

20 Federal
26 Government
**Approved
Budget Analysis**



20 Federal 26 Government Approved Budget Analysis



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Abbreviation

3MTT: Three Million Technical Talent	NBET: Nigerian Bulk Electricity Trading Company
AfCFTA: African Continental Free Trade Area	NCAA: Nigerian Civil Aviation Authority
BASAs: Bilateral Air Services Agreements	NCAT: Nigerian College of Aviation Technology
BOI: Bank of Industry	NELFUND: Nigerian Education Loan Fund
Bpd: barrels per day	NEMSA: National Electricity Management Services Agency
Capex: Capital Expenditure	NESI: Nigerian Electricity Supply Industry
CBN: Central Bank of Nigeria	NIA: National Investigation Agency
CIT: Company Income Tax	NICRAT: National Cancer Institute
CNG: Compressed Natural Gas	NIMET: Nigerian Meteorological Agency
COREN: Council for the Regulation of Engineering in Nigeria	NMA: Nigerian Medical Association
CPI: Consumer Price Index	NHIS: National Health Insurance Scheme
DARES: Distribution Access Through Renewable Energy Scale-Up	NHSRII: National Health Sector Renewal Investment Initiative
DBN: Development Bank of Nigeria	NNPC Ltd: Nigerian National Petroleum Company Limited
DISREP: Distribution Sector Recovery Program	NRC: Nigerian Railway Corporation
DHL: Dalsey Hillblom Lynn	NRS: Nigerian Revenue Service
DMO: Debt Management Office	NSA: National Security Adviser
DSS: Department of State Services	NSIA: Nigerian Sovereign Investment Authority
FAAN: Federal Airports Authority of Nigeria	NSIB: Nigeria Safety Investigation Bureau
FERMA: Federal Road Maintenance Agency	ODC: Overhead Charges
FG: Federal Government	PIDACC: Program For Integrated Development And Adaptation To Climate Change
FGN: Federal Government of Nigeria	PPPs: Public-Private Partnerships
FCT: Federal Capital Territory	RBDA: River Basin Development Authority
FMHUD: Federal Ministry of Housing and Urban Development	RH-FSP: Renewed Hope Fertiliser Support Programme
FRA: Fiscal Responsibility Act	SAPZ: Industrial Processing Zones
FRSC: Federal Road Safety Corps	SAHCOL: Skyway Aviation Handling Company Limited
FX: Foreign Exchange	SMEs: Small and Medium Enterprises
GAMCO: Grid Asset Management Company	SOEs: State-Owned Enterprises
GDP: Gross Domestic Product	SPIN: Sustainable Power and Irrigation for Nigeria
GOEs: Government-Owned Enterprises	STEM: Science, Technology, Engineering and Mathematics
HQTRS: Headquarters	TCN: Transmission Company of Nigeria
ICT: Information and Communication Technology	TETFUND: Tertiary Education Trust Fund
IDA: International Development Association	TRS: Total Return Swap
LCCI: Lagos Chamber of Commerce and Industry	UBE: Universal Basic Education
LGA: Local Government Area	UBEC: Universal Basic Education Commission
Mbpd: million barrels per day	UHC: Universal Health Coverage
MDAs: Ministries, Departments and Agencies	UK: United Kingdom
MMIA: Murtala Muhammed International Airport	UNICEF: United Nations Children's Fund
MTEF: Medium Term Expenditure Framework	UNESCO: United Nations Educational, Scientific and Cultural Organization
NADF: National Agricultural Development Fund	UPS: United Parcel Service
NAGS-AP: National Agricultural Growth Scheme-Agro Pocket	USD: United States Dollar
NAHCO: Nigerian Aviation Handling Company	VAT: Value Added Tax
NALDA: National Agricultural Land Development Authority	VCCS: Vice-Chancellor of Central Services
NAMA: Nigerian Airspace Management Agency	VHF: Very High Frequency
NBS: National Bureau of Statistics	





Insights

70%

The credibility of the revenue framework remains a central concern, as historical performance shows Nigeria consistently underperforming its revenue targets, often achieving less than 70% of projections.

3.85%

For the 2025 fiscal year, real GDP averaged 3.85% and Q2 had the highest growth of 4.23%.

N15.81tn

A major concern within the revenue framework is the continued pressure from debt service obligations, estimated at about N15.81tn, which alone accounts for nearly 45% of projected revenue.



In Nigeria, approved budgets do not necessarily translate into performance, as fund releases are opaque and untraceable.



Given the political economy context and proximity to the next electoral cycle, there are concerns that the budget may bear characteristics of a politically motivated, pre-election spending framework designed to maximize short-term visibility rather than long-term national value.

15%

Education, Health, Science and Technology, and Women's Affairs sectors did not receive up to 15% of the total budget.

\$6bn

On the 31st of March 2026, President Bola Ahmed Tinubu presented a \$6bn external borrowing request to the National Assembly as part of the government's deficit-financing strategy within the N68.32tn 2026 budget framework.

\$110.97bn

As of December 31, 2025, Nigeria's total public debt stood at approximately N159.28tn (about \$110.97bn), up from N144.67tn in December 2024, representing a 10.1% year-on-year increase.



