



NIGERIA'S HYDROCARBON SECTOR

Landscape, Structural
Dynamics & Pathway to Value
Creation.

Adetilewa Adebajo
April 2026

Nigeria's Macroeconomic 2026 Forecast

Region: Sub-Saharan Africa | West Africa



Country Highlights

Total Area	923,768KM ²
Capital	Abuja
Population	237m
Currency	Naira (₦)
Exchange Rate for 2025:	₦1,454/\$1 - ₦1,500/\$1 (CBN)
Exchange Rate Forecast for 2026:	₦1,500/\$1 - ₦1,600/\$1 (CFG Advisory)
Ease of doing business ranking	131

GDP Growth

5%

Population

237m

Trade Balance

US\$6b

Foreign Reserves

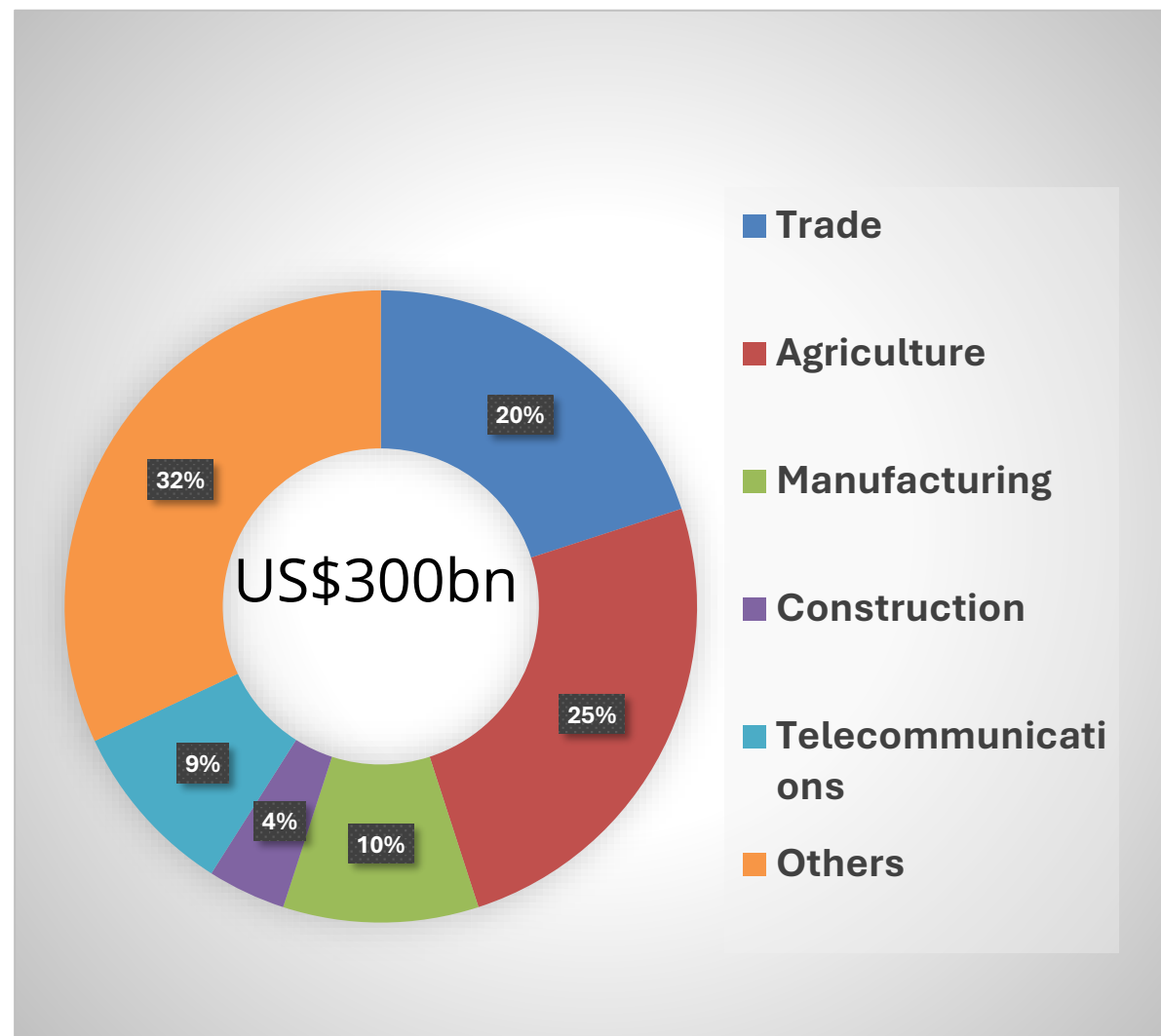
US\$55b

Total Debt

US\$125b

Source: CBN, IMF, NBS, DMO, Oxford Economics

Sectoral contributions to GDP 2026 Estimates



Source: The CFG Advisory Research

Unemployment Rate (2026)



4.5%

Inflation Rate (2026)



12%

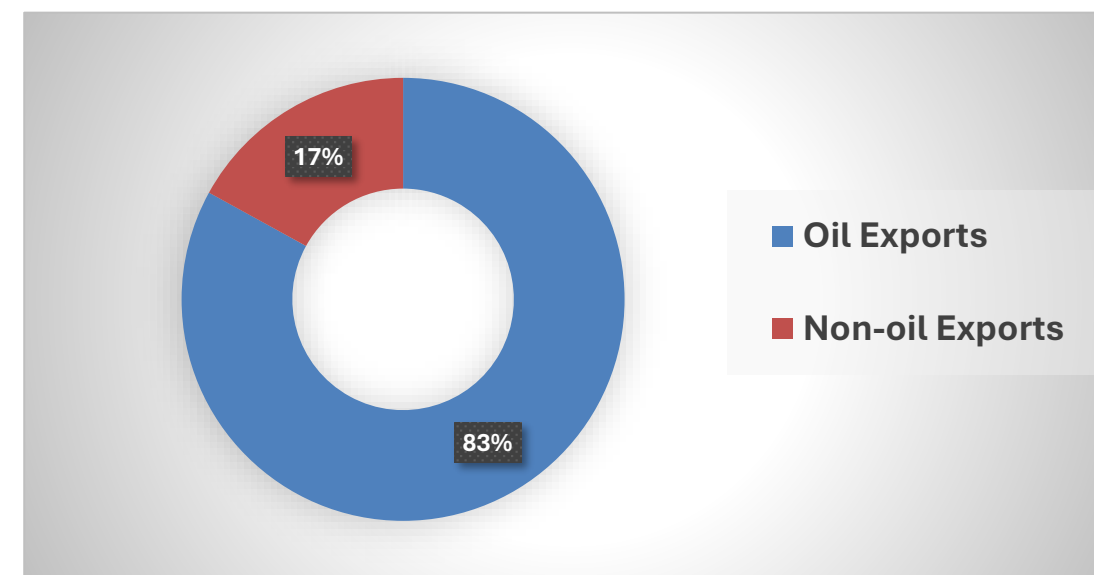
Monetary Policy OMO Rates (2025)



20%

Source: NBS, CBN

2026 Exports Forecast



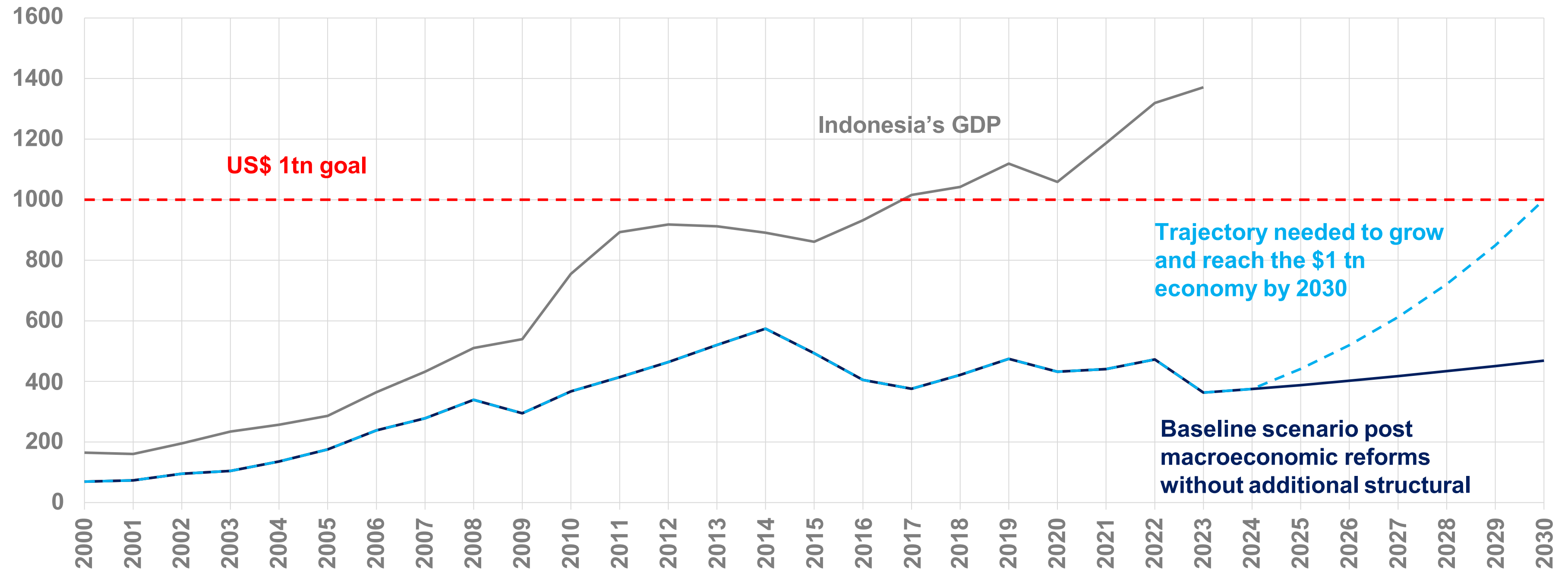
Nigeria will account for **15%** of Sub-Saharan Africa's GDP and **20%** of its population, according to 2026 projections.

