 tonnes in 2024; it produced 128 tonnes in 2023. The higher gold output will emanate from a USD 525 million production expansion plan at the Asante Gold's Bibiani and Chirano mines, and the start of production at the Ahafo North gold mine.[34] Higher gold production coupled with a stronger price of gold in the international market will spur increased gold receipts for the country. Gold prices are projected to rise further in 2025 due to the adoption of a more accommodative monetary policy by developed economies like the United States and the United Kingdom. This is because safe haven assets like gold are more attractive in a declining interest rate environment.

Ghana's cocoa exports on the other hand, the country's second largest export, will continue to face challenges stemming from the spread of the swollen shoot virus, adverse weather conditions, smuggling and global commodity price volatility. Ghana is projected to produce 527,000 tonnes in the 2025/2026 season, higher than the 2024/2025 season estimate of 500,000 tonnes.[35]

There are downside risks to the projected economic growth for Ghana and these include the following:

- Commodity price volatility and adverse weather conditions
- Local exchange rate shocks and volatility
- Delays in private debt restructuring leading to failure to meet IMF conditions
- Poor infrastructure
- Sporadic social unrest due to public discontent with poor living standards

2.2.2 What sectors with growth potentials should we monitor?

1. **Mining and Quarrying**
   a. This sector grew significantly by 14.8% in Q2 2024 from 1.4% a year ago
   b. Mining exports from gold is a major source of export proceeds and forex for Ghana
   c. Government investments and expansion plans will spur growth in this sector

2. **Information & Communication Technology**
   a. It is one of the fastest growing sectors in Ghana, although it recorded a sharp slowdown in its pace of growth to 12.8% in Q2 2024 from 25.1% in Q2 2023
   b. Sector linkages and the growing use of technology and Artificial Intelligence make it a significant growth driver

32. EIU
33. The EIU, IMF and GSS
34. EIU
35. EIU

3. **Construction**
   a. The sector grew by 8.4% in Q2 2024 from a contraction of -11.7% in Q2 2023
   b. The government is increasing its investments in infrastructure with programs such as the Economic Roads Improvement Programme (ERIP)

4. **Finance and Insurance**
   a. The sector expanded by 7.6% in Q2 2024 from 0.4% in Q2 2023
   b. Provides critical services to economic agents and supports economic growth
   c. The World Bank approved a USD 250 million International Development Association (IDA) credit for a five-year Ghana Financial Stability Project to support the financial sector that has been impacted by the government's domestic debt exchange program

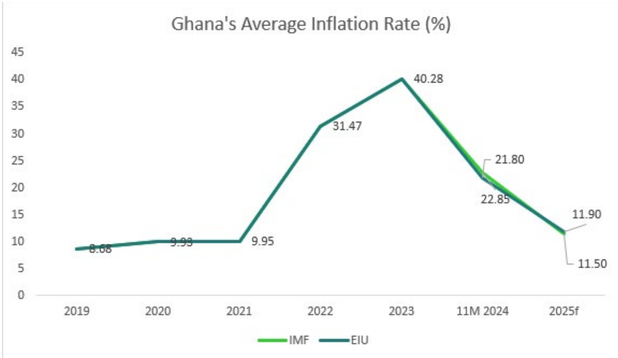
5. **Agriculture**
   a. Grew by 5.4% in Q2 2024 from 4.4% in Q2 2023
   b. It has a far-reaching impact on the overall economy and livelihoods
   c. Ongoing government initiatives such as the enhanced Planting for Food and Jobs 2.0 program will boost transparency and efficiency along the value chain
   d. The government also has Economic Enclaves projects under its GhanaCARES programme, which are targeted at attracting private sector investment

2.2.3 Inflation to decline further on a more stable cedi and falling domestic food prices

Ghana's inflation declined in six of the 11 months so far in 2024, thanks partly to the effect of high interest rates. As of November 2024, the country's inflation rate was 23%, a far cry from the government's year-end target of 15%. Ghana's 11M 2024 inflation average is 22.85%, down from 2023's average of 40.28%.[36] The declining trend is projected to continue in 2025 at an average of 11.9%. This is still above the upper band of the BoG's inflation target of 8% (+/-2%). A more stable cedi, easing domestic food prices and waning supply side pressures will contribute to the projected decline in Ghana's inflation rate.[37]

Implications and Risks
A sustained deceleration in Ghana's inflation outlook is positive as this will lead to reduced borrowing costs as the BoG effects more interest rate cuts. This will spur increased private sector spending and facilitate business expansions as more credit is made available to the real economy.

