

Memo to the National Assembly on the **2026** Proposed Budget



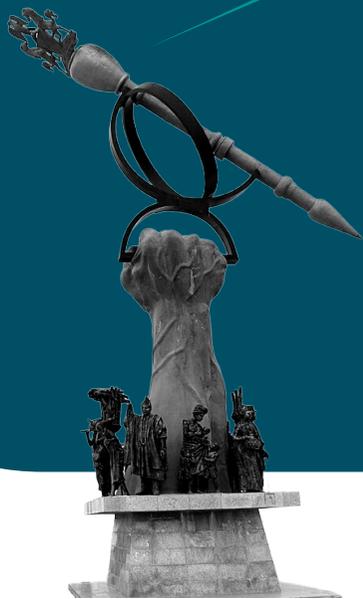


About BudgIT

BudgIT Foundation is a civic tech organisation working to raise the standards of transparency, accountability, and service delivery in the Nigerian government and governance. BudgIT uses creative technology to simplify public information, stimulate a community of active citizens, and enable citizens to demand accountability, institutional reforms, efficient service delivery, and a more equitable society.



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In this memo, we identified key concerns, including the need for lawmakers to insist on evidence-based, achievable revenue assumptions that reflect historical performance trends and strengthen both domestic and global confidence in Nigeria's fiscal framework. The continued failure to inaugurate the National Council on Public Procurement, as mandated under the Public Procurement Act (2007), also perpetuates a significant regulatory gap that enables executive overreach and weakens independent oversight.



Executive Summary

Nigeria stands at a critical fiscal juncture as the 2026 federal government (FG) proposed budget is presented before the National Assembly for consideration. Over the years, the credibility of the FG's budgeting process has steadily declined, undermined by persistent structural and governance failures. These challenges span the entire budget cycle, from chronic delays in budget formulation processes to minimal oversight and weak M&E frameworks, all of which have contributed to poor implementation outcomes.

This memo presents five core prayers to the National Assembly regarding the 2026 FG proposed budget. These prayers are anchored in the urgent need to strengthen oversight, promote realism in revenue projections, safeguard debt sustainability, ensure transparency in budget implementation and procurement processes, and prevent the structural overextension of Ministries, Departments, and Agencies (MDAs). The credibility of Nigeria's fiscal framework depends less on ambitious projections or expanded mandates but on disciplined governance, institutional coherence, and measurable outcomes.

As the National Assembly considers the 2026 FG budget, there is a compelling need to reassess how it exercises its budgetary powers to restore credibility, transparency, and developmental impact to Nigeria's public finance system. The role of the National

Assembly and the Legislature is indispensable to the practice of our democracy and the management of public governance. However, this role must respect the established norms and principles of modern government, as the Parliament has historically been the institution that has protected citizens from abuse of power.

At a time when fiscal pressures are mounting, revenue performance remains weak, and public trust in governance is fragile, the National Assembly must exercise its constitutional authority not merely as a reviewing body, but as an active guardian of transparency, accountability, efficiency, sustainability, and national development.

In this memo, we identified key concerns, including the need for lawmakers to insist on evidence-based, achievable revenue assumptions that reflect historical performance trends and strengthen both domestic and global confidence in Nigeria's fiscal framework. The continued failure to inaugurate the National Council on Public Procurement, as mandated under the Public Procurement Act (2007), also perpetuates a significant regulatory gap that enables executive overreach and weakens independent oversight. Lastly, the growing fragmentation and duplication of mandates among MDAs requires urgent legislative attention to ensure institutional reforms align with capacity and performance outcomes.

In this memo, we are asking for certain prayers as fully defined below:

1

The National Assembly should step up its oversight function, particularly regarding fund releases to MDAs. With recent committee hearings, it's clear that the passage of the budget does not guarantee substantial release of funds. A quarterly briefing should be made available to the National Assembly on the state of fund releases and utilization by the Ministries, Departments, and Agencies.

2

The budget cycle should be firmly upheld by the National Assembly as the most recent MTEF was submitted very late, preventing the Legislature from meaningfully engaging with the MTEF as a multi-year planning document. Also, the National Assembly should act as a safeguard to prevent the recurrence of overlapping budgets. This should also have wider implications for budget implementation reports and compliance with audit cycles.

3

While Service-Wide Votes and statutory funds are legally recognised, the opacity surrounding their implementation signals a serious transparency gap. The decisions that trigger these allocations are not clearly disclosed to the public, and the prioritisation of these funds relies heavily on Executive discretion. The continuous rise in Service-Wide Votes should be of concern to the National Assembly.

4

In the 2026 proposed budget, we have highlighted a persistent structural issue in Nigeria's public administration: the increasing overextension and fragmentation of mandates among key Ministries, Departments, and Agencies (MDAs), often without corresponding improvements in capacity, coordination, or budgetary outcomes. Rather than streamlining governance, these changes have expanded responsibilities, duplicated functions, and increased administrative costs, with limited evidence of improved service delivery. It is therefore imperative for the National Assembly to codify the ministerial mandates to ensure clarity, strengthen institutional coherence and enable sustained performance assessment.

5

Another major challenge with the budget document is the vague description of several projects; an issue affecting many MDAs. A critical review of the 2026 Federal government budget document reveals a persistent and systemic weakness in how projects are described and presented. We have identified specific items that warrant closer review by the National Assembly.

In this memo, we are asking for certain prayers as fully defined below:

6

The lack of comprehensive line-item descriptions in Nigeria's 2026 proposed budget poses significant challenges to the National Assembly's role as the sole gatekeeper of the Federation's resources. Over the past decade, the budget review process has increasingly been characterized by vague and broad allocations that limit effective scrutiny. This lack of clarity erodes public trust and distorts development priorities, making it difficult for stakeholders, including lawmakers and citizens alike to fully understand the scope and purpose of various projects.

7

With high deficits and mounting debt, public borrowing must be channeled into projects that expand productivity and generate long-term economic returns, not administrative capital projects. When loans are diverted from citizen-focused investments such as infrastructure, education, and healthcare to bureaucratic overhead, the debt burden increases without strengthening the economy's capacity to repay. The true test of fiscal responsibility, therefore, is whether borrowed funds are used to build productive assets rather than sustain administrative consumption.