Economic Structure: Despite the government's diversification efforts, crude oil will likely constitute **75%** of Nigeria's exports.

NIGERIA Vs INDONESIA GDP

To achieve the government's ambition of a US\$ 1tn economy by 2030, **Nigeria needs to grow 5x faster...**

GDP in constant US\$ billions, 2023



Sources: WDI and WB

2023 – 2025 Sectoral Performance in Nigeria.

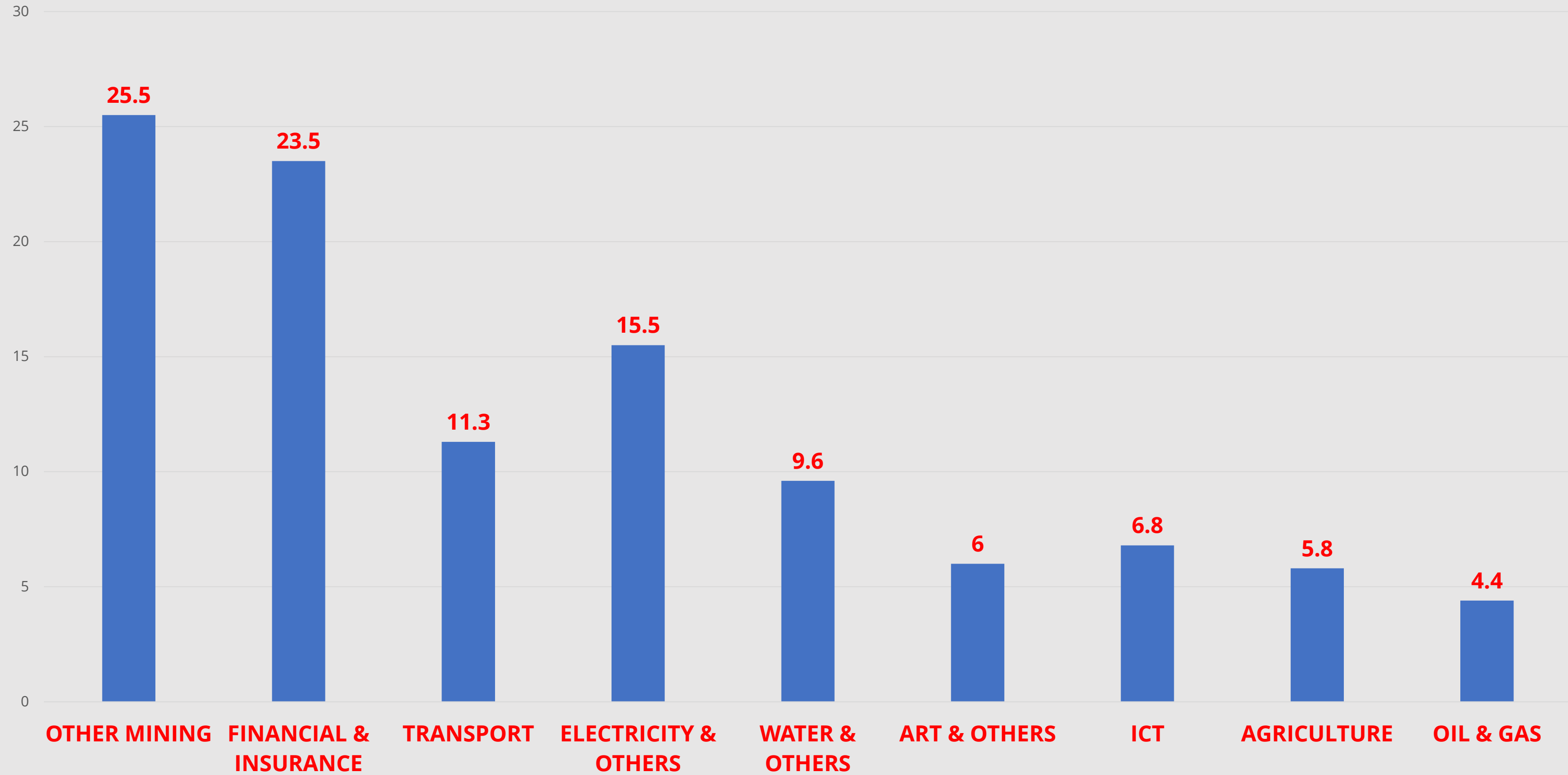
Sector	Growth Rate (%) 2023	Growth Rate (%) 2024	Growth Rate (%) 2025 (Q1-Q4)	Category	Contribution to GDP Growth (%) (2025)	Share of GDP (%) (2025)
Other Mining	14.10	21.50	19.90	High Growth	1.20	0.20
Financial & Insurance	26.50	31.20	12.90	High Growth	13.50	3.50
Transport	10.10	12.40	11.30	High Growth	2.30	0.80
Electricity & Others	12.50	15.30	18.60	High Growth	1.80	0.80
Water & Others	8.20	9.80	10.70	High Growth	4.60	0.60
OIL & GAS	-2.20	5.70	9.60	High Growth	4.80	5.30
Art & Others	5.10	6.20	6.60	High Growth	6.60	0.80
ICT	11.30	8.40	0.60	High Growth	12.80	10.50
Construction	3.20	3.60	3.90	High Growth	0.80	0.60
Real Estate	2.10	4.50	6.80	High Growth	13.70	13.50
Admin. Service	2.40	2.90	3.60	Low Growth	1.60	1.50
Accom. & Food Service	1.80	2.50	3.30	Low Growth	8.30	0.20
Professional Service	1.90	2.20	2.60	Low Growth	1.60	0.60
Education	1.40	2.10	2.60	Low Growth	8.60	0.30
Human & Health	2.00	2.50	2.90	Low Growth	3.30	3.80
Agriculture	1.10	2.40	3.50	Low Growth	17.60	23.60
Public Admin.	1.20	1.60	1.90	Low Growth	1.30	2.30
Trade	1.50	1.40	1.30	Low Growth	3.80	17.40
Manufacturing	1.20	1.50	1.70	Low Growth	3.60	1.30
Other Services	-0.90	-1.20	-1.60	Negative	-0.60	1.20