The lingering effects of election spending could limit the anticipated pace of disinflation. In addition, the government is likely to implement some new taxes and tariffs, while at the same time increase existing ones, such as water and electricity tariffs. If this happens, business owners will pass on these costs to consumers where the final tax burden typically lies, thus increasing cost of living.



[38]

2.2.4 Improved confidence, periodic IMF disbursements to support cedi value

The Ghanaian cedi recorded some bouts of volatility in 2024, losing about 25% of its value against the USD in the first nine months of 2024, an improvement from 2022 when it lost over 50% of its value and was named the world's worst performing currency by Bloomberg. As of August 2024, it was tagged the world's fifth worst performing currency by Bloomberg.[39]

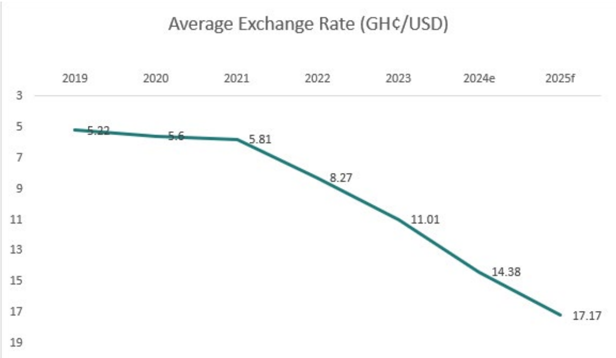
The exchange rate volatility was driven by increased forex demand to import fuel, pharmaceutical and other consumer goods. The country recorded an accretion in its gross external reserves to USD 6.9 billion as of mid-year, which is sufficient to cover 3.1 months of imports relative to a reserves level of USD 5.9 billion and import cover of 2.5 months in the corresponding period of 2023.[40]

The EIU estimates that the cedi will close 2024 at GH¢ 16.07/ USD, with a marginal depreciation to GH¢ 17.23/ USD expected at the end of 2025. A decrease in cocoa exports and a higher import bill will spur some weakness in the cedi towards the end of 2024. In 2025, the improved investor confidence arising from the relatively peaceful election, the conclusion of the government's debt restructuring negotiations, periodic IMF disbursements and higher gold export receipts will boost the international reserves level of the country and support the cedi's value.

Implications and Risks
A more stable exchange rate is positive for restoring investor confidence in an economy. The risk to a stable cedi arises predominantly from a rise in imports from

36. GSS
37. BoG, EIU
38. EGSS, IMF, EIU, Deloitte Research
39. Bloomberg
40. Ministry of Finance 2024 mid-year fiscal policy review

the services sub sector such as hydrocarbons and mining projects. Also, a more than anticipated decline in cocoa exports could lead to a narrower trade surplus and a decline in the current account balance of the country. Ghana's current account balance is forecast to decline to USD 700 million in 2025 from an estimate of USD 1.6 billion in 2024.[41]



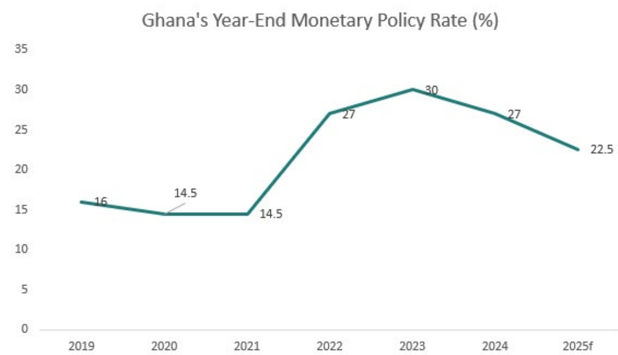
42

2.2.5 Monetary policy to become more accommodative as disinflation persists

The BoG cut its benchmark interest rate twice in 2024 by a cumulative 300 basis points to close the year at 27% per annum. The return to a neutral monetary policy stance is the beginning of an accommodative posture and was driven by the decline in inflation that occurred for almost half of the year. The reduction in interest rates is expected to persist and more frequently in 2025 on the back of a sustained disinflationary trend.