70%

The credibility of the revenue framework remains a central concern, as historical performance shows Nigeria consistently underperforming its revenue targets, often achieving less than 70% of projections.

Executive Summary

Nigeria's 2026 Federal Budget projects revenue of N36.87tn against expenditure of N68.32tn, creating a N31.45tn deficit (6.41% of GDP), more than double the Fiscal Responsibility Act's 3% ceiling. Only 53.9% of the budget is revenue-financed; the rest depends on borrowing.

Revenue credibility remains a central flaw. Historically, Nigeria achieved under 70% of targets; by June 2025, only N10.92tn was realised against a N36.35tn projection. The oil-reliant 2026 forecast raises serious feasibility concerns.

Capital spending is N32.28tn (47.13%), signalling infrastructure ambitions. However, debt servicing consumes N15.8tn (23% of total expenditure, nearly 45% of projected revenue). Total public debt surged from N33.13tn in 2021 to N159.28tn in 2025 (380.86% increase), worsened by over 250% naira devaluation (2023–2025). The debt-to-GDP ratio is below 40%, but the

debt-service-to-revenue ratio is 42.88%, crowding out development.

Inflation averaged 23% in 2025; poverty affects over 61% of Nigerians (139 million people); over 92% of employment is in the informal sector.

Sectoral allocations misalign with priorities: security gets N9.63tn (13.7%), health only 5.2% (far below the 15% Abuja Declaration), and education just 4%, contributing to over 18 million out-of-school children. Positively, vague MDA descriptions were corrected in the approved budget, improving transparency.

Nigeria's core problems remain revenue realism, expenditure discipline, sound debt management, and institutional credibility. Without foundational fixes, the trajectory risks worsening fiscal vulnerability and social outcomes.





1. Introduction

1.1 Revenue Projections Realism

The National Assembly is criticized for failing to check the Executive on the 2026 budget. The N36.87tn revenue target is unrealistic; past performance achieved under 70%. Persisting with aspirational assumptions institutionalizes large deficits and weakens fiscal credibility. The Assembly has constitutional appropriation powers, but has not enforced realism.

Figure 1: Budget Credibility for Federal Government Revenue

Approved	Year	Actuals
6.64tn	2021	4.17tn
9.97tn	2022	7.76tn
11.05tn	2023	12.48tn
25.88tn	2024	20.98tn
36.35tn	2025*	10.92tn
36.87tn	2026**	N/A

Note: 2025 actuals figure is as at June 2025



The National Assembly must use appropriation powers to ensure 2026 budget revenue assumptions are realistic, backed by performance data, with mandated scenario and sensitivity analyses before approval.

1.2 Revenue Mobilisation Assessments

Revenue mobilization assessments are not mandatory for Nigeria's budget approvals; the National Assembly has constitutional authority to require them but does not. No structured assessment precedes approval. Projections rely on macroeconomic assumptions and agency submissions (NRS, Customs, NNPC Ltd.) without a consolidated evaluation of collection capacity or economic constraints. The MTEF-FSP provides high-level forecasts but not agency performance assessments. Finance Acts (2019–2023) adjust tax laws but do not address collection capacity or reforms. Budget defense risks becoming “box ticking.” The Assembly should mandate a framework with ex-ante strategies and ex-post monitoring for evidence-based projections.

1.3 Oil and Non-oil Revenue Assumptions

Nigeria's 2026 budget is highly sensitive to oil and tax assumptions. The Federal Government's Net Federation Revenue share is projected at N20.01tn (60.27% of total revenue). Oil production is forecast at 1.84 million bpd, but the previous year's average was just 1.6mbpd. A \$10/barrel price shortfall or 100,000 bpd production gap costs hundreds of billions of naira. Pipeline theft and disruptions heighten deficit risk. Non-oil revenue growth depends on uncertain tax reforms and administrative readiness. Past performance: FG 2025 half-year revenue was N10.93tn (oil N3.43tn, non-oil N3.38tn, GOEs N1.43tn, independent N1.09tn). The National

Assembly should mandate sensitivity analysis on oil assumptions and mid-year reviews.

1.4 Expenditure Performance

Nigeria's 2026 budget projects N68.32tn expenditure, a 94.92% rise from N35.06tn in 2024. Allocation: N32.2tn (47.13%) capital, N15.4tn (22.54%) recurrent non-debt, N15.8tn (23.13%) debt servicing, N4.79tn (7.01%) statutory transfers. Capital spending grew from 27.35% (2023) to 47.13% (2026), signalling an infrastructure focus. Recurrent non-debt fell 10.69% from N17.04tn (2024). Statutory transfers surged 175.29% from N1.74tn. Debt servicing consumes 42.9% of revenue and 23.1% of expenditure, underscoring the need for prudent debt management and efficient loan utilization.

1.5 Tax Management/Tax Law

To bridge Nigeria's tax trust deficit and raise its 10.8% tax-to-GDP ratio toward Africa's 15% average, the Nigeria Tax Act (2025), Tax Administration Act, and Revenue Service Act reform non-oil revenue. Targeting an informal economy exceeding 50% of GDP, these laws introduce unified digital administration, centralized IDs, electronic filing, and risk-based audits. The LCCI projects these will yield N3.2tn in non-oil revenue within two years, pushing the tax-to-GDP ratio to 12% by 2027.