Sources: NBS, CBN

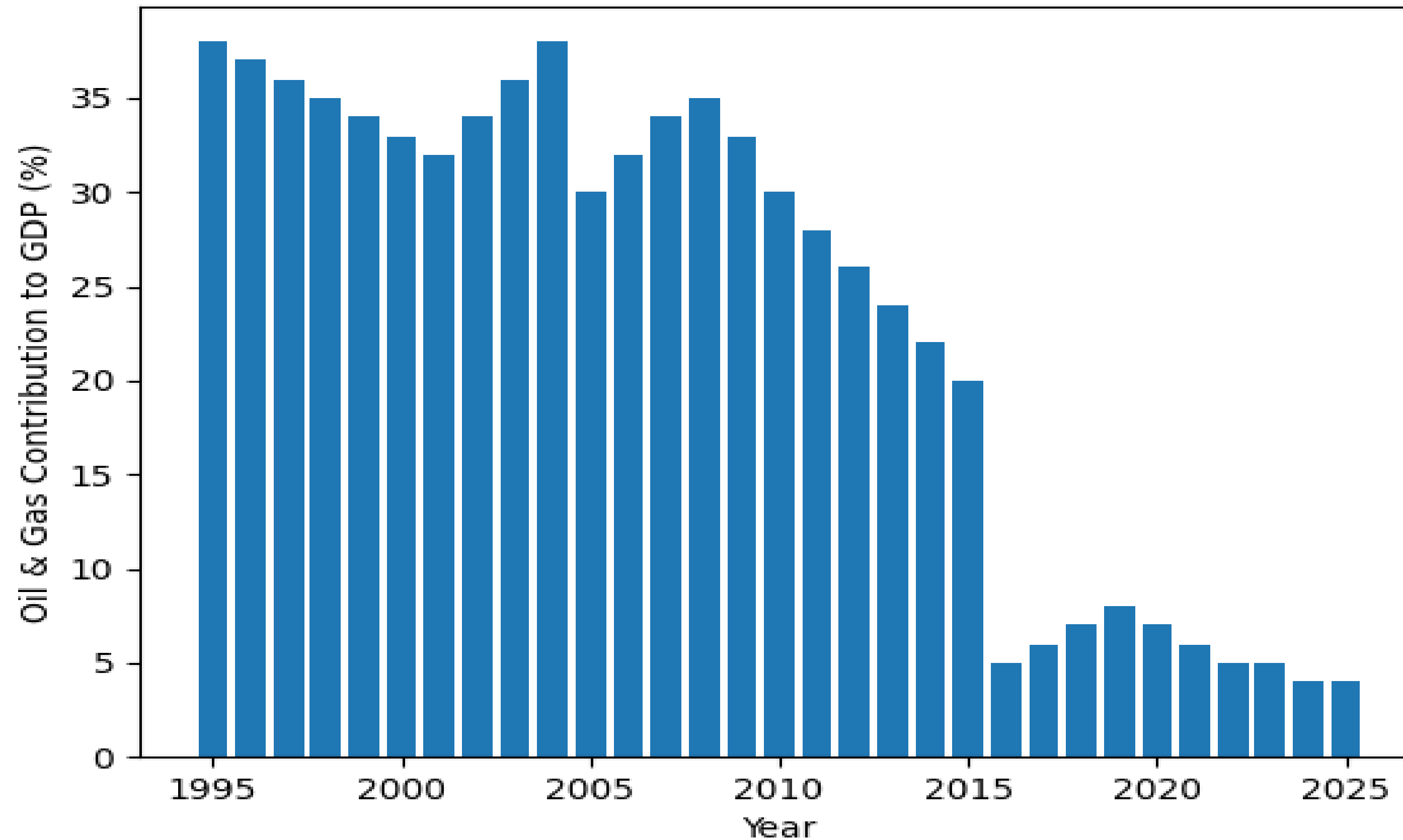
2026 Sector Performance Projection

Sector	2026 Sector Growth Rate Projection (%)	Contribution to GDP Growth (2026) Projection (%)	Share of GDP (2026) Projection (%)
Other Mining	25.50	1.80	0.23
Financial & Insurance	23.50	18.30	4.14
Transport	11.30	2.00	0.85
Electricity & Others	15.50	2.80	0.88
Water & Others	9.60	1.30	0.63
Art & Others	6.00	1.10	0.81
ICT	6.80	15.90	10.73
Agriculture	5.80	30.41	23.89
OIL & GAS	4.40	7.20	8.29
Construction	3.60	0.50	0.59
Real Estate	3.50	13.50	13.50
Admin. Service	3.00	1.00	1.48
Accom. & Food Service	2.50	0.10	0.20
Professional Service	2.20	0.30	0.59
Education	2.00	0.10	0.29
Human & Health	2.50	2.10	3.73
Public Admin.	1.60	0.80	2.24
Trade	1.40	5.40	16.88
Manufacturing	1.50	0.40	1.26
Other Services	-1.20	-0.30	1.13

2026 Sector Growth Rate Projection (%)

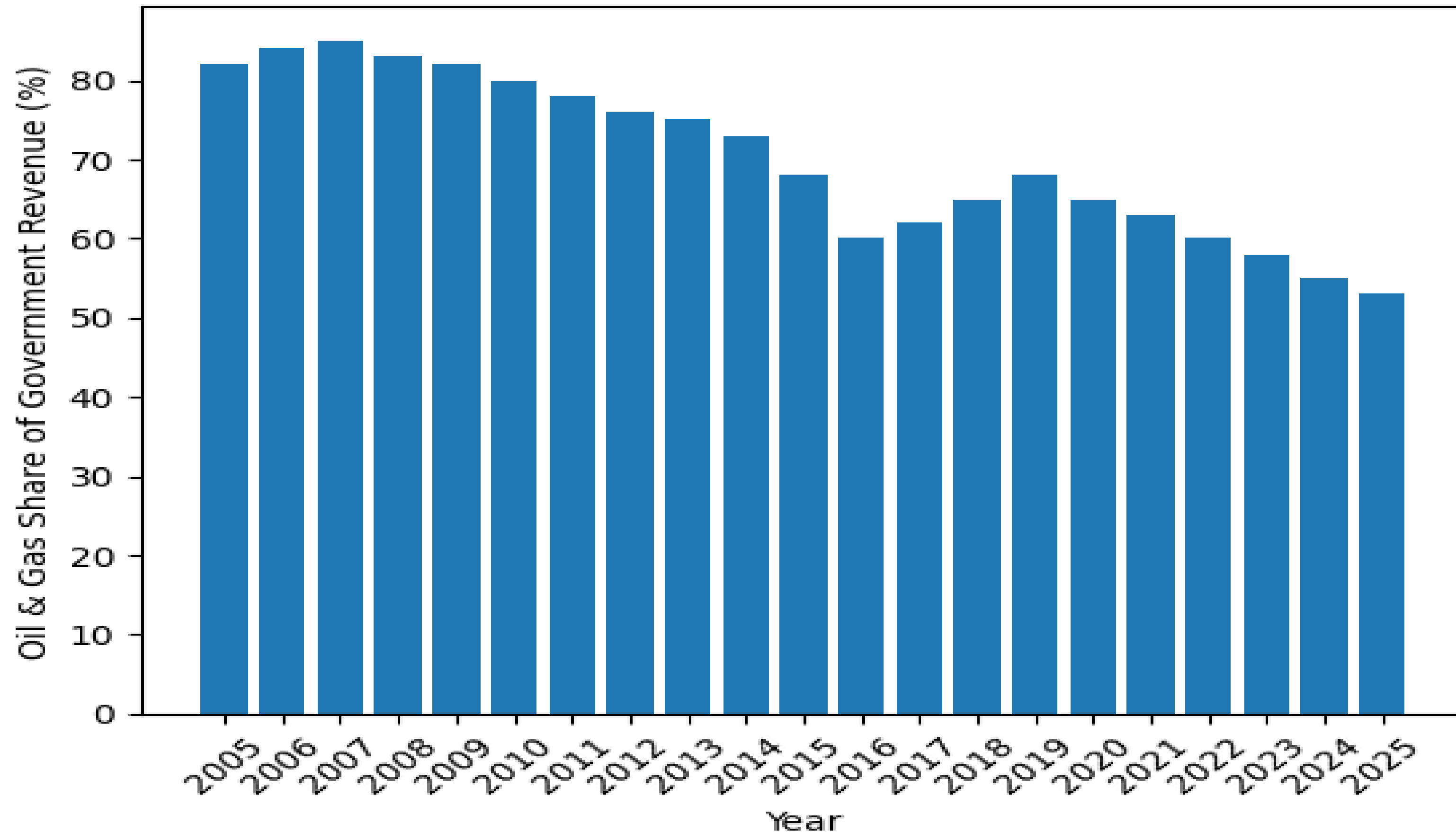


Nigeria Oil & Gas Contribution to GDP (1995-2025)