Implications and Risks

An expansionary policy stance is positive for the overall economy as more credit is available for business expansion and consumer spending picks up. Also, the risk of bad debt in the books of banks is reduced. There are short term risks to the accommodative policy outlook, and these include supply chain disruptions exacerbating the high inflation environment and a resurgence in cedi volatility.



43

2.2.6 Domestic debt restructuring and IMF disbursements to continue in 2025

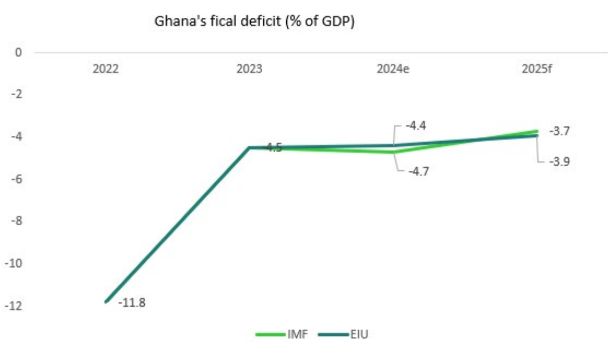
Ghana has achieved some major milestones this year with its debt restructuring reforms. The government has completed the debt restructuring programme with the Official Creditor Committee, which led to a debt relief of USD 2.8 billion and concluded negotiations with its Eurobond holders. These led to about USD 7.2 billion in debt relief. Total government debt was GH¢ 742 billion by the end of June, a 22% increase from a year ago due to the effect of the depreciation of the cedi and disbursements from creditors. The current debt stock is 70.6% of GDP and is broken down to an external debt stock worth GH¢ 452 billion (43%) and domestic debt worth GH¢ 290 billion (27.6%).[44]

The Ghanaian government has secured a fourth disbursement tranche from the IMF worth USD 360 million, under its three-year Extended Credit Facility. This brings total disbursement received from the IMF to USD 1.92 billion.

The government will build on the successes of this year and continue its fiscal consolidation drive in 2025. Global credit ratings agency, Moody's, upgraded its rating of the country to Caa2 from Caa3, citing that the effect of extensive debt restructuring measures adopted have alleviated the country's fiscal woes. Moody's also revised its outlook for Ghana to positive from stable. The Ghanaian government will also intensify its revenue generation efforts, which could include raising existing taxes/ tariffs, introducing new taxes such as a green tax and the reintroduction of road and bridge tolls. The government plans to implement an electronic bookkeeping system and a simplified digital solution to operate the modified tax scheme, to broaden the tax base. These measures are likely to lead to a narrowing of the fiscal deficit as a percentage of GDP from 4.4% estimated in 2024 to 3.9% in 2025 and 3.6% in 2026.[45]

Implications and Risks

A restrictive fiscal policy focused on generating more revenue has the downside of exacerbating inflationary pressures. However, if the revenue proceeds are properly channeled towards capital investments, the resultant boost in productivity, efficiency and output will dampen the inflationary impact.