While the VAT rate holds at 7.5%, broadening input VAT recovery for services and assets incentivises compliance. CIT collections are strengthened via digital/multinational taxation and linking VAT remittance to deductibility, alongside presumptive SME taxes. Enhanced transparency spurs investor confidence; for instance, financial services' GDP contribution grew from 5% (Q4 2023) to 6.1% (Q4 2024).



Nigeria does not currently undertake a structured revenue mobilization assessment prior to budget approval; rather, revenue projections are based on macro assumptions and agency submissions without a consolidated evaluation of mobilization capacity.





One can also say that revenue generating agencies (NRS, Customs, NNPC Ltd., etc.) also make inputs that inform the projections, but these inputs are not an assessment on the realities of economic stress and pressures and if that is done, it is not public knowledge.

The past Finance Acts since 2019 saw low yields, success hinges on enforcement, data updates, and visible infrastructure spending. The National Assembly must mandate administrative readiness before approving revenue assumptions, aligning reforms with institutional capacity.

1.6 Debt Growth

Nigeria’s public debt surged 380.86% from N33.13tn (2021) to N159.28tn (2025), outpacing growth and signalling fiscal instability. The sharpest shift occurred from 2022 to 2023, jumping 124.40% from N38.91tn to N87.33tn. Growth moderated but remained high: 52.69% in 2024 and 19.46% in 2025, indicating persistent borrowing pressures.

Table 1: Nigeria Public Debt Stock (2021-2025) (In trillions of Naira)

Year	Domestic Debt(N)	Foreign Debt(N)	Foreign Debt(US\$*M)	Total Debt (N)	Debt Growth %
2021	19.24	13.89	38.39	33.13	-
2022	22.21	16.70	41.69	38.91	17.44%
2023	53.26	34.07	42.50	87.33	124.40%
2024	70.41	62.92	45.78	133.33	52.69%
2025	84.85	74.43	51.86	159.28	19.46%

Source: Debt Management Office

Table 2: Debt Service Growth

Year	Debt	Revenue	Debt to Revenue Ratio
2021	3.0	4.18	71.77%
2022	3.76	7.76	48.45%
2023	6.86	12.48	54.97%
2024	12.36	20.98	58.97%
Q3 2025	12.52	18.63	67.20%

Source: Budget Office of the Federation



Nigeria is trapped in a self-reinforcing debt cycle, with debt service increasingly consuming revenue. In 2021, debt service was N3.00tn on N4.18tn revenue (71.77%). A 2022 revenue surge to N7.76tn against N3.76tn debt service temporarily lowered the ratio to 48.45%.

Thereafter, the fiscal burden worsened. In 2023, debt service hit N6.86tn on N12.50tn revenue (54.97%), rising to N12.36tn on N20.98tn revenue (58.91%) in 2024. By Q2 2025, the ratio peaked alarmingly at 83.62%

(N9.14tn debt service on N10.93tn revenue), meaning over five-sixths of earnings went to repayments.

Currently consuming 70% to 90% of retained revenues, compounding new borrowings force Nigeria to borrow merely to service existing debt. Escaping this classic debt trap requires politically difficult options: dramatic revenue growth, structural debt restructuring, or stringent spending cuts. Without action, fiscal vulnerability will continue choking funds for infrastructure, development, and essential services.



2026 FG Approved Budget

Key Assumptions



Oil Production (bpd)

1.84m



Exchange Rate (N/\$)

1,400



Oil Price (USD/Barrel)

64.85

GDP Growth 

4.28%



3.85%

For the 2025 fiscal year, real GDP averaged 3.85% and Q2 had the highest growth of 4.23%.

2. Macroeconomic Context

2.1 GDP Composition and Growth

Table 3: Quarterly Contribution of Sectors to Real GDP

Year	Q1	Q2	Q3	Q4	Q5
Agriculture	23.33	26.17	31.21	28.66	27.55
Industries	19.18	17.31	15.77	15.42	16.78
Services	57.5	56.53	53.02	55.92	55.66
Total	100	100	100	100	100

Source: NBS Q4 2025 GDP Report

In Q4 2025, Crop Production, Trade, and Real Estate drove Nigeria's economy, collectively contributing 51.85% of real GDP. Full-year 2025 real GDP growth strengthened to 3.87% from 3.38% in 2024, averaging 3.85%. Q2 2025 peaked at 4.23% (the highest since Q2 2021), with Agriculture leading despite minor dips in Services and Industry.

Aggregate nominal GDP reached N122.81tn in Q4 2025 (up 17.55% from N104.47tn in Q4 2024), pushing total annual nominal GDP from N372.82tn to N441.53tn.

Sustaining this momentum requires structural interventions. While inflation is curbed, the 26.5% interest rate remains prohibitively high. The Services sector needs private investment in energy and telecom, alongside a stable naira, policy consistency, and robust rule of law. Furthermore, Agriculture requires coordinated federal-subnational frameworks targeting land tenure, roads, and exports to translate growth into sustained productivity and fiscal revenues.