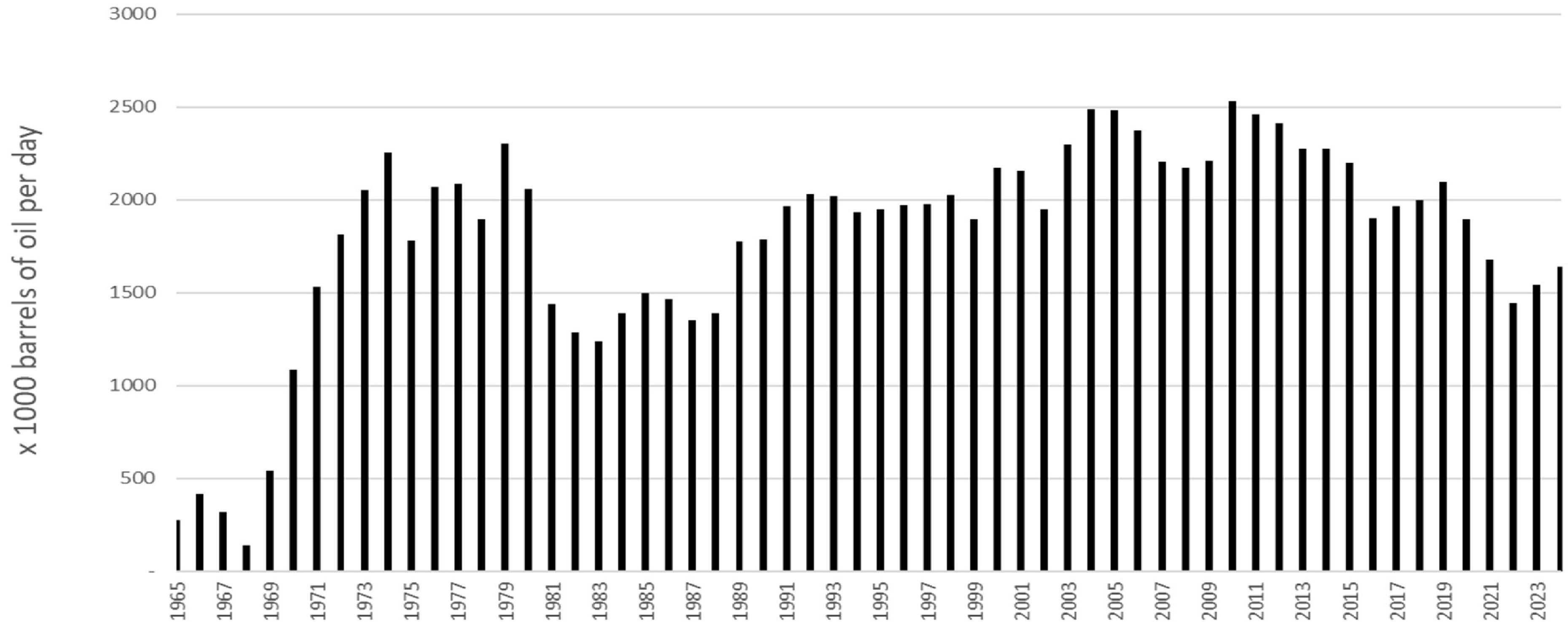


Oil & Gas Contribution to Revenue

Nigeria Oil & Gas Contribution to Government Revenue (2005–2025)



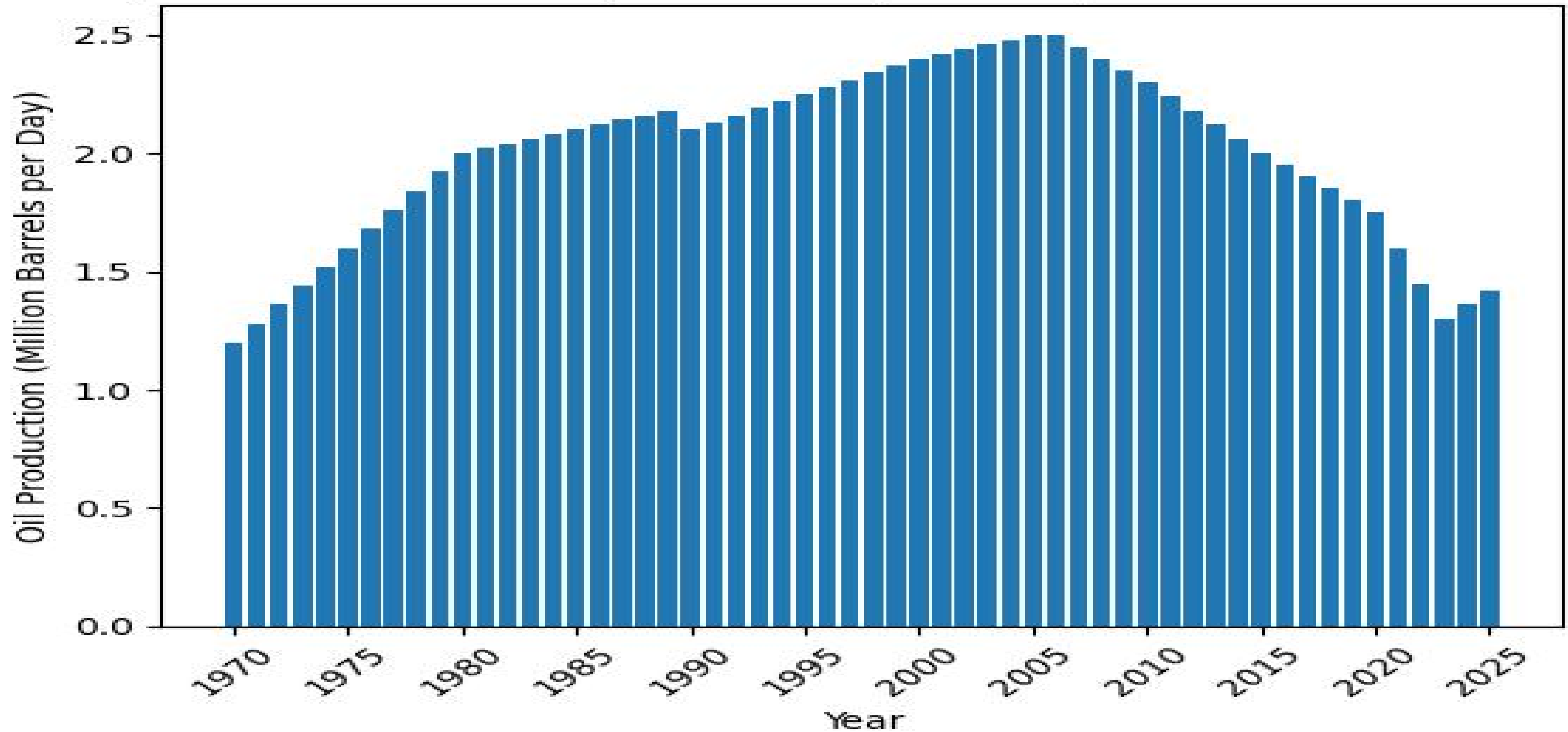
Nigeria oil production (1965-2024)



Source: Statistical Review of World Energy 2025

THE CRUX OF THE MATTER

Nigeria Oil Production (1970-2025) – OPEC/NUPRC Anchored Series



Presentation Structure

01

Current petroleum landscape

Upstream, midstream, downstream, investment and operating baseline.

03

Market structure dynamics

Players, ownership shifts, financing conditions and competition.

05

International model reflections

What peer hydrocarbon systems suggest for Nigeria.

07

Constraints to value optimisation

Policy, commercial and operational blockers.

02

Institutional governance realities

How the PIA framework works in practice, including friction points.

04

Implementation of recent reforms

Progress made, execution bottlenecks and near-term risks.

06

Global trends and local implications

Brent, ESG, capital flows and transition pressure.

08

Pathways to enhanced value creation

Practical actions to improve investor confidence and capture.

Overview

The sector is improving, but the value gap remains wide

₦60.5tn

NNPCL 2025 revenue; profit after tax reached ₦5.76tn, signalling better commercial performance.

1.84 mbpd

NUPRC claims as of April 2026 1.84mbpd aiming for 2.1 mbpd target for 2026.

\$18.2bn

2025 FDP approvals rose sharply, but most production impact will come later.

Visible recovery is real: rig counts rose to about 69, oil theft fell by roughly 90% from peak levels, Dangote reached full refining capacity, and NLNG Train 7 is 88% complete. Yet production shortfalls, inability to take advantage of Brent trade over US\$100, governance ambiguities and gas flaring still prevent full value capture.

Current sector landscape

Recovery is visible across the value chain, but performance still lags potential

69

Active rigs at end-2025, up from 8 in 2021.

650k bpd

Dangote refinery reached full operational capacity in February 2026.

\$10.51bn

Gas export earnings, up 21% year on year in 2025.

>\$100/bbl.

Key 2026 Brent forecasts, now above the federal budget assumption. However forward contracts hamper a potential windfall.

1.50 mbpd

OPEC quota.
NUPRC claims as of April 2026 1.84mbpd aiming for 2.1 mbpd target for 2026.

88%

NLNG Train 7 completion, supporting gas expansion.

28

FDPs in 2025 worth \$18.2bn in approved capex.

90%

Reported reduction in daily crude losses from 2021 peak levels.

Assessment: upstream has recovered from crisis lows, midstream and downstream show stronger upside through gas build-out and domestic refining, but production remains below benchmark and costs, losses and weak monetisation still depress national value capture.