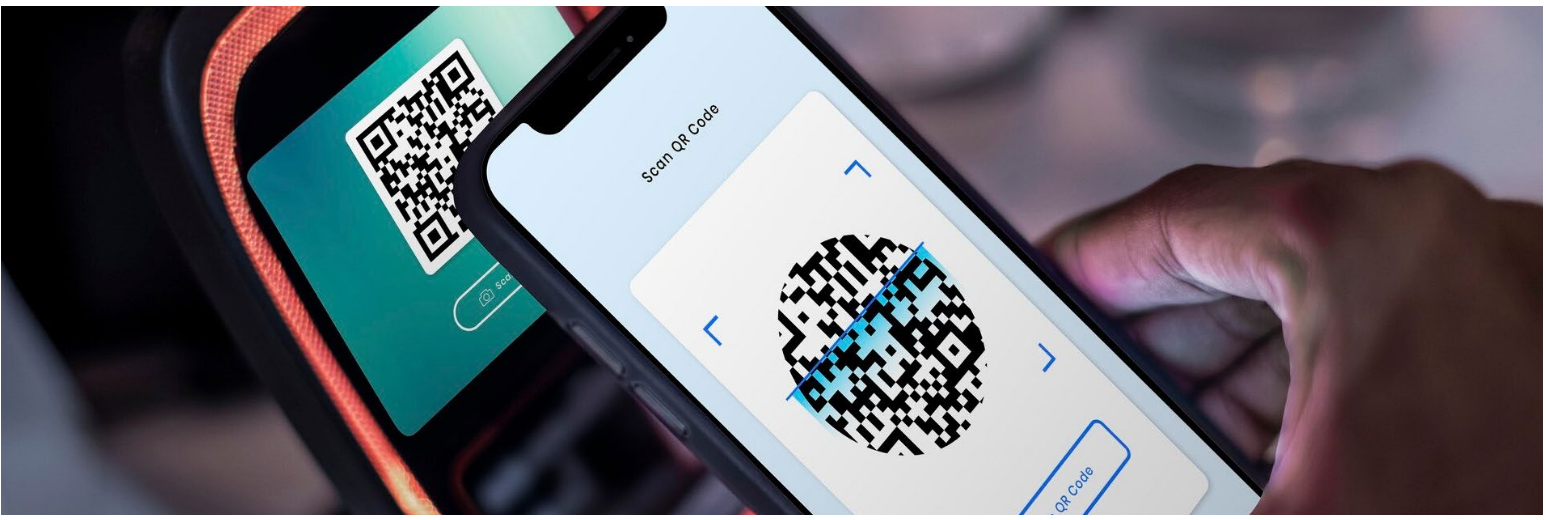
46

41. EIU
42. BoG, EIU, Deloitte Research
43. BoG, the EIU, Deloitte Research
44. Ministry of Finance 2024 midyear fiscal policy review
45. EIU
46. The AfDB, IMF, EIU

3.0 Industry review and outlook

3.1 Industry review

FSI	Consumer	ER&I	TMT	GPS-LSHC
Heightened digital revolution in the banking sector, such as Gen AI	Growing adoption of e-commerce	Growing demand for minerals and metals critical to the energy transition, including lithium in Ghana	Rise in Generative AI in business operations	Expansion of health insurance coverage
Continued expansion and innovation in fintech solutions	Rising demand for alternative fast-moving consumer goods that are cheaper	Changes in policies and regulations impacting investments	Increased demand for cloud solutions	Advancements in digital health and telemedicine
Bank recapitalisation	High import costs and pricing strategies resulting from currency devaluation	Expansion of gas commercialization projects in Nigeria	Shift to non-traditional streaming platforms e.g YouTube	High inflation rate, limiting foreign investment
Rising inflation, high interest rates and currency devaluation	Logistics and transportation challenges affecting product availability	Retail competition in a deregulated downstream sector	High data and cloud costs	Weak governance and risk management
Rise in cyber fraud	Growth in local manufacturing capabilities	High cost of decarbonisation programs; high material and capital costs due to inflation	Launch of 5G in Ghana	Inadequate capacity to deliver the basic package of Primary Health Care services
Shift to digital banking services	Exit of multinational companies	Continuing M&A deals in the Nigerian upstream oil and gas sub sector	Rise in local content production for movies, skits, music and news media	High cost of governance



3.2 Industry 2025 outlook

3.2.1 Financial Services Industry

1. (a) Expansion of digital banking services
Banks will continue to shift from traditional banking operations to digital banking services. Mobile banking, online platforms, and digital payment solutions will dominate the sector, driven by the high adoption of mobile devices and internet penetration. Traditional banks will increasingly invest in digitizing their operations to meet consumer demand for convenience and efficiency. This is also being done in order to compete more favourably with the fintechs.

1. (b) Increased cyber security investment
The expansion in digital banking services and use of IT infrastructure will continue to expose financial services players to cyber security challenges.

Implications
Digital banking reduces operational costs, but banks will need to invest heavily in IT infrastructure and cyber security.
Expanded digital banking services across all cadres will improve access to banking for under-served and rural populations, aligning with government financial inclusion goals.

2. Banking expansion and increase in funding
The banking sector is poised for significant growth in 2025. The regulatory increase in capital requirements set by the CBN will prompt banks to bolster their capital base through equity infusions, mergers, and acquisitions, and this trend is anticipated to persist. The ongoing recapitalisation exercise is attracting the much needed inflow from both domestic and foreign investments which will further strengthen the sector's financial stability.