The National Assembly should resist the recurring temptation to insert new projects into the budget when previously approved constituency and capital items remain unfunded or poorly implemented. Continuously adding new micro-projects each fiscal year, without addressing the backlog of unexecuted allocations, weakens budget credibility, distorts planning priorities, and fuels the growing number of abandoned projects nationwide. A responsible Legislature must prioritize completion, performance tracking, and value for money over constant expansion. By focusing on funding and delivering existing commitments before introducing new ones, the National Assembly can strengthen fiscal discipline, reduce waste, and demonstrate a genuine commitment to sustainable development rather than symbolic appropriation.

The recommendations call on the National Assembly to restore discipline, transparency, and accountability in Nigeria's budgeting process by institutionalising a strict timetable for MTEF approval ahead of the Appropriation Bill, enforcing detailed and standardized reporting of capital projects, and establishing a Fiscal Compliance Review Committee to scrutinize allocations and ensure adherence to statutory obligations. They also propose the development of an integrated procurement and budget execution portal with quarterly disclosures, sanctions for non-compliance, and citizen education to strengthen public oversight. Greater transparency in the use of Service-Wide Votes and statutory funds, supported by codified disbursement criteria and measurable outcomes, is necessary to curb misuse and executive discretion. The recommendations also emphasize formalizing legislative oversight as a constitutional duty that cannot be outsourced, while streamlining government mandates, reducing duplication across ministries, and implementing reforms such as the Oronsaye Report to lower the cost of governance and improve fiscal efficiency.



Fundamental Issues in the 2026 Budget to the National Assembly

1. Oversight Function

The power of the Legislature, through its unique oversight function, is unparalleled in any liberal-republican democratic system. As provided in Sections 88 and 89 of the Constitution, the Senate and House of Representatives have the authority to monitor, scrutinize, review, and evaluate the functions and operations of any government entity. We can view the function of oversight as being the exercise of constitutional powers by the legislature to check or control the exercise of constitutional powers of other arms of government, and more specifically to check or control the exercise of executive powers or to make the executive accountable and responsible to the electorate.¹ This power is fundamental, as constitutional history shows that Parliament has long served as the first true representative of the people.

As such, the exercise of this oversight power must uphold its moral and sacred imperative. In short, the Legislature should aim to enforce efficiency, effectiveness, and value for money in all forms. Whether through scrutiny of the Executive's position during review and passage of the MTEF, focused appraisal and evidence-based engagement with the Executive during budget defence, or the routine monitoring and evaluation of public

policy and administration during the implementation of the federal budget, the Legislature ought to act in accordance with a delicate balance between the needs of constituents and the development of Nigeria as a single unit.

One of the most egregious revelations came from the Minister of Finance, Prof. Ali Pate, during a February 2026 budget defence session. The Minister disclosed that, out of the N218bn appropriated for Capital projects in the 2025 fiscal year, only N36mn was released to the Ministry of Health Headquarters. While the Ministry of Health HQ is not the only governmental entity under the Ministry of Health, it is deeply concerning that such a critical focal unit has been so severely underfunded. It is our considered view that a proactive Legislature could have nipped this in bud through quarterly, publicly attended and rigorous budget implementation sessions with the MDAs. If conducted regularly, such sessions would have alerted the Parliament early enough that certain ministries were being shortchanged, creating room for timely corrective action, including the possible declaration of an emergency in the health sector. The Legislature could have then taken further action by demanding explanations from the Minister of Finance, the Chairman of

1. See Oyewo, O. (2007). Constitutionalism and the Oversight functions of the Legislature in Nigeria, at p. 8. Being a paper Presented at African Network Constitutional Law Conference on Fostering Constitutionalism in Africa, Nairobi, Kenya, April 2007.

the Nigerian Revenue Service, the Office of the Accountant General of the Federation, among others. Only the Legislature has the power to compel the Executive, and we are confident it can exercise this power in the interest of Nigerians.

The subsection below highlights some of the key functions of the Legislature, in relation to the need for stronger oversight.

Fiscal Discipline: Rules, laws, and regulations aim to ensure that order is maintained and power is exercised with minimal arbitrariness. Fiscal discipline is critical to preserving the value and impact of public funds, as the temptation to spend beyond what is necessary or reasonable in the circumstances is often strong. Focusing on ‘expenditure control’, fiscal discipline implies that those with the authority to spend public funds (and even those incidental to the spending of public funds) have the necessary restraints and are provided the requisite oversight, and consistently act in the interests of the general public and not a narrow set of political or bureaucratic elite.

Fiscal discipline under Nigeria’s current governance framework in 2026 requires significant support and intervention. Perhaps the most important and consequential interventions ought to come from the National

Assembly itself. As the sole institution with the power of the purse (i.e., the authority to approve Executive spending proposals), both chambers of the federal legislature are encouraged to pursue two priorities simultaneously. First, the National Assembly should demand from the Executive a more coherent and time-bound budget calendar. Second, it should strengthen and institutionalize more inclusive citizen feedback mechanisms during the budget approval process. When these steps are taken, the budget process will better reflect the needs and priorities of citizens and citizen groups.

Again, the National Assembly is urged to better engage the Executive on the Medium-Term Fiscal Framework (MTFF). The most recent MTEF was submitted very late, preventing the Legislature from meaningfully engaging with it as a multi-year planning document. Per the provisions of the Fiscal Responsibility Act, 2007, the MTEF ought to be approved by a joint resolution of the two chambers before the federal budget proposal is laid by the Executive. Ideally, this should occur by the end of the second quarter of the financial year. As it stands, the 2026 budget may not have sufficient time to align with the MTEF’s important and medium-term framework. The implication is that the 2026 budget risks being anchored in an incomplete planning process.



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As it stands, the 2026 budget may not have sufficient time to align with the MTEF’s important and medium-term framework. The implication is that the 2026 budget risks being anchored in an incomplete planning process.

Furthermore, the National Assembly is enjoined to engage more deeply, more structurally, and more constructively with the monitoring and evaluation of public administration and public policy more generally. Oversight visits often appear not to serve their intended purpose and are frequently directed towards outcomes that do not improve the efficiency and effectiveness of public policy. They are also rarely conducted in ways that strengthen the Civil Service's capacity to learn from findings made during such oversight visits. The National Assembly must therefore view its oversight function as more than an opportunity to scrutinize an MDA, but also as a mechanism for enabling MDAs (and its key staff, who are Civil servants) to learn from implementation gaps in the delivery of public goods and services.