Current sector landscape

Output has recovered from crisis lows, but remains off target

Production benchmark comparison

February 2026 actual



OPEC 2026 quota



2026 budget benchmark



NNPCL internal target

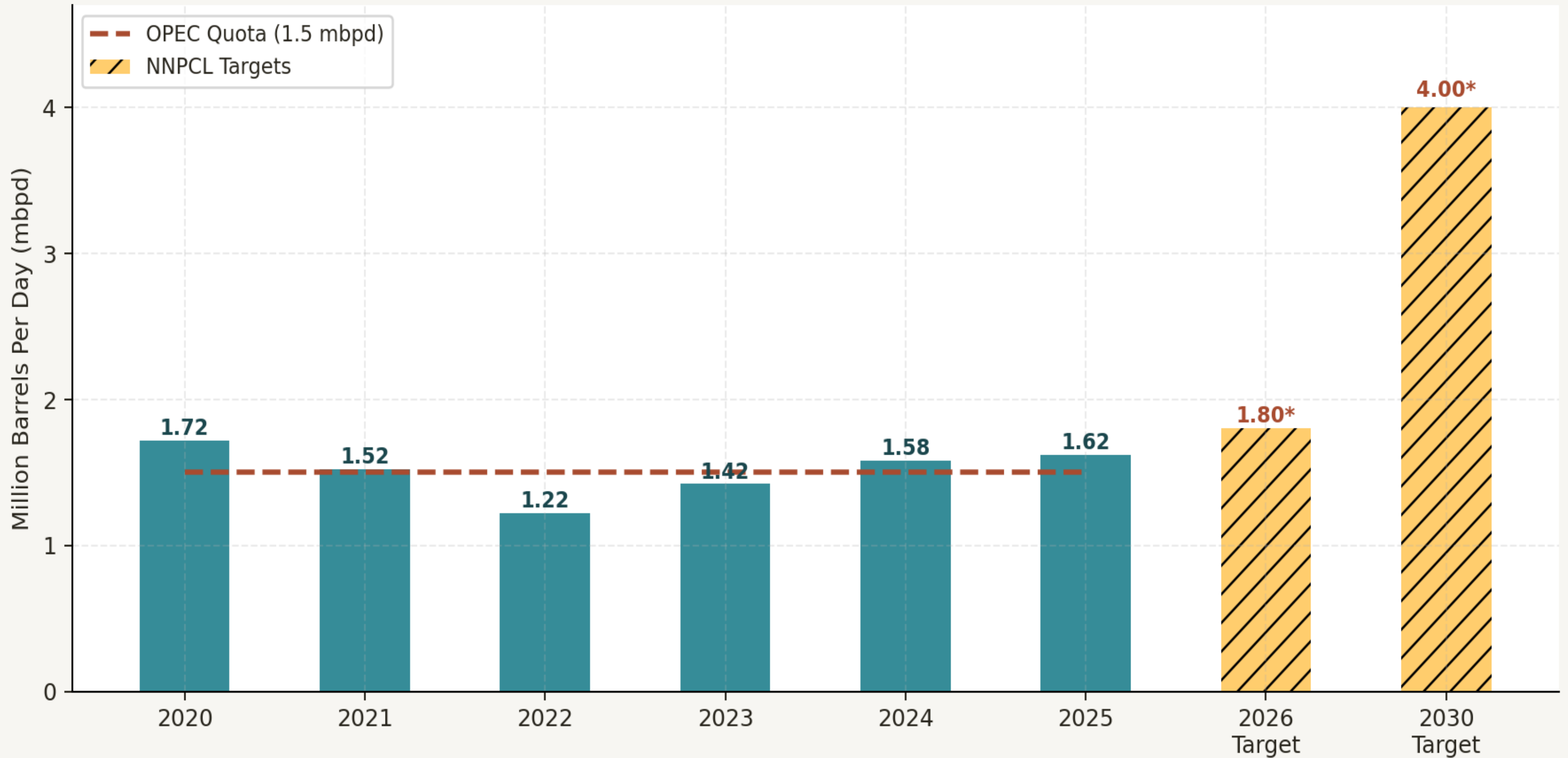


490k bpd

Gap between the 2026 budget benchmark and actual February 2026 output.

At an average oil price of \$110 per barrel, every sustained 100,000 bpd shortfall implies roughly \$4 billion in lost annual revenue. The implication is clear: production restoration is a fiscal, not just operational, priority.

Nigeria Crude Oil Production: Actual, OPEC Quota & Targets (2020-2030)



Current sector landscape

Gas expansion and domestic refining are the main structural upside stories

NLNG Train 7 and gas build-out

Train 7 is 88% complete and is designed to raise LNG capacity from 22 to 30 million tonnes per year. Nigeria LNG has secured 20-year gas supply contracts for 1.29 bscf/d, while NNPC's Gas Master Plan targets 10 bcf/d of gas production.

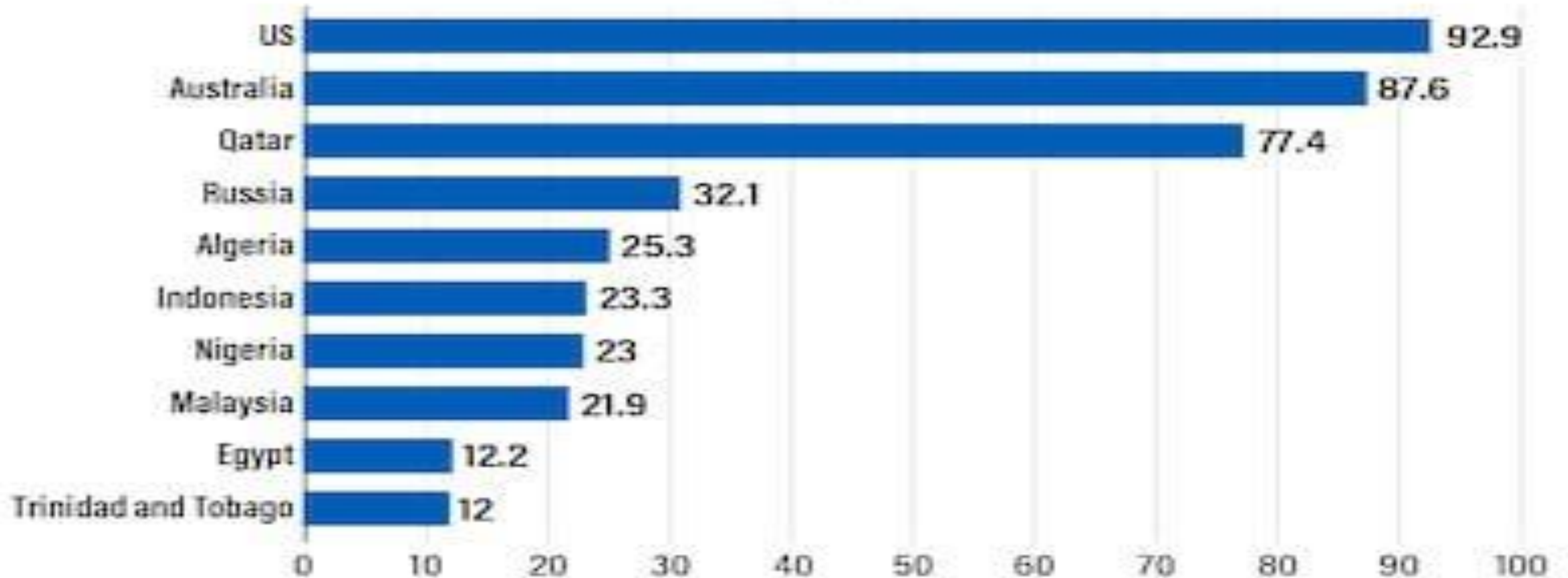
Dangote refinery inflection point

The 650,000-bpd refinery reached full capacity in February 2026, with expansion plans to 1.4 mbpd by 2028. Nigeria spent about \$6.7bn on petroleum product imports in the first nine months of 2025, while the IMF estimates potential current-account improvement of \$5.5bn annually from import displacement.

This is the strongest domestic value-capture story in the deck: gas and refining create the clearest path from hydrocarbon endowment to foreign-exchange retention, industrial supply and fiscal resilience.

COUNTRIES WITH LARGEST LNG EXPORT CAPACITY

Data as of October 2023 (Million metric tonnes per year)



Institutional and governance realities

PIA gains are meaningful, but unresolved overlaps still slow value realization

What the PIA has delivered

NUPRC, NMDPRA and NNPCCL created a more functional institutional structure.

NUPRC has issued 24 transformative regulations, with 19 gazetted.

The 2025 licensing round used a digital bid portal with NEITI oversight.

Commercial regulations and FDP processes have improved project discipline.