Implications
Enhanced capital adequacy will empower banks to extend more credit to businesses and consumers, promote financial inclusion, and invest in digital banking innovations. This will foster a more resilient and competitive banking environment.

3. Growth in micro insurance and adoption of insurtech solutions
The insurance sector will experience significant growth in micro insurance products targeting low-income and rural populations. Partnerships between insurance companies and mobile network operators (MNOs) will drive this expansion, making affordable insurance accessible to previously underserved segments.

Insurtech innovation will reshape the insurance landscape in 2025. Digital platforms for policy issuance, claims processing, and risk assessment will enhance customer experience and operational efficiency.

The government plans to implement reforms such as the Insurance Reform Bill and the Draft Exposure on Insurance Risk Based Capital Framework to further deepen the sector.

Implications
Collaboration with fintechs and telcos will be crucial for the effective distribution of micro insurance products. Automation and AI - powered solutions will streamline operations and reduce costs for insurance companies. The implementation of major reforms such as the Insurance Reform Bill and the Draft Exposure on Insurance Risk Based Capital Framework will be game changers for the insurance industry in 2025.

4. Rise of fintech and digital payments
Digital banking efforts will surge from both traditional banks and fintechs playing in the digital payments ecosystem. This will be driven by the heightened focus on strengthening electronic payments and digital currency, through the approval of initiatives such as open banking and contact-less enabled digital cards from players in the banking sector. Peer-to-peer (P2P) lending platforms and digital micro-lending services will also gain traction as fintechs use AI to assess creditworthiness and offer accessible loans. The successes of fintech players is an attraction point for new entrants. This is expected to increase competition and further deepen efficiency in the fintech space.

Implications
Traditional banks will drive massive adoption of robust digital banking frameworks that will ensure competitiveness in the space. Banks may also form strategic partnerships with fintech companies to stay competitive. Small and medium enterprises (SMEs) and individuals without traditional credit histories will benefit from easier access to credit.

3.2.2 Energy, Resources & Industrials

3.2.2.1 Power, Utility and Renewables

1. Energy transition and renewable energy growth
In 2025, governments will continue to push forward with energy transition initiatives, focusing on increasing renewable energy capacity, including solar, wind, and hydroelectric power. Both countries will aim to diversify their energy mix, reduce dependence on fossil fuels, and meet their commitments to global climate goals. The adoption of cleaner technologies and the development of power purchase agreements (PPAs) with private investors will be key to expanding renewable energy infrastructure.

Implications
Investment in clean energy will attract more foreign investment in the renewable energy sector, with government incentives helping to create a favorable environment for international investors. Diversification of energy supply will reduce dependence on fossil fuels, contributing to energy security and stability in the region.

There are expectations that the government will continue its reforms in the Nigerian oil and gas sector. These will include the implementation of various incentives, and streamlining the involvement of the Nigerian Content Development and Monitoring Board (NCDMB), the NNPC in the contracting process in the industry, and addressing the cost premium issues in the sector. In addition, there are expectations that local refining of petroleum products will improve and Nigeria will move towards self sufficiency and market-driven pricing.

