

3.9% Real GDP growth 2025 (4.4% Q2 2026)	₦373 trn Nominal GDP 2024 after rebasing ≈ \$250 bn	~\$1,200 GDP per head 2025; lower-middle income	~9.5% Tax revenue % of GDP 2025; among world's lowest	\$14.0 bn Current account surplus 2025
15.4% CPI Aug 2026; peak 34.8% Dec 2024	~93% Jobs informal (2024); unemployment ~4–5%	4.8 Births per woman (2023–24); population ~237 m	63% Below national poverty line 2025 (40% in 2019)	~83% Oil & gas share of goods exports; ~3.5% of real GDP

STRUCTURE OF THE ECONOMY

	% OF GDP (2024)	% OF JOBS (APPROX.)
Agriculture	27.8	~26
Industry	16.7	~13
Services	55.5	~61

- Oil is small in GDP but dominates exports, dollars and (historically) about half of government revenue.
- AD mix:** consumption dominates; small G and I because tax revenue is under 10% of GDP; net exports swing with oil.
- Resource curse:** volatility, Dutch disease, corruption and conflict have held back non-oil sectors.
- 2025 rebasing** (base 2019) raised measured GDP by about a third.

MAIN INDUSTRIES

- Oil & gas:** ~1.6–1.7 m barrels/day (2025–26); crude 51% + gas/fuels 32% of exports.
- Dangote refinery:** 650,000 b/d; above capacity by Aug 2026; petrol imports ~26% in a month.
- Agriculture:** ~28% of GDP; smallholders; cassava, maize, rice, cocoa.
- Trade, real estate:** largest services; real estate now bigger than oil in GDP.
- Telecoms & fintech:** Lagos tech hub; mobile payments.
- Creative:** Nollywood, Afrobeats. **Manufacturing:** small; cement, food.

GROWTH STORY: TURNING POINTS

1956 Oil found; exports from 1958: primary dependency	1970s Oil boom: farm exports collapse (Dutch disease)	1986 Structural Adjustment: devaluation, privatisation	2016 / 2020 Recessions after oil price crashes
2023 Fuel subsidy removed; naira unified and floated	2024 Inflation peaks at 34.8%; rate 27.5%; Dangote starts petrol	2025 CPI and GDP rebased; tax reform acts signed	2026 Inflation ~15%; rate cut to 23%; growth 4.4% (Q2)

Why growth per head is weak: GDP grows 3–4% but population grows ~2–2.5%; power shortages, insecurity, poor infrastructure, low human capital.

EIGHT PROBLEMS

PROBLEM	EVIDENCE	SPEC LINK
Oil dependency	~83% of goods exports	Terms of trade, volatility
Rising poverty	40% (2019) → 63% (2025)	Absolute poverty
High inflation	Peak 34.8% (Dec 2024)	Cost-push, imported
Currency collapse	₦460 → ₦1,500+ per \$	Exchange rates, J-curve
Weak public finances	Tax ~9.5% of GDP; debt service ~45% of revenue	Fiscal space
Informality	~93% of jobs informal	Underemployment
Insecurity	~32 m acutely food insecure	LRAS, development
Population growth	4.8 births per woman	Dependency, dividend

INEQUALITY & DEVELOPMENT

- Poverty (national line): 40% (2019) → 63% (2025) ≈ 150 m people; ~31% below \$2.15 a day (2018/19).
- Gini 0.35 (2018/19); the biggest gap is north vs south, rural vs urban.
- HDI 0.560 (2023), 161st; life expectancy ~54.
- Informal economy: ~93% of jobs; over 40% of activity (rebasings).
- GDP grew every year since 2021 yet poverty rose: inflation outran incomes.

Resource curse? For: volatility, Dutch disease, corruption, conflict. Against: oil gives dollars and revenue; the real issue is institutions (compare Botswana, Norway).

CLASSIC CHAINS USING NIGERIA

Dutch disease: oil boom → dollar inflows → naira appreciates → farm and factory exports less competitive → non-oil tradables shrink → more oil dependence.

Devaluation and inflation: naira falls → import prices of food, fuel, machinery rise → cost-push inflation → real wages fall → poverty rises.

Subsidy removal: petrol subsidy ends → fuel price rises → transport and food costs rise → SRAS left → inflation ↑ short run; fiscal savings long run.