Where friction persists

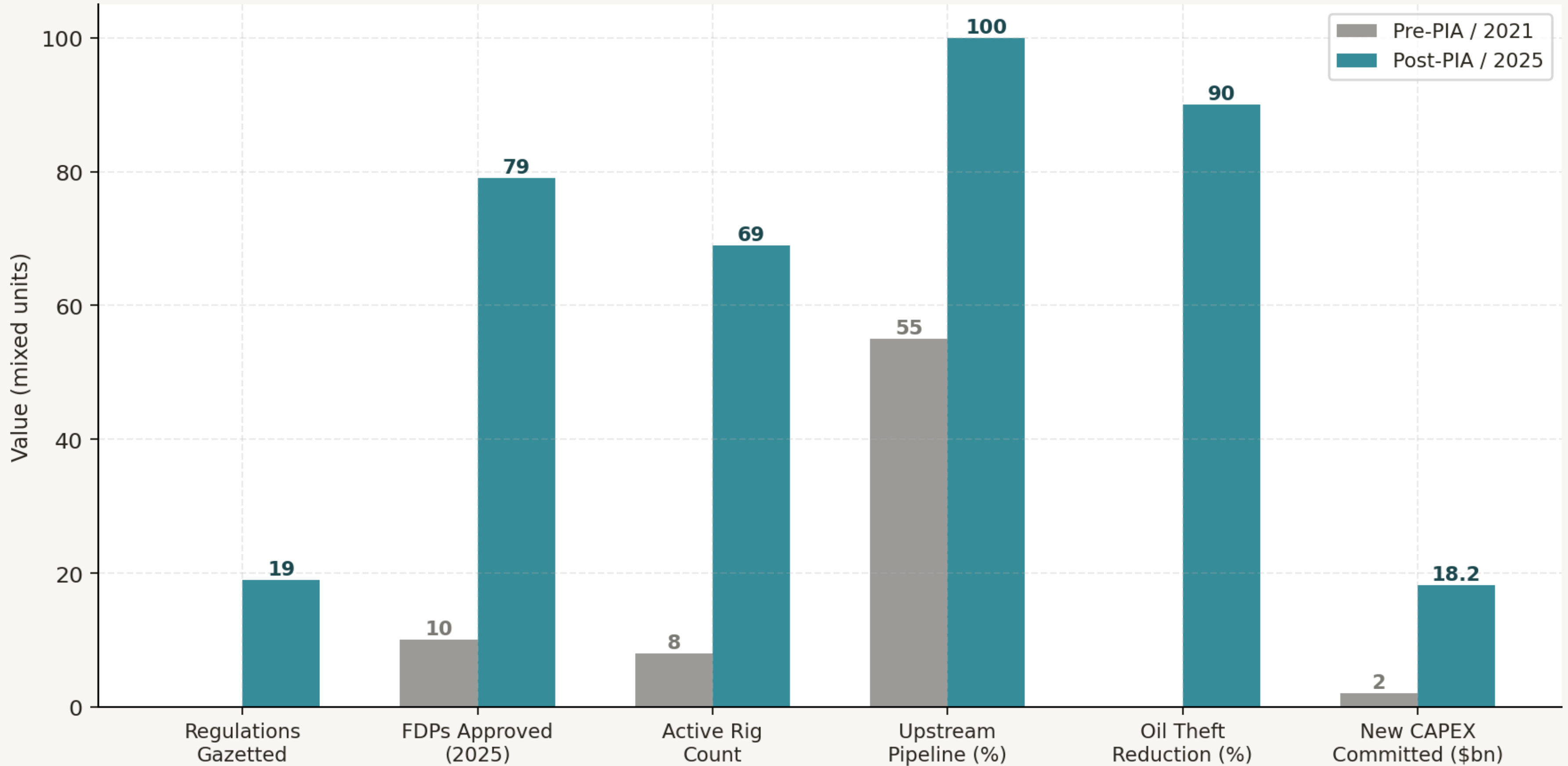
NUPRC–NMDPRA jurisdictional overlap continues to delay integrated projects.

The 2025 PIA Amendment Bill may improve oversight but adds near-term uncertainty.

The Nigeria Tax Act 2025 may conflict with PIA fiscal provisions.

Audited NNPCCL financial statements are **DELAYED** after commercialization.

PIA Reform Scorecard: Pre-PIA (2021) vs Post-PIA (2025)



Market structure and commercial dynamics

Investment momentum and ownership rotation are reshaping the sector

Accelerating investment

Nigeria attracted \$5.3bn in upstream investment in 2025, while 79 FDPs worth more than \$40bn were approved in total.

IOC divestment wave

Shell's SPDC sale to Renaissance, Oando's Eni acquisition and Seplat's Mobil deal shifted control toward indigenous firms.

Commercialization push

NNPCL reported improved earnings and is pursuing a \$60bn investment pipeline plus minority stake sales through 2030.

Commercial reading: capital is returning, but ownership is rotating faster than financing depth and operational capability are adapting. That leaves indigenous operators carrying a larger strategic burden in mature onshore assets and capital-heavy offshore portfolios.

Market structure and commercial dynamics

The industry is moving from IOC-led onshore dominance to indigenous control

Major 2025 transactions

Shell SPDC → Renaissance: \$2.4bn, completed March 2025.

Eni assets → Oando: \$783m, completed 2025.

Mobil Producing Nigeria → Seplat: \$800m, completed 2025.

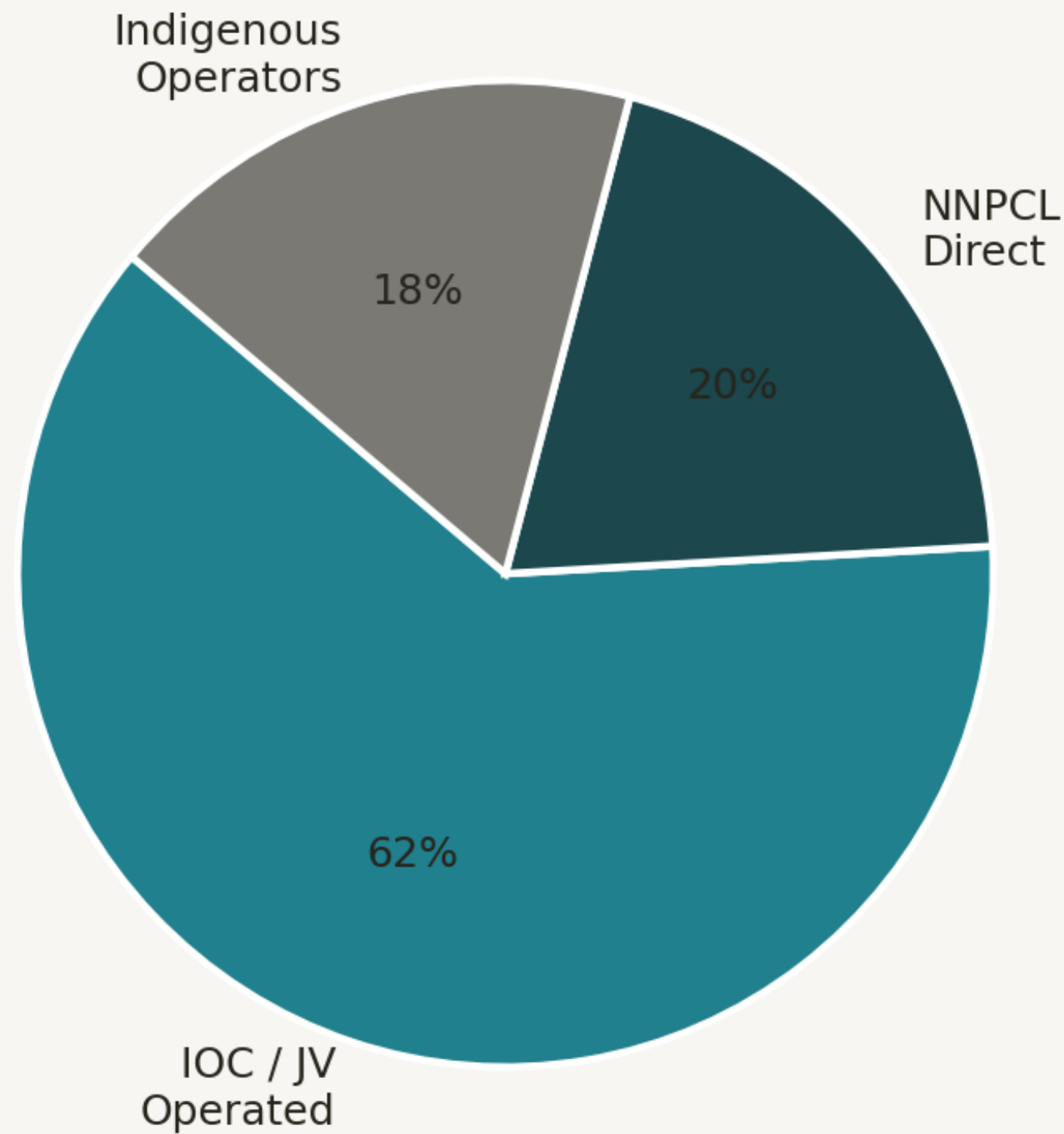
Sinopec SIPEC → Savannah: about \$35m net, completed March 2025.