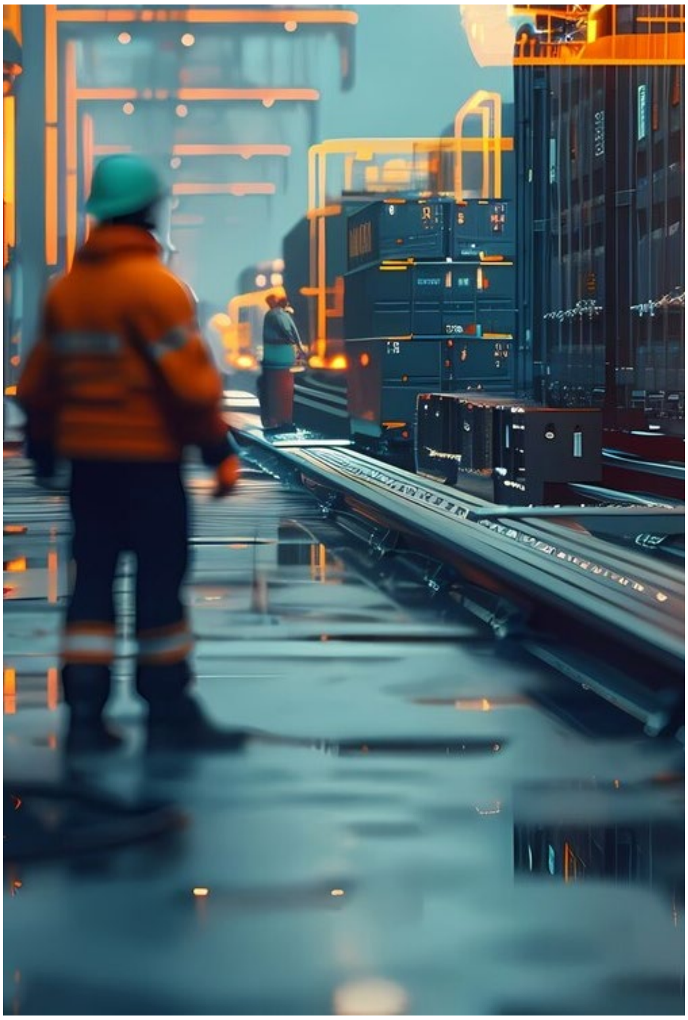
2. Energy storage and grid modernization
In 2025, the development of large-scale battery storage systems and smart grid technologies will be key to addressing the challenges of energy intermittency and ensuring reliable power distribution. The focus will be on improving energy storage solutions and modernizing electricity grids.

Implications
Grid modernization and the deployment of energy storage solutions will enhance energy reliability, particularly in areas with unstable grid access. Increased focus on technological innovation in energy storage will provide opportunities for local businesses and startups to enter the growing market.

3.2.2.2 Mines and Metal

3. Natural resource exploitation and mining
In 2025, we expect an expansion in the mining sector, with a focus on gold, lithium, and other precious minerals, alongside oil and gas. The mining of lithium, driven by global demand for electric vehicles (EVs), will play an increasing role in the region, positioning Ghana as a key player in the African lithium supply chain. Nigeria's mining sector will also see growth, especially in areas such as coal, limestone, and tin.

Implications
Growth in the mining industry will generate employment, particularly in rural and underserved areas, fostering economic development. Resource diversification will help to bolster economies, particularly in minerals needed for the global energy transition, like lithium and cobalt.



3.2.3 Government & Public Services

1. Digital transformation in governance
Governments in West Africa are increasingly adopting digital technologies to enhance public service delivery, improve transparency, and combat corruption. E-governance platforms, digital identity systems, and data-driven decision-making will be central to governance reforms.

Implications
Improved access to services although it requires investments in digital infrastructure and capacity-building.

2. Decentralization and local governance
Efforts to strengthen local governments are gaining momentum, aimed at improving grassroots participation in governance and enabling tailored solutions for community development.

Implications
Increased opportunities for collaboration between civil governments and international organizations at the local level.

3. International donor priorities
International donors are shifting focus toward:

- Conflict resolution and peacebuilding
- Economic diversification and capacity-building initiatives
- Health system strengthening, particularly after COVID-19 disruptions
- Education reforms to address skills gaps and improve literacy rates

Implications
Alignment with donor priorities will determine the scale and effectiveness of external funding.

4. Regional integration and collaboration
Organizations like the Economic Community of West African States (ECOWAS) are pushing for stronger regional integration to address shared challenges such as trade barriers, cross-border security, and public health crises. The AfCFTA is a game changer that will foster the much-needed integration in the region.

Implications
Governments need to balance national priorities with regional obligations and this will require efficient intergovernmental coordination.

3.2.4 Consumer

1. Exit of multinational companies due to rising inflation, dollar illiquidity and naira weakness

In 2025, the consumer industry will continue to grapple with the effects of rising inflation, characterised by escalating costs of goods and services, eroded purchasing power, and shifting consumer priorities. In Nigeria, the high inflation rate partly attributed to the exits of some multinational companies (Procter and Gamble, GSK, Bolt Food) from the market due to rising operational costs, amongst others. Other factors that contributed to the exits of these multinationals include the dollar illiquidity and the sharp naira depreciation/ currency volatility. However, in Q4 2024, the naira recorded some stability against the USD. While this is expected to continue in 2025 and impact positively on consumer and investor sentiment, coupled with the ongoing tax reforms by the government, a further exodus of multinationals may occur especially if the high inflation and high interest rate environment persist.