2.2 Foreign Reserves

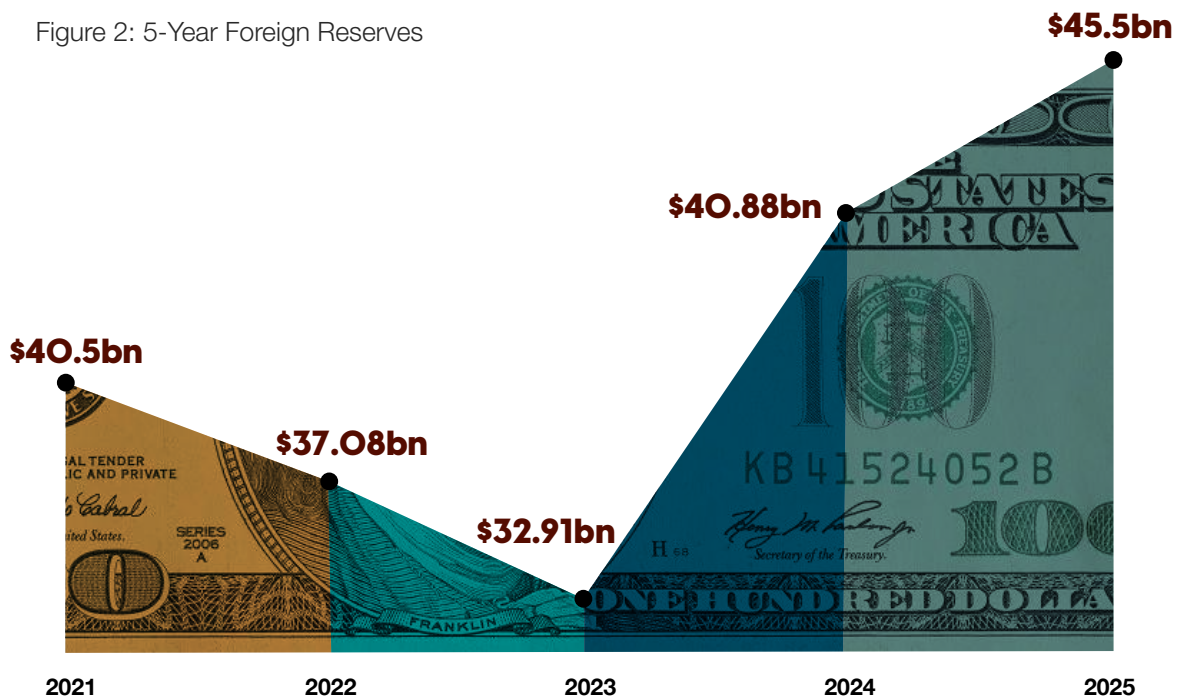
By the end of 2025, Nigeria's net foreign exchange reserves reached \$45.5bn—a five-year high driven by lower short-term foreign debt and surging inflows, recovering from a post-2021 decline below \$40.5bn due to debt repayments. Reserves are forecast to remain in the low-to-mid \$40bn range through late 2026, boosting import cover to 9.7 months.

A 90% surge in total capital inflows to \$23.22bn in 2025 (up from \$12.32bn in 2024)

underpinned this growth. Fueled by elevated CBN interest rates, Foreign Portfolio Investment (FPI) comprised nearly 85% of inflows: money markets drew \$13.83bn, bonds \$4.89bn, and equities \$2.10bn.

Alongside higher oil receipts and remittances, these inflows stabilize the naira and buffer against external shocks. However, heavy reliance on short-term portfolio capital over long-term Foreign Direct Investment (FDI) raises sustainability concerns, even as current reserves signal strong short-term market confidence.

Figure 2: 5-Year Foreign Reserves



Source: Movement in Foreign Reserves, Central Bank of Nigeria

2.3 Inflation

Nigeria's inflationary pressures have been persistent. Nigeria's inflation rose from 15.4% in 2021 to a peak of roughly 34.2% by mid-2024, driven by global supply shocks, structural issues, fuel subsidy removal, and FX liberalization. These policy shifts spiked energy, transport, and import costs via naira depreciation.