Another critical sub-component of Fiscal discipline from the Legislative's perspective, is the role of the Public Accounts Committee of both Chambers. This role is intended to serve as a "critical point" in the budget cycle (with another "critical point" being the laying of the budget proposal by the Executive before both chambers), where the Legislature scrutinizes the audited public accounts and assesses the recommendations of the Auditor General of the Federation. This process is meant to be thoroughly reviewed, evaluated, and debated to ensure that the findings are vetted,

appropriate pronouncements are made, and the recommendations (to the fullest extent possible) are treated and implemented. While we encourage the National Assembly to expedite this function by appointing the most technically sound members, we also recommend (as demonstrated by Honourable Bamidele Salam, the current Chairman of the House Public Accounts Committee in 2025) that the Senate PAC formally include civil society organizations (CSOs) in its public hearing process. The actions of Hon. Salam helped complete the audit cycle and incorporated CSOs in the public hearing process – a rare feat in the Nigerian legislature – and demonstrated that the 10th National Assembly can do better. We also solicit that this be made available to the leadership of the Senate Committee on Public Accounts, led by Senator Aliyu Wadada.

Lastly, the National Assembly is urged to conduct quarterly public hearings (with Civil Society and citizens' groups) on the implementation of the annual budget. These sessions will serve several purposes, the principal of which will be to mandate the Executive provide data, information, and results on budget implementation, including performance, impact assessments, and monitoring reports. This will also enable the Legislature to provide timely feedback to ensure public policy reflects real-life outcomes and allows for course correction where



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policies are implemented to the detriment of citizens. Furthermore, the National Assembly is implored to structure and formalise the inputs and feedback from transparently selected CSOs and citizen groups during the quarterly budget implementation hearings. This would not only improve the legitimacy and credibility of the process but also ensure that critical budget implementation stakeholders are involved. Ultimately, this approach can help forestall misimplementation and promote more inclusive ownership of the public policy implementation process.

Consequence Management: It is common parlance that what Nigeria lacks is not the existence of laws but their implementation. There is broad consensus that laws are not administered as they should be. This implementation gap, especially in cases of breach, amounts to the absence of consequences. The ecosystem of laws and regulations governing public financial management in Nigeria is replete with statutes that provide clear guidance on how funds can be spent, how approvals should be granted, and how penalties should be applied. Unfortunately, the budget process, as a chain of actions, reporting, and documentation, lacks a unifying legislative framework that clearly defines how it should operate. What currently exists is a hodgepodge of

regulations covering certain institutions (human and organisational) or processes, with the budget process expected to somehow trudge along. The challenge of ensuring politicians (and the whole government) manage this process effectively and efficiently can be viewed through the ‘principal-agent’ lens. Politicians and Civil Servants (agents) require strong institutional safeguards to prevent the exploitation of ‘missing laws’ and ensure they consistently act in the interest of citizens (principals). As such, agents must be held to laws and rules to ensure, to the greatest extent possible, that they act on behalf of the principals.

A glance at the budget process reveals numerous critical ‘transition points’ (i.e., the transmission of the MDAs budget proposal, via the Ministry of Budget and Planning to the Federal Executive Council, and subsequently from the President to the National Assembly), as well as multiple institutional actors with defined responsibilities (including the Ministry of Finance, the Budget Office of the Federation, the Auditor General of the Federation, among others). As comprehensible as the process appears, it is easily compromised. The purpose of institutional safeguards is therefore to ensure that the inputs of high-level government functionaries are guided by regulations that promote objectivity, fairness and accountability.



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From the Parliament's perspective, the key entry point is its oversight of the Executive's implementation of public policy. In this context, the Legislature acts as the 'Principal' while the Civil Service functions as the 'agent', since the former is constitutionally mandated to evaluate the quality and effectiveness of public policy implementation. This oversight is primarily exercised through physical oversight visits and routine public reporting by the MDA. Budget's position is that both mechanisms should operate in a complementary manner. While the value of physical oversight is not in dispute, its current impact on service delivery outcomes in Nigeria leaves a lot to be desired. Where such in-person assessments fail to occur or are reduced to 'box-ticking' exercises, the principal loser is the Nigerian citizen. In such circumstances, the authoritative governance, that only the legislature can provide, ensures citizens are getting value for money, laws are being followed, and that the Executive itself is judiciously utilising its resources, is weakened. The result is that funds will be wasted, critical intergovernmental feedback loops break down, and citizens are inadequately represented, contrary to the intentions of the framers of our Constitution intended.

Quality Assurance: The function of quality assurance in any liberal democracy is essential for the efficient and effective

implementation of public policy. It concerns the optimal and sustainable delivery of goods and services to citizens, ensuring the following. First, the physical state of the goods provided to Nigerians (i.e., in education, health, infrastructure, environment, etc.) has been pre-inspected, is fit and suitable for purpose, is available and accessible, and delivered in a timely manner. Second, services should be delivered by competent and qualified officials who understand that they work for the people but on behalf of the government. While there are existing frameworks for quality assurance in the health and education sectors (including personnel-focused mechanisms), there appears to be no clear federal quality assurance philosophy and/or framework covering general government services.

Given the wide range of goods and services, the government has the responsibility to ensure that the service compact between the state and citizens is implemented in a manner that respects citizens and holds the government to a high standard. The National Assembly has a constitutional role in monitoring and inspecting public services; and this responsibility must be exercised without the Executive's interference in any way, shape, or form. This is to preserve the jurisdiction of the work of the Legislature, as the sole oversight entity of government. In addition, evaluating goods and services



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requires technical expertise across various sectors and domains. In this regard, the Legislature can partner with professional associations and CSOs within those respective areas that not only have the expertise but the legitimacy with the people. The resulting reports (which should detail, among other things: the Name of originating

policy from which the Project is derived; total amount spent from inception to date; percentage (%) of completion; physical achievements; M& E team's general comments, etc.)² should be made publicly available, with the Executive invited to a public hearing on the findings. This would demonstrate significant commitment by lawmakers and improve their legitimacy.

2. Transparency and Accountability

Budget Implementation and Openness:

Openness in Nigeria's budgetary process remains largely confined to the approval stage. While the country has made commendable progress in publishing budget documents, transparency diminishes once implementation begins. Effective budget execution requires not only the publication of allocations but also the timely disclosure of execution reports. In Nigeria, approved budgets do not necessarily translate into performance, as fund releases are opaque and untraceable. MDAs underperform due to the lack of transparency, and implementation data remains fragmented or unavailable. Ensuring transparency during budget implementation is essential to guarantee that the document, backed by law, truly serves the needs of citizens while simultaneously addressing the trust deficit that undermines

confidence in the process. This can only be achieved when the National Assembly takes charge of and exercises firm oversight to ensure accountability. Without these reports, citizens and oversight institutions cannot verify whether approved allocations translate into actual service delivery, and, as a result, the government cannot be held accountable for a lack of credible performance and delivery.