Implications

To remain competitive, many companies will adopt strategies such as miniaturization or sachetisation of products in smaller quantities to align with consumers' strained budgets. This trend is likely to intensify as firms strive to address affordability concerns while maintaining market share. Businesses will leverage localization strategies to adapt, offering affordable alternatives and embracing cost-cutting measures to sustain operations and meet consumer needs.

2. Health and wellness trends

The rising focus on health and wellness will significantly impact the FMCG sector. In 2025, consumers will demand healthier options in food, beverages, personal care, and household products. This will be driven by greater awareness of the importance of nutrition, fitness, and mental well-being, particularly among younger and middle-class consumers.

Implications

FMCG companies will need to reformulate products to meet health-conscious trends, including offering low-sugar, low-fat, organic, and gluten-free options. The demand for fortified and functional foods will also rise.

3. E-commerce and digital shopping growth

E-commerce platforms will become integral to the shopping experience, driven by mobile commerce, increasing smartphone adoption, and improved payment systems. Consumer preferences will shift toward the convenience of online shopping, with a focus on diverse product categories such as electronics, fashion, groceries, and beauty products.

Implications

As consumer data becomes more readily available through digital platforms, businesses will increasingly invest in personalized marketing, predictive analytics, and targeted offers to enhance customer loyalty.

4. Increased focus on sustainability and ethical consumption

As global awareness of environmental issues grows, consumers will increasingly demand sustainable, eco-friendly, and ethically produced goods. By 2025, there will be a greater focus on sustainable sourcing of materials, waste reduction, and environmentally responsible packaging. Brands that prioritize sustainability will gain a competitive advantage as more consumers consider environmental and social factors in their purchasing decisions.

Implications

Industries like fashion, food and beverage, and electronics will need to incorporate more sustainable practices, from sourcing materials to packaging and production.

3.2.5 Technology, Media & Telecoms

3.2.5.1 Technology

1. Growth in digital infrastructure
Significant investment in broadband infrastructure, 5G rollout, data centers, and cloud computing services will accelerate. Governments and private stakeholders will continue to push for connectivity improvements to bridge the digital divide. Startups are also expected to leverage Gen AI tools for operational efficiency.

2. Expansion of cloud computing
The cloud computing market is poised for rapid expansion in 2025, fueled by digital transformation efforts across industries, growing demand for remote work solutions, and advancements in data center infrastructure. The proliferation of 5G networks, will further accelerate cloud adoption by improving connectivity and reducing latency. Sectors such as financial services, healthcare, and e-commerce are expected to lead cloud adoption, leveraging it for scalability, efficiency, and data analytics capabilities.

Implications
Businesses will need to adopt advanced technologies to remain competitive, especially as consumer expectations for digital experiences grow. Increase in AI-driven startups will strengthen the digital ecosystem and contribute to economic diversification. Cloud solutions will lower entry barriers for startups and SMEs, enabling them to access scalable and affordable IT infrastructure. Companies across industries will leverage cloud computing to drive innovation in areas like AI, IoT, and big data analytics.

3.2.5.2 Media

1. Expansion of local content production
Local content production in film, music, and news media is expected to grow, driven by demand for culturally relevant programming.

2. Growth of streaming services
The availability of affordable data and smartphones is driving streaming service adoption. Both local and international platforms are expanding in West Africa, providing original content in Nollywood movies, Ghanaian series, and other media tailored for local audiences.

3. Social media influence
Social media will continue to influence the media landscape, shaping trends, news consumption, and advertising. As internet penetration rises, more users will engage with content on platforms like Facebook, Instagram, TikTok, SnapChat, YouTube and X (formerly Twitter).

Implications
Increased investment in content creation will likely boost economic activity and create jobs in the creative sector. Rising competition among streaming and social platforms could increase demand for exclusive and high-quality content, benefiting local creators and media companies.

3.2.5.3 Telecommunications Sector

1. 5G Expansion and integration
Further expansion of the 5G coverage is expected in 2025, with significant investments in 5G infrastructure, enabling faster and more reliable internet services. The rollouts will target urban and peri-urban areas, followed by rural expansions. Key telecom players, such as MTN and Airtel, are expected to deepen their 5G networks, enhancing mobile internet speeds and supporting the growing demand for high-bandwidth services.