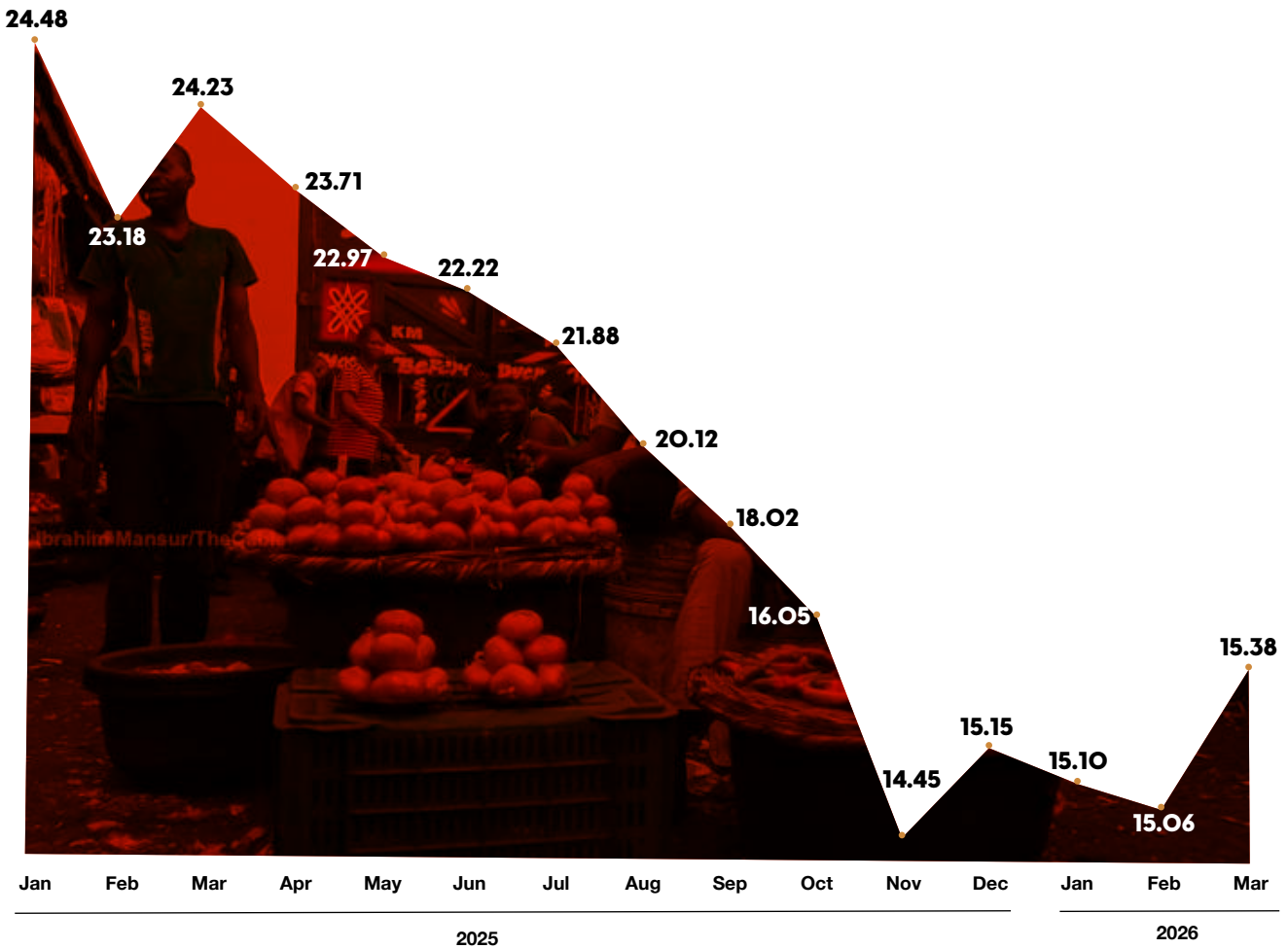
Following NBS methodological changes and

an inflation rebasing, official headline inflation eased to 15.15% by December 2025.

However, the 2025 annual average stood at around 23%, signalling that despite statistical recalibration and recent FX stability, structural price pressures remain severe.

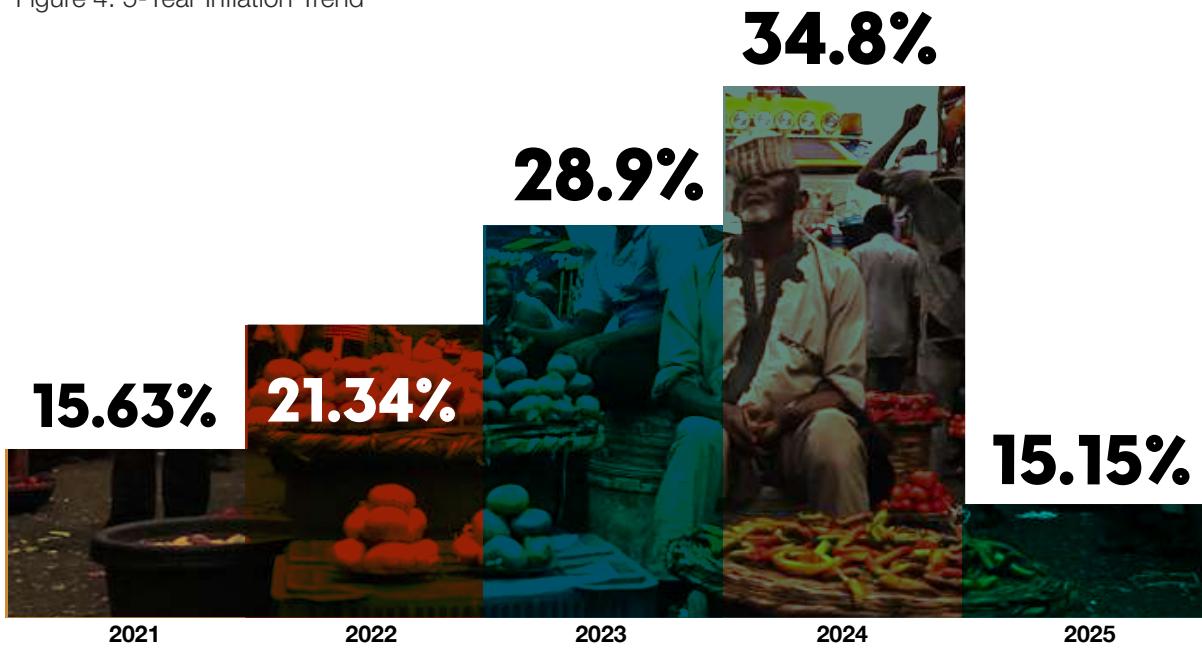
This sustained inflation significantly squeezes household welfare, erodes real income, and drives up business operating costs, particularly threatening food affordability and consumer spending on essential goods.