Procurement Process: Despite the Public Procurement Act, procurement remains one of the least transparent points of public spending in Nigeria. On paper, Nigeria's procurement framework is reasonably robust, but in practice, transparency is uneven and riddled with loopholes. Key processes such as the call for bids, bid evaluation, contract variations, and payments are often unknown to the public, and contractors are frequently



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Section 1(4) of the Public Procurement Act (2007) mandates that the Executive inaugurate the National Council on Public Procurement (NCP). Despite repeated calls for a National Council, the Executive has failed to inaugurate one; here lies a central weakness.

2. See the Policy & Legal Advocacy Centre (PLAC), (2016). A Guide to Legislative Oversight in the National Assembly, at p. 31-32. Abuja, Nigeria. Available at: <https://placng.org/wp-content/uploads/2019/12/Guide-to-Legislative-Oversight-in-The-National-Assembly-Final-Purple.pdf>

handpicked by public office holders, which undermines competitiveness. The most serious accountability gaps appear after contract award. Even when bidding opportunities exist, they are rarely widely publicised; instead, they are handled discreetly through private discussions. This lack of openness impedes transparency and discourages genuine competition, which erodes value for money. Nigeria also lags in adopting open procurement standards that would allow citizens, civil society, and oversight bodies to track spending in real time.

Section 1(4) of the Public Procurement Act (2007) mandates that the Executive inaugurate the National Council on Public Procurement (NCPP). Despite repeated calls for a National Council, the Executive has failed to inaugurate one; here lies a central weakness. The NCPP was established with the vision of being the apex regulatory body mandated to oversee procurement, ensure compliance, and strengthen accountability. Its continued absence exposes the country's procurement process to manipulation, and leaves no independent authority to enforce sanctions or guarantee transparency. Without the Council, the framework remains incomplete, and the executive retains interference and disproportionate influence. The National Assembly must move the Executive to establish one.

Opacity in the Implementation of Service-Wide Votes and Statutory Funds:

Although service-wide votes and statutory funds are legally recognised, the opacity of their implementation signals a lack of transparency.

Decisions that trigger allocations are not clearly communicated to the public, and these funds and allocations are largely driven by Executive discretion. The criteria for disbursement are not codified in publicly accessible guidelines, and beneficiary disclosure is usually not made publicly available. The absence of detailed breakdowns of who receives funds, the purpose of the funding, and the justification for the funding impedes transparency and accountability. Transfers are usually aggregated under broad labels, such as special interventions or contingency expenditures. Post-disbursal reporting rarely includes measurable outcomes and there is a clear lack of a structured link between service-wide vote disbursements and performance indicators. The opacity in the implementation of the SWV and statutory funds is largely driven by the centralisation of fiscal authority and the emergence of justification loopholes, that concentrate discretion within the Executive branch. When Legislative oversight mechanisms are weak, centrally managed funds become vulnerable to non-transparent reallocation. The justification of “urgent” or “unforeseen” expenditure can become a recurring mechanism rather than a genuine contingency measure. Ultimately, the lack of transparency in SWV and statutory funds reflects deeper structural weaknesses in Nigeria's public financial management. Without stronger oversight, codified disbursement criteria, and mandatory disclosure of beneficiaries and outcomes, these funds will remain vulnerable to misuse and continue to undermine public trust in government spending.



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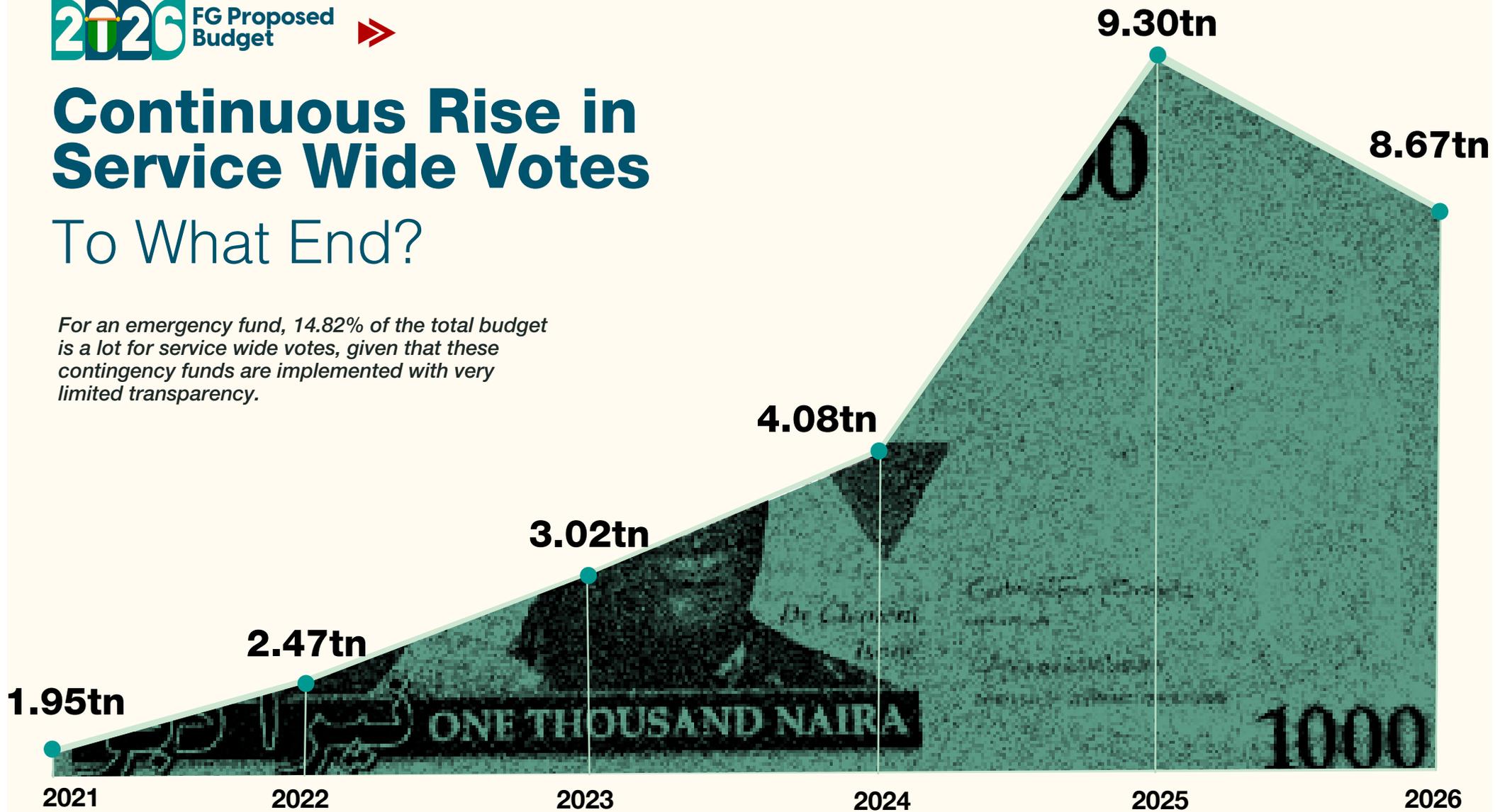
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Continuous Rise in Service Wide Votes