2. Expansion of MVNOs
In 2025, the MVNO market is expected to expand significantly, driven by increasing demand for affordable and tailored telecom services. Regulatory reforms and rising mobile penetration have created a conducive environment for MVNOs to thrive, offering opportunities for niche operators targeting underserved segments such as rural users, SMEs, and specific industries like healthcare and agriculture. Possible enhanced partnerships between MVNOs and Mobile Network Operators (MNOs) are anticipated, leveraging the latter's infrastructure to deliver cost-effective solutions. There is also the possibility of a tariff increase, which will boost the profitability of market players.

Implications
5G will revolutionize industries such as healthcare, entertainment, and education, providing faster download and upload speeds, and enabling real-time data transmission. However, the cost of 5G infrastructure deployment and high data prices could slow widespread adoption, and companies may need to provide affordable options to expand market reach. MVNOs will intensify competition in the telecom market, reducing prices and enhancing service quality. Affordable and targeted plans will enable underserved populations and SMEs to access mobile services, promoting broader digital inclusion.

3.2.6 Life Sciences and Healthcare

1. Increased adoption of digital health

Telemedicine, mobile health applications, wearable technology, and AI-driven diagnostics will become more prevalent. High mobile penetration rates in both countries will drive the adoption of these solutions.

Implications

Reduced pressure on physical health facilities and shorter wait times. The use of digital tools for real-time tracking of health metrics enhances preventive care.

2. Pharmaceutical and vaccine manufacturing Growth

In 2025, vaccine production in West Africa is set to gain momentum as both countries prioritize local manufacturing to reduce dependency on imports and enhance health security. Ghana's National Vaccine Institute is expected to become operational, focusing on research, development, and production of vaccines for diseases such as malaria and COVID-19. Similarly, Nigeria is advancing public-private partnerships to establish vaccine production facilities, leveraging international collaborations to build capacity and ensure technology transfer. These initiatives aim to address regional vaccine shortages, improve affordability, and position West Africa as a hub for vaccine production in the long term, contributing to global health equity and pandemic preparedness.

Implications

Local production will lead to lower costs for essential medicines and vaccines, making healthcare more affordable.

3. Infrastructure development

In 2025, the healthcare sector is expected to see significant advancements driven by public-private partnerships (PPPs) and increased investments in infrastructure development. Both countries are focusing on expanding healthcare facilities, particularly in underserved areas. Through projects like specialized hospitals, mobile clinics, and telemedicine hubs, efforts to achieve Universal Health Coverage (UHC) will accelerate, with expanded health insurance enrollment and partnerships with international organizations to improve access and affordability. Investments in medical technology, such as AI diagnostics and digital health tools, will enhance efficiency and patient outcomes. These initiatives are expected to create jobs, boost economic productivity, and strengthen health systems, positioning the region for improved healthcare delivery and disease management by the end of 2025.

Implications

Expansion of healthcare infrastructure will result in better coverage in both urban and rural areas. Improved facilities, advanced medical equipment and training for healthcare workers will address the healthcare deficit and increase quality of healthcare.

Contacts

Temitope Odukoya
Managing Partner, Financial Advisory, Deloitte Africa
+234 02 19041748

Abimbola Ogundare
Africa (ex SA) Corporate Finance Leader, Deloitte Africa
+234 02 19042090

Bola Adigun
Economic Advisory Leader, Deloitte West Africa
+23419041737
badigun@deloitte.com.ng

Olumide Esan
Energy, Resources & Industrials Industry Leader
+234 02 19041736
oesan@deloitte.com.ng

Joseph Olofinsola
Government and Public Services Industry Leader
+234 02 19041733
jolofinsola@deloitte.com.ng

Uyi Izekor
Financial Services Industry Leader
+234 02 19041861
uizekor@deloitte.com.ng

Folorunso Hunga
Consumer Industry Leader
+234 02 99044802
fhunga@deloitte.com.ng

Wole Oyeniran
Technology, Media & Telecoms Industry Leader
+234 02 19041749
ooyeniran@deloitte.com.ng

Funke Oladoke
Life Sciences and Healthcare Industry Leader
+234 02 19041703
foladoke@deloitte.com.ng

Damilola Akinbami
Chief Economist, Deloitte West Africa
+2341 9042042

www.facebook.com/DeloitteNigeria   www.twitter.com/DeloitteNigeria