Figure 3: Inflation Trend After the Recalibration
Month / Year / Inflation Rate (%)



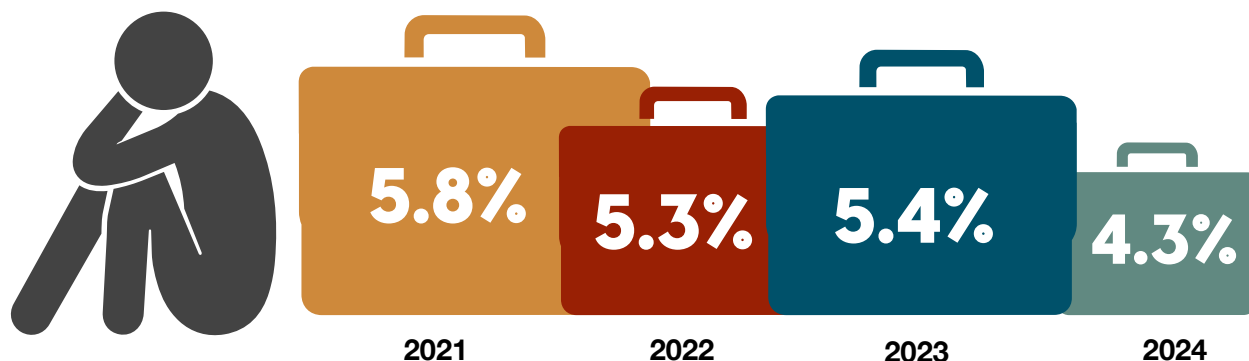
Source: National Bureau of Statistics

Figure 4: 5-Year Inflation Trend



Source: National Bureau of Statistics

Figure 5: Unemployment Rate



Source: National Bureau of Statistics

2.4 Unemployment

Nigeria’s official unemployment statistics between 2021 and 2025 show stable, modest headline rates, ranging from 4.2% (Q2 2023) to an annual average of 5.4% in 2023, and shifting from 5.3% (Q1 2024) to 4.3% (Q2 2024). However, these figures conceal deeper structural vulnerabilities and labour underutilization.

The headline data understates economic reality because the informal sector accounts for over 92% of employment, leaving most workers in insecure, low-paid positions. Furthermore, time-related underemployment consistently exceeds 10%, proving that many are willing to work more hours but lack the opportunity. Young people face the most acute challenges, experiencing unemployment rates significantly higher than the national average due to limited job creation, mismatched skill development, and a weak labour-absorptive capacity.

Additionally, irregular data publication hampers effective economic forecasting and policy formulation. Resolving these persistent labour market inefficiencies requires better data tracking, targeted youth programs, informal sector formalization, and strategic skills investments to align labour supply with market opportunities.

2.5 Poverty

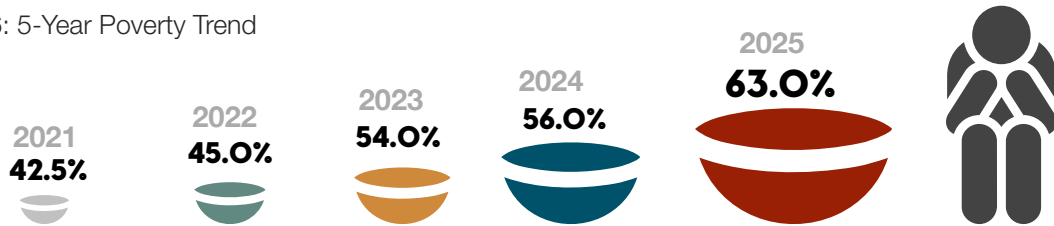
Poverty in Nigeria worsened significantly between 2021 and 2025 due to high inflation, slow job creation, and weak growth. By 2025, poverty eclipsed 61% of the population (approximately 139 million people), driven by surging food prices, dropping real consumption, and limited productive employment. This follows an NBS-tracked increase from 40 million to 56 million poor individuals between 2019 and 2023, with Agora Policy noting that recent reforms left most citizens economically worse off.

Geographic disparities are stark. Rural poverty stands at 75.5%, compared to over 40% in urban areas. Regionally, the Northeast suffers extreme poverty rates exceeding 80%, while the South tracks comparatively lower percentages. Deep-rooted structural issues include poor economic diversification, weak social safety nets, and northern insecurity.