To What End?

For an emergency fund, 14.82% of the total budget is a lot for service wide votes, given that these contingency funds are implemented with very limited transparency.



Source: Budget Office of the Federation

3. Overburdening the Mandate of Key MDAs

In the 2026 proposed budget, we have highlighted a persistent structural issue in Nigeria's public administration: the increasing overextension and fragmentation of mandates among key Ministries, Departments, and Agencies (MDAs), often without corresponding enhancements in capacity, coordination, or budgetary outcomes. Rather than streamlining governance, these changes have broadened responsibilities, duplicated functions, and raised administrative costs, with little evidence of improved service delivery.

A prominent example is the reclassification of the former Federal Ministry of Health as the Federal Ministry of Health and Social Welfare in the 2026 budget framework. This change formally assigns social welfare responsibilities to a ministry that has consistently faced challenges, including low capital budget implementation, inadequate infrastructure delivery, and persistent human resource deficits. Expanding its mandate without addressing these foundational issues is likely to further dilute focus, strain administrative capacity, and exacerbate already poor capital expenditure outcomes in the health sector. Given that social welfare programming is inherently cross-cutting, redistributive, and operationally intensive, it is more appropriately managed by a dedicated institution. Therefore, the National Assembly should consider maintaining social welfare functions within the Federal Ministry of

Humanitarian Affairs, where policy design, coordination of social protection programs, and emergency response are already institutionally established.

Similarly, the establishment of the Ministry of Livestock raises concerns regarding mandate duplication and administrative inefficiency. Although the livestock sector is vital for food security, rural livelihoods, and conflict mitigation, creating a separate ministry introduces additional bureaucracy, overhead costs, and coordination challenges. These responsibilities are already substantively aligned with, and have historically been managed by, the Federal Ministry of Agriculture, where policy coherence across crops, fisheries, and livestock is more effectively achieved. Assigning livestock administration to a specialized agency or department within the agriculture ministry would maintain sectoral focus while preventing unnecessary expansion of government structures.

Collectively, these mandate expansions and new institutions reflect a budgetary approach that favors structural proliferation over operational efficiency. In a context of constrained fiscal resources, rising debt service obligations, and persistent revenue shortfalls, such measures directly increase the cost of governance through higher recurrent expenditures, overlapping responsibilities, and weakened accountability.



Therefore, the National Assembly should consider maintaining social welfare functions within the Federal Ministry of Humanitarian Affairs, where policy design, coordination of social protection programs, and emergency response are already institutionally established.



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4. Debt Sustainability Required Legislative Oversight

Debt Servicing Costs Crowds Capital Expenditure

Nigeria’s fiscal framework remains heavily deficit-financed, with recent federal budgets reflecting persistent revenue shortfalls and rising borrowing needs. As of June 30, 2025, the federal government’s total public debt stock exceeded N152.4tn: more than doubling over the past five years. More concerning than the debt stock itself is the mounting pressure on revenues. In recent years, debt service has consumed over 50% of revenue, and this revenue-to-debt-service imbalance signals sustainability risks, particularly where revenue projections continue to underperform.

Our fiscal fragility continues to deepen, not only by weak revenue performance but also by the

increasing burden of debt servicing relative to our low revenues. In recent years, debt servicing costs have risen sharply, largely due to exchange rate volatility, the devaluation of the naira and more acquired loans. The pace of debt cost growth has outstripped revenue growth, causing debt service to absorb over 50% of revenues in the fiscal year.

The 2026 proposed budget projects continued borrowing to finance the deficit, implying sustained pressure on servicing obligations. Domestic debt, often raised at double-digit interest rates, increases rollover risks, while exchange rate volatility inflates external debt repayments in naira terms. Without conservative revenue assumptions, servicing projections risk being overstated or understated, leading to the under-prioritization of capital expenditure.

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Table 2: Federal Debt Servicing Projections & Actuals

Year	Revenue	Servicing Projections	Actuals	Deficit	Actual Debt Service to Revenue Ratio
2021	4.17 tn	3.32tn	4.22tn	5.60tn	90.94%
2022	7.76 tn	3.98tn	5.65 tn	6.38tn	72.80
2023	12.48 tn	6.56tn	8.57 tn	11.34tn	68.67%
2024	20.98 tn	8.27tn	12.36 tn	9.18tn	58%
2025 H1	10.92 tn	14.32 tn	9.22tn	13.08 tn	84.5%

Source: Budget Office of the Federation

Deficit

Moreover, deficit financing has increasingly constrained capital expenditure, as rising debt service consumes a growing share of government revenue. The National Assembly should subject the proposed 2026 deficit to rigorous scrutiny by requiring a transparent reconciliation between revenue assumptions and expenditure commitments, particularly by identifying and reducing the administrative costs that are camouflaged as capital investments.

The deficit should be anchored on realistic revenue estimates, with clearly defined contingency measures if revenues underperform. The Ministry of Finance and the Office of the Accountant General of the Federation should present to the National Assembly their Annual Cash Plan, as required by Sections 25 and 26 of the Fiscal Responsibility Act, 2007 during the budget defence of any fiscal year. Borrowing to finance the deficit should prioritize lower sources and avoid excessive short-term domestic debt that raises refinancing risks. Furthermore, the National Assembly (through its input to the MTEF) should consider adopting a medium-term fiscal consolidation pathway, including gradual deficit-reduction targets aligned with realistic revenue growth.