Strategic implication

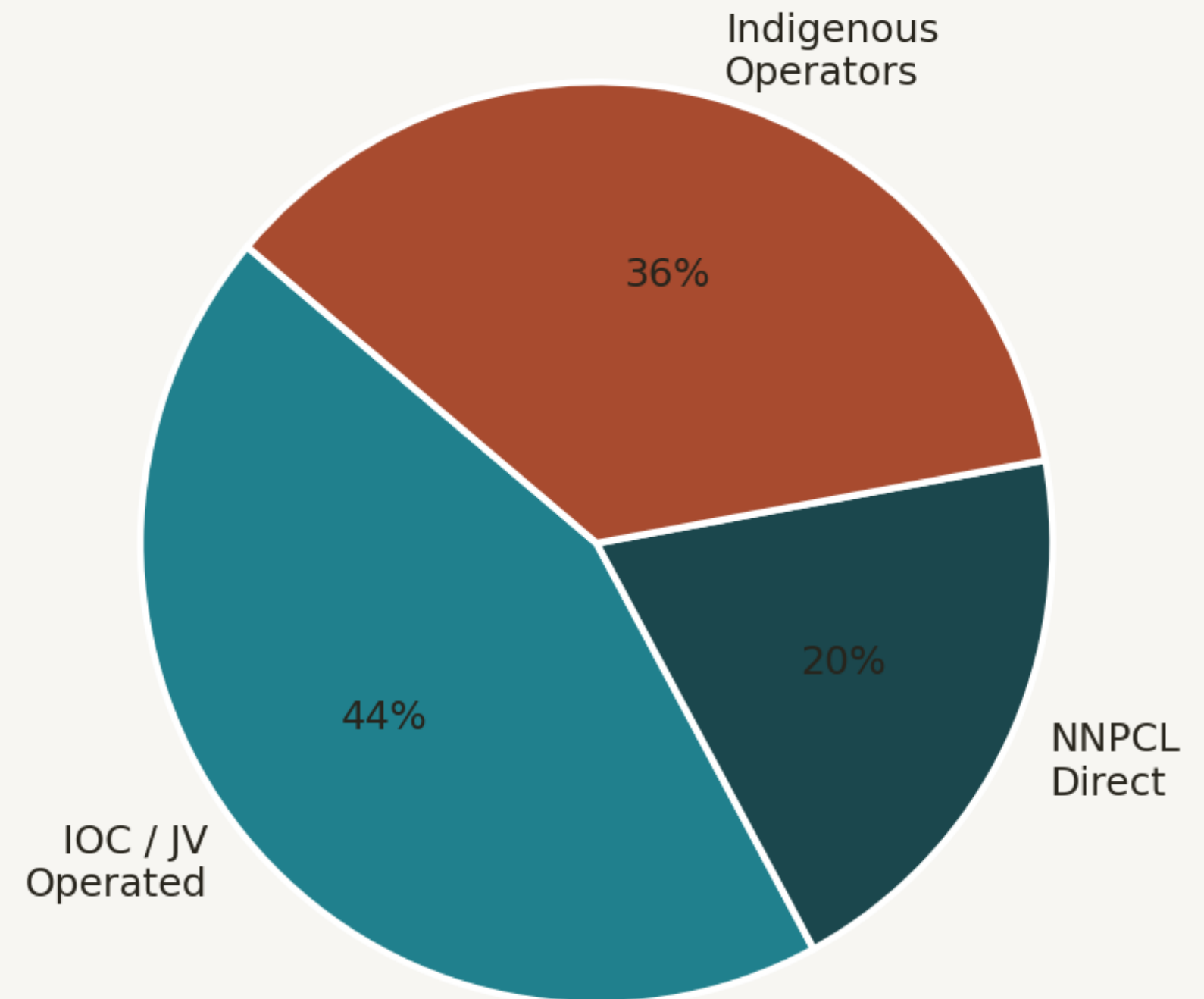
Offshore and deep offshore assets now account for 55% of national production, reflecting IOC withdrawal from onshore and shallow water. The shift increases the importance of financing access, operating capability and regulatory support for indigenous operators taking over mature assets.

Upstream Ownership Mix: Structural Shift to Indigenous Operators (Onshore & Shallow-water)

~2020 (Pre-IOC Divestments)



~2025 (Post-Divestments)



Implementation of recent reforms

Recent reforms show progress, but execution bottlenecks remain severe

Areas of progress

Cost Efficiency Incentives Order 2025 rewards operators that beat cost benchmarks.

Daily crude losses reportedly fell from about 102,900 barrels in 2021 to 9,600 in 2025.

NUPRC approved 37 new crude evacuation routes.

Digital portals are shifting approvals toward auditable, rules-based processes.

Bottlenecks and risks

Many approved projects will not materially add production until 2027–2029.

Host Community Development Trust implementation is uneven.

Nigeria still reportedly lost 93.74 million barrels in the first eight months of 2025.

Revenue shortfalls to the Federation Account reached ₦18.61tn over seven months of 2025.

Reflections from international models

Peer models show that institutional quality matters more than geology

Norway

Disciplined inter-generational value transfer, backed by strong fiscal rules and governance separation.

Angola

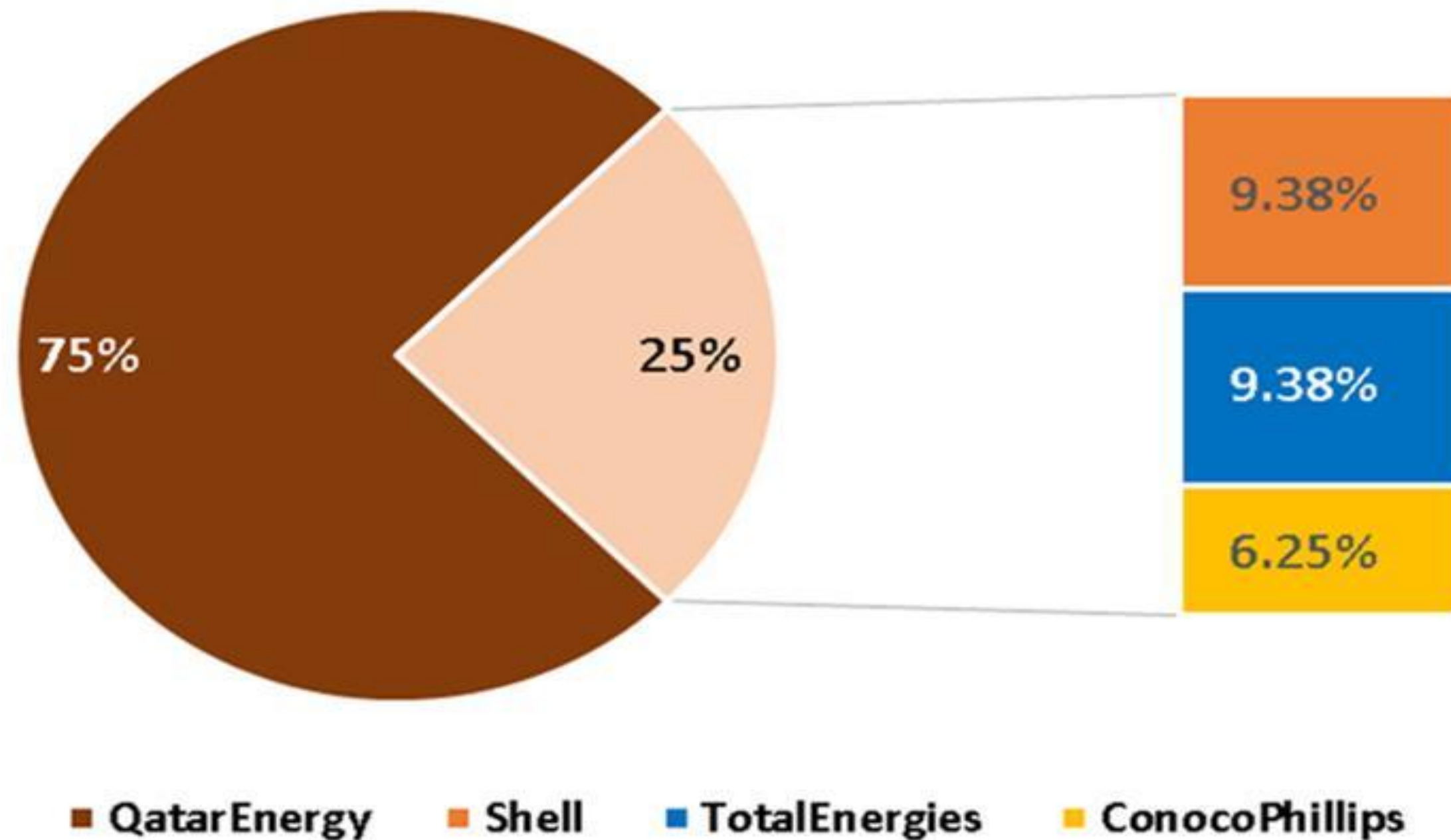
Targeted fiscal flexibility for brownfield incremental production and faster reform velocity.