Urgent interventions require restoring macroeconomic stability and curbing inflation. Key policies must target SME support via credit and tax incentives, enhanced federal-state food production coordination, better public financial management, and deliberate, regionally sensitive investments to bridge these severe development inequalities.



Figure 6: 5-Year Poverty Trend



Source: National Bureau of Statistics



2026 FG Approved Budget

Fiscal Framework

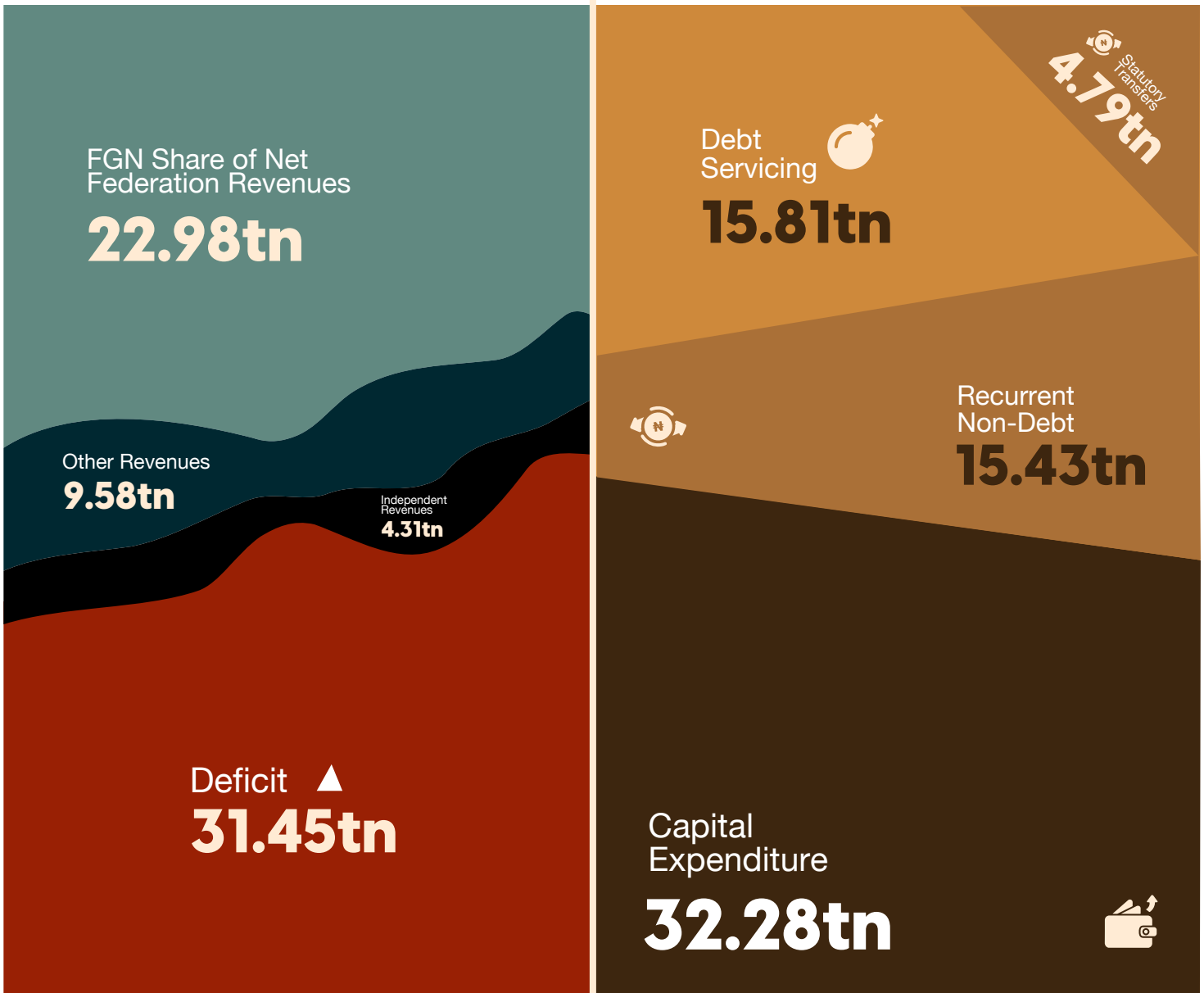
Unit in NGN

Revenue

36.87tn

Budget Size (Expenditure)

68.32tn



N15.81tn

A major concern within the revenue framework is the continued pressure from debt service obligations, estimated at about N15.81tn, which alone accounts for nearly 45% of projected revenue.

3. 2026 Approved Budget Framework

3.1 Revenue Analysis

Nigeria's proposed 2026 budget projects N36.87tn in revenue against N68.32tn in expenditure, leaving a N31.45tn fiscal deficit (4.28% of GDP). Revenue covers only 53.9% of spending, requiring 46.1% borrowing. Debt service obligations reach N15.52tn (nearly 45% of revenue), severely limiting capital and social investments.