Moreover, deficit financing has increasingly constrained capital expenditure, as rising debt service consumes a growing share of government revenue.



Borrowing to finance the deficit should prioritize lower sources and avoid excessive short-term domestic debt that raises refinancing risks.

5. Findings From the 2026 Capex

Vague “MDA and Project” Description

The budget document is meant to provide clear and well-detailed, clear information on all Ministries, Departments, and Agencies (MDAs) and their respective allocations. However, the way MDAs are sometimes presented in the budget documents can raise questions about transparency. For example, under the Federal Ministry of Education, most federal universities are listed by name and corresponding codes (e.g., University of Ibadan, Federal University, Oye-Ekiti, etc.), which allows citizens and lawmakers to track allocations and performance. However, there exist entries with code 0517021021 and 0517021033, simply described as “University of” and “Federal University” respectively. One would think that was simply a typographical error, however, previous budget documents show that this pattern is repeated. This suggests that either MDAs just copy and paste budget documents yearly and simply change the allocation figures, or these vague descriptions are intentional as a means of compromise. While not all such cases are necessarily intentional, recurring vague descriptions or duplicated line items (e.g., similar entries across successive years without clear agency names) contribute to serious transparency deficits.

Another major challenge with the budget document is the vague description of several projects, an issue that cuts across almost many MDAs. A critical review of the 2026 Federal government budget document reveals a persistent and systemic problem with how MDAs describe their projects. The problem of vague project

descriptions is not unique to the 2026 budget but reflects longstanding weaknesses in Nigeria’s budgeting and public finance management processes. BudgetIT’s service delivery platform, Tracka, has documented that many federal projects (even those with significant capital allocations) lack clear location details and implementation information, complicating efforts to monitor progress or verify completion. For instance, a recent Tracka report found that a substantial proportion of budgeted projects had no clear location, making citizen oversight and accountability nearly impossible.³ Additionally, previous BudgetIT’s analysis of the 2025 federal budget criticised the omission of detailed breakdowns for key agencies and the presence of numerous inserted projects that lack transparency and traceability.⁴ Without detailed descriptions, even projects that are technically included in the budget cannot be meaningfully tracked or evaluated.

This vagueness in project descriptions undermines the core principles of fiscal transparency and accountability, which are essential to democratic governance. When project lines are unclear, whether in terms of their purpose, scope, or implementing agency, it creates fertile ground for misallocation, duplication, and weak oversight by both the Executive and Legislative branches. Poorly specified budget allocations dilute the impact of scarce public resources, blur lines of responsibility among MDAs, and make it more difficult for citizens to monitor performance and hold officials accountable. For a budget to function as an effective policy instrument, projects must be fully described, properly justified, and supported by clear metrics for implementation and evaluation.



However, there exist entries with code 0517021021 and 0517021033, simply described as “University of” and “Federal University” respectively. One would think that was simply a typographical error, however, previous budget documents show that this pattern is repeated.

3. Aro, B. (2026, February 5). Tracka: N219bn federal projects in 2024 budget not executed despite release of funds. The Cable. Retrieved February 12, 2026, from <https://www.thecable.ng/tracka-n219bn-federal-projects-in-2024-budget-not-executed-despite-funds-released>

4. Habibi, G. (2025, January 9). BudgetIT raises concerns over alleged omissions, irregularities in 2025 budget. Punch. Retrieved February 12, 2026, from <https://punchng.com/budget-raises-concerns-over-alleged-omissions-irregularities-in-2025-budget>

Table 3: List of Some Vague Projects in Selected MDAs

Mother Ministry	Implementing Agency	Code	Project	Type	Amount
FEDERAL MINISTRY OF HEALTH AND SOCIAL WELFARE	FEDERAL MINISTRY OF HEALTH AND SOCIAL WELFARE	ERGP25233651	PROGRAMME OPERATIONS AND EXECUTION	ONGOING	4,275,683,893
		ERGP25223745	REMODELLING AND FURNISHING OF BUDGET DIVISION, FINAL ACCOUNTS AND OTHER OFFICES IN FINANCE AND ACCOUNTS	ONGOING	69,713,029
		ERGP25212854	PROJECT MANAGEMENT	ONGOING	395,040,497
		ERGP25202826	SYSTEM STUDY AND REVIEW/ANNUAL INTEGRITY FORUM FOR ACTU SECRET AMBASSADORS AND OTHER SELECTED STAFF	ONGOING	14,989,928
FEDERAL MINISTRY OF POWER	NATIONAL RURAL ELECTRIFICATION AGENCY	ERGP10229114	ENERGY SOLUTIONS IN OSI AND OTHER COMMUNITIES	ONGOING	21,000,000
		ERGP10229052	SUPERVISION AND COMMISSIONING OF PROJECTS IN SOUTHERN ZONE	ONGOING	350,000,000
	FEDERAL MINISTRY OF POWER -HQTRS	ERGP16105979	COMPLETION OF GYM EQUIPMENT IN POWER SECTOR	ONGOING	35,000,000
FEDERAL MINISTRY OF WORKS	FEDERAL MINISTRY OF WORKS	ERGP10208752	REHABILITATION/MAINTENANCE OF THE 7 NOS GENERATORS	ONGOING	196,000,000
		ERGP1247772	ADDITIONAL FUNDING FOR ONGOING PROJECTS SOUTH-WEST	ONGOING	160,000,000,000

Table 3: List of Some Vague Projects in Selected MDAs

Mother Ministry	Implementing Agency	Code	Project	Type	Amount
		ERGP12247773	ADDITIONAL FUNDING FOR ONGOING PROJECTS SOUTH-SOUTH	ONGOING	120,000,000,000
		ERGP1247775	ADDITIONAL FUNDING FOR ONGOING PROJECTS NORTH-WEST	ONGOING	120,000,000,000
		ERGP1247774	ADDITIONAL FUNDING FOR ONGOING PROJECTS SOUTH-EAST	ONGOING	100,000,000,000
		ERGP1247776	ADDITIONAL FUNDING FOR ONGOING PROJECTS NORTH-EAST	ONGOING	100,000,000,000
		ERGP1247777	ADDITIONAL FUNDING FOR ONGOING PROJECTS NORTH-CENTRAL	ONGOING	100,000,000,000
	FEDERAL ROAD MAINTENANCE AGENCY	ERGP12230455	PROJECT MANAGEMENT PROGRAM 2025		66,500,000
FEDERAL MINISTRY OF WATER RESOURCES AND SANITATION	FEDERAL MINISTRY OF WATER RESOURCES AND SANITATION - HQTRS	ERGP28230038	PROVISION OF WATER SUPPLY FACILITIES FOR SUSTAINABLE FOOD SECURITY	ONGOING	1,050,000,000
	HADEJIA-JAMAAARE RBDA	ERGP5236890	SUPPORT TO IRRIGATION DEVELOPMENT FOR FOOD SECURITY TOWARDS THE ACTUALIZATION OF THE RENEWED HOPE AGENDA (MULTIPLE LOTS)	ONGOING	5,250,000,000