ADNOC / Aramco

Integrated operations, digital monitoring, cost discipline and capital-market access are the relevant commercial NOC benchmarks.

The central lesson is that transformative value capture is driven by governance quality, fiscal predictability, regulator speed and commercial discipline, not only by reserve size.

Figure (4)
Shareholders in Qatar's North Field South (NFS) Expansion Project

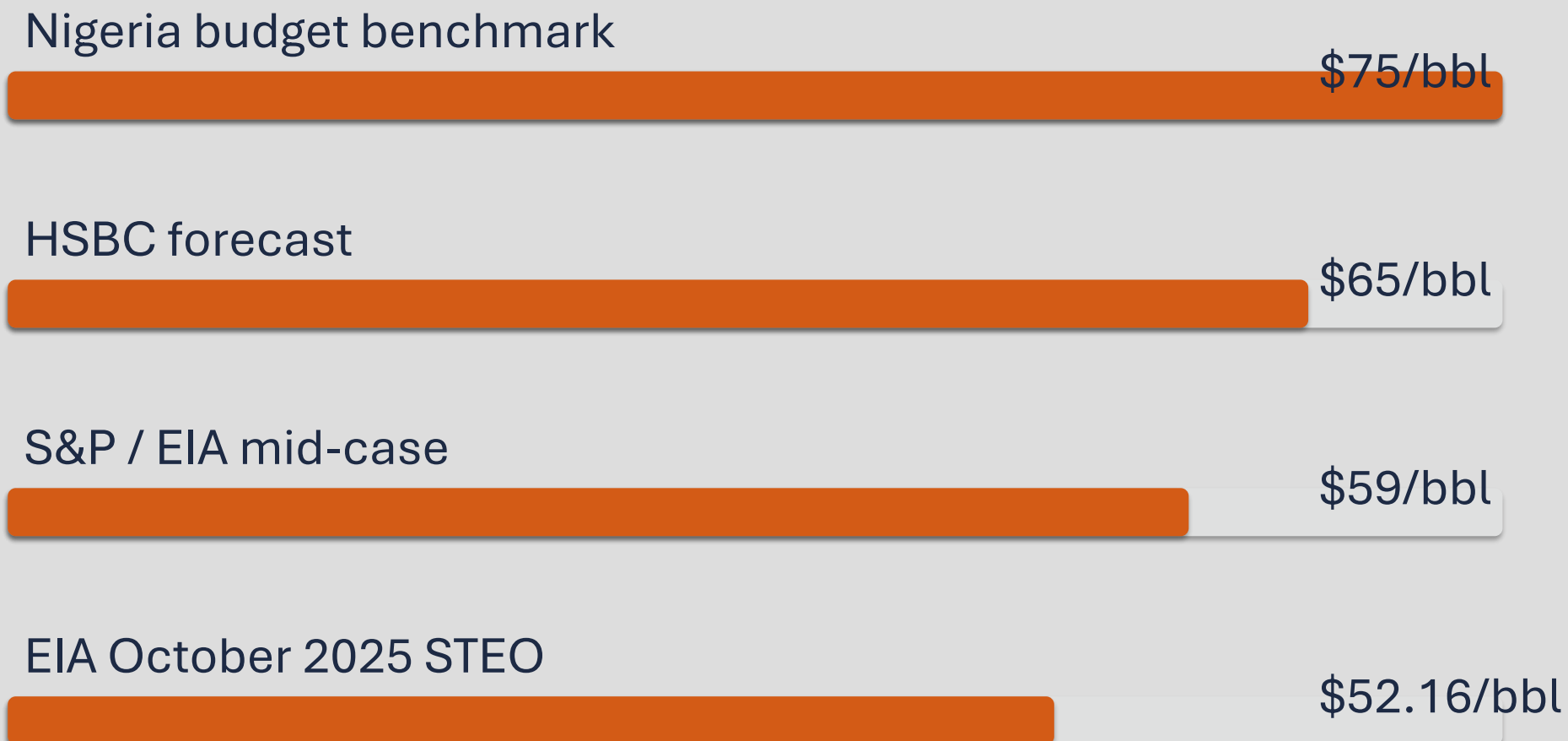


Source: QatarEnergy, 2024 and EOA, 2024.

Global trends and local implications

A softer oil price outlook makes domestic underperformance more costly

2026 Brent assumptions



\$15–20bn

Estimated annual revenue gap between the budget oil price assumption and the EIA 2026 forecast at target production at current Brent prices April 2026.

Higher prices mask the cost of every production shortfall. In practical terms, global transition pressure, tighter capital discipline and ESG scrutiny make underperformance in Nigeria more expensive than before.

Constraints to value optimization

Five major barriers keep Nigeria from full value optimization

Infrastructure integrity

Oil theft and vandalism still impose massive losses despite progress.

High operating costs

Security, ageing assets and complexity keep unit costs above peers.

Incomplete NNPC reform

Commercial and quasi-fiscal roles remain blurred.

Gas flaring

5–7 bcm annually is both lost value and an ESG penalty.

Fiscal unpredictability

PIA, Tax Act and executive orders create overlapping signals for investors.

Together, these barriers explain why improved approvals, stronger prices in prior years and a large resource base have not translated into full value capture for the state or the broader economy.

Pathways to enhanced value creation

Priority actions for higher value capture

- **Compress time to final investment decision and first oil**
Fast-track FDP amendments and startup approvals to cut average approval-to-production timelines from 36 months to 9 months.
- **Clarify NNPC's governance and commercial mandate**
Empower the NNPC board to make commercial decisions with a defined governance structure to remove the bureaucracy.
- **Differentiate fiscal terms by asset class**
Use bespoke treatment for brownfields, marginal fields, deepwater and frontier projects to improve capital allocation.
- **Gas monetization priority project with bankable structure supporting new gas master plan**
Enforce flare reduction, reform domestic gas pricing and complete AKK to unlock industrial demand. Olokola and Bras LNG reached FID. Sell down interests to revive projects.
- **Upgrade institutions and regulatory framework for the long term**
Codify regulator boundaries, deepen parliamentary capacity and expand transparency mandates.

Pathways to enhanced value creation

Capital availability corporate finance structure and cost

- Elevated local borrowing costs, with lending rates frequently surpassing 15%, limit the domestic capital markets' capacity to finance acquisitions and developments through debt. While international bond markets have the potential to support Nigeria's hydrocarbon sector, the primary obstacles lie in inadequate financing frameworks, as well as a lack of transparency and accountability.
- In 2025, Nigerian banks facilitated numerous local acquisitions, supported by approximately \$6 billion in foreign investment alongside the banking recapitalisation programme.
- NNPC's objective to secure \$30 billion by 2030 through joint venture restructuring, minority stake divestments, and bond issuance presents the most significant test to confidence in the commercialisation model.
- Industry stakeholders and regulators alike must ensure that transactions are structured to satisfy the criteria of international bond markets and investors. Enhanced due diligence now includes Debt Service Reserve Accounts (DSRA), security custody, credit ratings, management and shareholder integrity, ESG initiatives, verified reputable off-takers, and monthly production reporting.

Pathways to enhanced value creation

Sell down selected JV assets to incumbent “operators” to raise US\$15-35 billion

- The biggest challenge to the Nigerian Hydrocarbon industry has been the FGN fiscal deficit and how to finance that deficit on a sustainable basis. NNPC has been the soft target using its balance sheet to leverage funding into to the federation account and in some cases dipping directly into the cookier jar.
- The government is currently under additional pressure as the recently passed 2026 budget has a deficit of ₦35 trillion. Revenue to Debt service ratio is going back up to the 80% mark, after coming down from over 100% to 45%. The domestic capital markets cannot cope with funding this deficit and our external borrowing capacity has been stretched to the limit. Way and Means financing from the CBN is short term and limited and any attempt to repeat past illegal mistake will undermine the credibility of this administration .
- The only viable and legal option is to break the strangle hold of the forwards contracts by declaring a fiscal crisis and economic emergency. Then restructure and refinance the forward contracts into a 5–7-year Bond. Use US\$15-35 billion proceeds of the JV assets sell down to pay down debts and restore fiscal order.
- Empower the board of NNPCCL to ensure it operates within strict independent financial operating guidelines with all statutory remittances to the federation account clearly defined. This will ensure that government no longer interferes and will wait to collect its dividends. This is similar to the NLNG model where the FGN regularly receives its dividends and statutory taxes and royalties are paid to the relevant government agencies.

Closing perspective

Nigeria's hydrocarbon opportunity remains large, but the remaining monetization window will reward speed, institutional clarity, disciplined commercialization and faster conversion of approved investment into actual barrels and gas molecules.



THE
CFG
ADVISORY