A · DATA RECALL (1 MARK EACH)

1. Real GDP growth in 2025: _____
2. Oil & gas share of goods exports: _____
3. Oil share of real GDP: _____
4. Poverty rate in 2025 (World Bank): _____
5. Peak inflation rate (Dec 2024): _____
6. Year the petrol subsidy was removed: _____
7. Tax revenue, % of GDP (2025): _____
8. Share of jobs that are informal: _____

B · MATCH THE EVIDENCE TO THE ECONOMIC CONCEPT

NIGERIA EVIDENCE	LETTER	CONCEPT
1. Farm exports collapsed during the 1970s oil boom		A. Import substitution
2. Petrol price rose from ₦238 to over ₦1,000 a litre		B. Primary product dependency
3. Dangote refinery cuts petrol imports		C. Dutch disease
4. Recessions in 2016 and 2020 after oil price falls		D. Cost-push inflation
5. GDP rose a third overnight in the 2025 rebasing		E. Informal economy / underemployment
6. Unemployment ~4–5% but ~93% of jobs informal		F. Limitations of GDP data

C · COMPLETE THE CHAINS

1. Oil price falls → _____ → government revenue falls → _____ → AD falls.
2. Naira devalued → _____ → _____ → poverty rises.
3. Central bank raises interest rate → _____ → naira strengthens → _____

D · EXAM-STYLE QUESTIONS

Extract. In June 2023 Nigeria ended its petrol subsidy and began to unify its exchange rates. By 2024 the naira had fallen from about ₦460 to over ₦1,500 per US dollar, and petrol from ₦238 a litre to over ₦1,000. Inflation reached 34.8% in December 2024. The World Bank estimates poverty rose from 56% (2023) to 63% (2025).

(5 marks) With reference to the extract, explain one reason why inflation in Nigeria rose after 2023.

(8 marks) Examine two likely effects of a fall in the value of the naira on Nigeria's balance of payments.

E · PLAN A 25-MARK ANSWER

(25 marks) Evaluate the effects of removing price subsidies and floating the exchange rate in a developing economy such as Nigeria.

BENEFITS (WITH NIGERIA EVIDENCE)	COSTS / DIFFICULTIES
OVERALL JUDGMENT: IT DEPENDS ON...	

A · DATA RECALL

1. 3.9%
2. About 83% in Q4 2025 (accept 80–90%)
3. About 3.5% (accept under 5%)
4. 63%
5. 34.8%
6. 2023
7. About 9.5% (accept 9–10%)
8. About 93%

B · MATCHING

1 → C · 2 → D · 3 → A · 4 → B · 5 → F · 6 → E

C · CHAINS

1. Export earnings / terms of trade worsen → government cuts spending (or borrows more); naira weakens.
2. Import prices rise (food, fuel, machinery) → cost-push / imported inflation → real incomes fall.
3. Naira assets more attractive → hot money / portfolio inflows → import prices fall → inflation eases.

D · EXAM-STYLE GUIDANCE

5 marks: Define inflation (1). Identify a cause from the extract: subsidy removal raised petrol from ₦238 to over ₦1,000 a litre, or the naira fell from ₦460 to over ₦1,500 (1–2). Explain the chain: higher fuel prices → higher transport and production costs → SRAS shifts left → price level rises; or devaluation → dearer imported goods → imported inflation (2). Must use extract data.

8 marks: Knowledge/application: lower naira makes exports cheaper in foreign currency and imports dearer → current account may improve; remittances and oil revenue worth more in naira; investors may return once the rate is market-based (financial account). Analysis: Marshall–Lerner condition and J-curve. Evaluation (2 points for full marks): oil exports priced in dollars and limited by output, so volume barely responds; imports of food, fuel and machinery are price inelastic; local refining matters more for the current account than the exchange rate.

E · 25-MARK PLAN: POINTS TO LOOK FOR

Benefits

- Subsidy cost ₦4 trn in 2022; regressive and fuelled smuggling.
- Fiscal savings for cash transfers, health, schools.
- Unified naira ended rationing and the black-market premium.
- Foreign investment returned; reserves ~\$48 bn (2026).
- Made local refining viable (Dangote); fuel imports falling.

Costs / difficulties

- Inflation peaked at 34.8%; transport fares roughly doubled.
- Poverty rose from 56% (2023) to 63% (2025).
- Firms with imported inputs and dollar debts squeezed.
- Savings partly absorbed by debt service.
- Low trust: people saw costs before benefits.

Judgment: the reforms were the right direction (inflation ~15%, growth 4.4% in Q2 2026, rate cuts), but sequencing and protection for the poor decide whether the short-run costs are worth it. Compare with Argentina's exchange-rate unification.