Table 3: List of Some Vague Projects in Selected MDAs

Mother Ministry	Implementing Agency	Code	Project	Type	Amount
FEDERAL MINISTRY OF TRANSPORT	FEDERAL MINISTRY OF TRANSPORT - HQTRS	ERGP5238935	SUPPLY AND DISTRIBUTION OF GRINDING MACHINES IN SOME SELECTED SENATORIAL DISTRICTS	ONGOING	168,000,000
	NIGERIAN INSTITUTE OF TRANSPORT TECHNOLOGY	ERGP3238969	SUPPLY AND DISTRIBUTION OF MINI TRUCKS NW	ONGOING	70,000,000
		ERGP3238972	SUPPLY AND DISTRIBUTION OF MINI TRUCKS NW	ONGOING	70,000,000
FEDERAL MINISTRY OF AVIATION AND AEROSPACE DEVELOPMENT	FEDERAL MINISTRY OF AVIATION AND AEROSPACE DEVELOPMENT - HQTRS	ERGP31199910	INSTALLATION OF INTRUSION SYSTEM	ONGOING	35,000,000
		ERGP31223113	PURCHASE OF SPORT KITS AND	ONGOING	50,000,000
	NIGERIAN COLLEGE OF AVIATION TECHNOLOGY- ZARIA	ERGP31203136	RELEVANT SPORT ACTIVITIES PURCHASE OF AVGAS	ONGOING	140,000,000
FEDERAL MINISTRY OF AGRICULTURE AND FOOD SECURITY	INSTITUTE OF AGRICULTURAL RESEARCH- ZARIA	ERGP30241740	TRAINING AND EMPOWERMENT OF YOUTHS IN CINEMATOGRAPHY , VIDEO EDITING AND GENERAL PHOTOGRAPHY IN SELECTED STATES OF THE FEDERATION	ONGOING	700,000,000
	FEDERAL CO-OPERATIVE COLLEGE- IBADAN	ERGP1246125	BILLS PRESENTATION AND MONITORING	ONGOING	112,000,000

Table 3: List of Some Vague Projects in Selected MDAs

Mother Ministry	Implementing Agency	Code	Project	Type	Amount
	FEDERAL CO-OPERATIVE COLLEGE- OJI RIVER	ERGP30236261	CONSTRUCTION OF NEW FEMALE/MALE HOSTELS IN SELECTED SCHOOLS ACROSS THE NATION (MULTIPLE LOTS)	ONGOING	2,100,000,000
		ERGP30236272	SUPPLY OF LAPTOPS AND OTHER ICT SUPPORT TO BOOST UNDERGRADUATE STUDENTS' PERFORMANCE ACROSS SOME SELECTED COMMUNITIES IN NIGERIA	ONGOING	1,400,000,000
FEDERAL MINISTRY OF EDUCATION	FEDERAL MINISTRY OF EDUCATION - HQTRS	ERGP23225815	TECHNICAL AND VOCATIONAL EDUCATION INITIATIVE	ONGOING	28,000,000,000
		ERGP24225836	SCHOOL NUTRITION FEEDING PRIMARY SCHOOL	ONGOING	42,000,000,000
	NATIONAL INSTITUTE FOR EDUCATION PLANNING & ADMINISTRATION	ERGP30237387	RENOVATION OF THE KINGDOM PALACE IN ONDO, ONDO STATE	ONGOING	70,000,000

Lack of a Comprehensive Description of Line Items for Additional Projects in Ministries

The lack of comprehensive descriptions of line items in Nigeria's 2026 proposed budget poses significant challenges to the National Assembly's role as the sole gatekeeper of the Federation's resources. Over the past decade, the budget review process has increasingly been characterized by vague and broad allocations that limit effective scrutiny. This lack of clarity not only erodes public trust but also distorts development priorities, making it difficult for stakeholders, including lawmakers and the public, to understand the full scope and purpose of various projects.

For instance, several ministries have requested substantial sums under generic headers like "Research and Development" or "Other Capital Projects." A notable example is the Federal Ministry of Health and Social Welfare (HQ), which lists a single line item for "Research and Development" (Code 23050101) totaling N182,431,767,922. Without detailed descriptions of the specific initiatives this funding supports, the National Assembly's ability to assess the necessity or impact of such expenditures is severely compromised.

Moreover, improper coding practices further complicate legislative oversight. The Economic Recovery and Growth Plan (ERGP) codes, which

are meant for capital projects, are often misapplied to routine administrative costs. For instance, the Ministry of Health allocates N60,417,958., under ERGP25112538 for "Bilateral sessions with health agencies... and defense with National Assembly committees," misclassifying budget defense meetings as capital expenditures and undermining financial accountability.

Additionally, when unrelated projects are bundled under a single code, it becomes nearly impossible for oversight committees to track the unit cost or delivery status of individual components. The Ministry of Housing and Urban Development illustrates this issue by grouping disparate items such as transformers, solar boreholes, and tractors under one budgetary envelope. This lack of specificity complicates the assessment of each project's legitimacy and relevance to national priorities.

The opacity in budget allocations also affects stakeholder engagement. Citizens and civil society organizations find it challenging to provide informed feedback or advocate for necessary changes without clear project descriptions. This undermines democratic participation and deepens the disconnect between governance and the public. Overall, the lack of detailed line item descriptions of some capital projects in Nigeria's 2026 proposed budget poses serious risks to fiscal discipline, accountability, and effective



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governance. To restore credibility and public trust in the budgeting process, it is essential to address these systemic issues.

Quality of Expenditure - Administrative Capex vs Citizen Capex

Nigeria's fiscal discourse often emphasizes the sheer size of the national budget, but the more critical issue lies in its composition. What truly matters is not how much is spent, but how effectively resources are allocated. The distinction between Administrative Capital Expenditure (focused on institutional needs and bureaucratic infrastructure) and Citizen-Focused Capital Expenditure (directly targeting public welfare and development outcomes) reveals whether government spending serves national progress or merely sustains administrative convenience. In essence, the structure of expenditure is a sharper indicator of fiscal quality than the budget's headline figures. Nigeria's recent fiscal narrative has been dominated by concerns over rising debt and persistent deficits. Yet the deeper challenge is not simply the scale of borrowing, but the absence of meaningful capital implementation. In a context of high deficits and mounting debt, public borrowing must be channeled into projects that expand productivity and generate long-term economic returns. When loans are diverted from

citizen-focused investments such as infrastructure, education, and healthcare to bureaucratic overhead, the debt burden grows without strengthening the economy's capacity to repay. The real test of fiscal responsibility, therefore, is whether borrowed funds are used to build productive assets rather than sustain administrative consumption.

Taking a look at Administrative capital expenditures versus citizen capital expenditures, our analysis is not to eliminate administrative expenditures but to rebalance. The absence of an institutional benchmark, combined with the question of quantity and recurrences of administrative needs, has created significant ambiguity around the percentage of total capital expenditures targeted towards citizens' capital expenditures.

The National Assembly must therefore scrutinize the 2026 budget to clearly distinguish between "Administrative Capital Expenditure" and "Citizen Capital Expenditure. Nigeria's fiscal credibility is currently undermined by a pattern in which administrative expenditures are often camouflaged as capital investments. A critical review of proposed estimates reveals that funds are often allocated to vague or misclassified line items that serve the bureaucracy rather than the public.



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Recommendations

1 Institutionalize a Timetable for MTEF Approval to Ensure Budgetary Discipline

The National Assembly should institutionalize a strict timetable mandating that the MTEF be debated, approved, and published before the Appropriation Bill is presented. This will ensure disciplined adherence to the January–December fiscal cycle and prevent overlapping budget periods that cause fiscal confusion. By enforcing compliance with the Fiscal Responsibility Act (2007) and holding the Executive accountable for delays, the Legislature can strengthen transparency, fiscal discipline, and oversight effectiveness. Such proactive governance will not only restore predictability in Nigeria’s budgetary process but also enhance investor confidence and promote a culture of accountability in public financial management.

2 Introduce a Comprehensive Budget Reporting Framework

Mandate all ministries to provide clear, detailed descriptions for capital line items. Each project must outline its objectives, specific costs, and implementation timelines, facilitating transparency and informed decision-making. This framework aims to eliminate vague descriptors that obscure project intentions and funding justifications. By standardizing project reporting, stakeholders, including lawmakers and the public, can better assess the relevance and necessity of proposed initiatives. Moreover, the framework promotes accountability by requiring periodic progress updates via public quarterly budget sessions, ensuring that ministries remain responsible for delivering outcomes aligned with national priorities and commitments to fiscal discipline.

3 Establish a Review Committee for Fiscal Compliance

Establishing a Review Committee for Fiscal Compliance within the National Assembly is essential to ensure budget integrity. This committee will assess budget allocations quarterly to ensure consistency with statutory obligations and best practices, with a focus on accurate expenditure categorization. By scrutinizing proposed projects, the committee ensures that only those with legitimate justification receive funding, thereby helping to prevent financial misallocation and misuse of resources. Regular audits and evaluations will enhance transparency and facilitate accountability among ministries. Moreover, engaging civil society organizations will enable broader stakeholder input, strengthen public trust in the budgetary process, and foster responsible governance.

4 Develop a Procurement Portal for Quarterly Releases, Integrated Data, Sanctions and Citizen Education

The National Assembly is urged to ensure mandatory quarterly publication of budget releases and project-level implementation status for all ministries, departments, and agencies. There is a need to integrate budgeting, cash management, and procurement data into the budget execution portal (via the Government Integrated Financial Information Management System, GIFMIS), thereby bridging the gap between government spending and citizens' engagement in the budgeting process. Calls for procurement should be made public, and sanctions should be imposed on MDAs that fail to utilize the portal. When the portal is developed and operational, the National Orientation Agency (NOA) should be engaged to provide education and guidance to citizens on how to navigate the portal.

5 Strengthening Transparency in the Implementation Service-Wide Votes and Statutory Funds

The National Assembly should strengthen transparency in the use of Service-Wide Votes and statutory funds by codifying clear disbursement criteria, mandating public disclosure of beneficiaries and allocations, linking spending to measurable outcomes, and integrating data into a centralized budget execution portal. The National Assembly should strengthen legislative oversight, set strict limits on urgent and unclear expenditure justifications, and ensure that sanctions for non-compliance are mandatory. This will reduce Executive discretion on unclear implementation, curb misuse, and rebuild public trust in government spending.

6 Formalise and Institutionalise Oversight

Minimal oversight of the Executive by the Legislature, has increasingly allowed the Executive to become a judge in its own case. Despite clear Constitutional provisions for lawmakers to perform their indispensable check and balances on the Executive, this function has been fraught with allegations of Executive overreach, party influence over legislative decisions, as well as technical and capacity challenges, among other issues.⁵ While this role may be subject to significant pressure, the principle and fundamental intervention required from the National Assembly cannot be outsourced to third parties. Historically, the practice (which later became the doctrine) of the separation of powers was fought with great sacrifice. Members of Parliament of the 10th National Assembly are the direct representatives of the people and both chambers—red and green—owe their mandates to the citizens.

7 Streamlining Mandates to Reduce the Cost of Governance

The National Assembly should use the 2026 budget review to enforce mandate clarity and institutional efficiency across MDAs. The expanded mandate of the Federal Ministry of Health and Social Welfare should be reviewed, with social welfare responsibilities retained under the Federal Ministry of Humanitarian Affairs. This would allow the health ministry to refocus on core service delivery and capital project implementation. The proposed Ministry of Livestock should instead be structured as an agency under the Federal Ministry of Agriculture to avoid duplication and rising administrative costs. These steps, alongside the phased implementation of the Oronsaye Report, would reduce recurrent spending, improve budget credibility, and enhance public expenditure efficiency.

5. Nwogwuogu, N., and Isehola, A. (2019). Legislators and their Oversight Functions in Policy Implementation in Nigeria. *International Journal of Humanities Social Sciences and Education (IJHSSE)*, Volume 6, Issue 3, March 2019, PP 93-102. Available at: <https://www.ancjournals.org/pdfs/ijhsse/v6-i3/11.pdf>