Oil revenue assumes \$64.85/barrel, 1.84mbpd production, and an N1,400/\$ exchange rate, contingent on curbing historical vandalism and

crude theft. Revenue components include: Net Federation share at N21.62tn (58.64%), independent revenue at N4.31tn (11.69%), GOE surplus at N5.85tn (15.13%), and other streams (dividends, grants, special funds) at N1.99tn (14.54%).

To block leakages, a recent executive order mandates direct payment of oil revenues into the Federation Account, ending the PIA framework's 30% exploration and 20% working capital deductions by agencies like NNPC.



Table 4: 2024- 2026 Federal Government Approved Budget Revenue Breakdown (NGN)

Revenue	2024	2025	2026
FGN Share of Net Federation Revenues Breakdown			
FEDERAL GOVERNMENT SHARE OF MAIN POOL	10.69tn	26.48 tn	21.62tn
FEDERAL GOVERNMENT SHARE OF VAT POOL	512.83bn	972.93 bn	1.29tn
FEDERAL GOVERNMENT SHARE OF EMTL	24.39bn	32.04 bn	63.84bn
Total FGN Share of Net Federation Revenues	11.24tn	27.49 tn	22.98tn
Independent Revenues	1.91tn	3.4 tn	4.31tn
Other Revenues	1.46tn	1.46tn	1.99tn
Government-Owned Enterprises (Net Of Operating Surplus)	3.64tn	2.97tn	5.85tn
Other Dividend	357.92bn	734.73bn	57.97bn
Special Funds/ Accounts-Receipts	300bn	300bn	300 bn
Aids and Grants	685.63bn	761.91bn	1.37tn
Total Revenue	19.6tn	36.35tn	36.87tn

Source: 2024 - 2026 Appropriation Act, Federal Republic of Nigeria

US-Iran tensions risk disrupting the Strait of Hormuz, handling 20% of global oil trade, potentially driving prices above Nigeria’s \$64.85/bbl benchmark and boosting oil revenues. However, surging global energy and shipping costs fuel domestic inflation and erode household purchasing power. This reduces consumer spending and spikes business inputs, weakening VAT and CIT receipts. To counter these non-oil revenue strains, Nigeria must stabilize fuel prices, enhance local refining, protect non-oil streams, and improve oil production efficiency.

3.2 Expenditure Analysis

The N68.32tn 2026 Appropriation Act utilizes an expansionary framework allocated across capital expenditure at a record N32.2tn (47.13%), up 34.77% from N23.96tn in 2025, recurrent non-debt at N15.4tn (22.54%), debt servicing at

N15.81tn (23.14%), and statutory transfers at N4.79tn (7.01%).

Sectoral allocations prioritize defense and security at N6.98tn, infrastructure at N6.84tn, agriculture at N3.64tn, health at N3.55tn, and education at N2.73tn. However, health and education funding remain below the Abuja Declaration (15%) and UNESCO (15–20%) benchmarks. Furthermore, high debt servicing reflecting sustained deficit financing severely limits developmental fiscal space.

Compounding these rigidities, the 2025 budget implementation was extended to June 30, 2026. This persistent budget cycle overlap undermines the January–December cycle, weakens fiscal planning credibility, and risks asset inflation, project abandonment, and diminished public trust.



Table 5: 2026 Federal Government Approved Budget Expenditure Breakdown (NGN)

Expenditure	2022	2023	2024	2025	2026
STATUTORY TRANSFERS	869.67bn	967.5bn	1.74tn	3.65tn	4.79 tn
DEBT SERVICE / SINKING FUND	3.88tn	6.56tn	8.27tn	13.06tn	15.81 tn
RECURRENT (NON-DEBT) EXPENDITURE	6.91tn	8.33tn	8.77tn	23.96tn	15.43 tn
CAPITAL EXPENDITURE	5.47tn	5.97tn	10.00tn	14.32tn	32.29 tn
Total	17.12tn	21.83tn	28.78tn	28.78tn	68.32 tn

Source: 2022-2026 Appropriation Act, Federal Republic of Nigeria

3.3 Deficit and Deficit Financing

Nigeria’s N31.45tn budget deficit reaches 7.12%+ of GDP (N441.54tn), exceeding the FRA 2007 3% threshold. Financing includes N29.19tn from borrowings, N2.05tn from project-tied loans, and N189.15bn from asset sales.

To fund this, a \$6bn external borrowing request was submitted on March 31, 2026, comprising a \$5bn phased Total Return Swap from First Abu Dhabi Bank and \$1bn from UK Export Finance for port rehabilitation and refinancing. Without improved revenue mobilization and expenditure efficiency, structural economic diversification is urgently required to mitigate severe debt sustainability risks.

Table 6: 2022- 2026 Approved Deficit and Deficit Financing (NGN)

Deficit Financing Sources	2022	2023	2024	2025	2026
Borrowings from domestic/foreign	5.14tn	8.80tn	7.83tn	9.28tn	29.19tn
Multilateral/ Bilateral Project-tied loans	1.16tn	1.77tn	1.05tn	3.86tn	2.05tn
Assets Sales/Privatisation Proceeds	90.73bn	206.18bn	298.24bn	312.33bn	189.15bn
Total Deficit	6.38tn	10.78tn	9.18tn	18.64tn	31.45tn

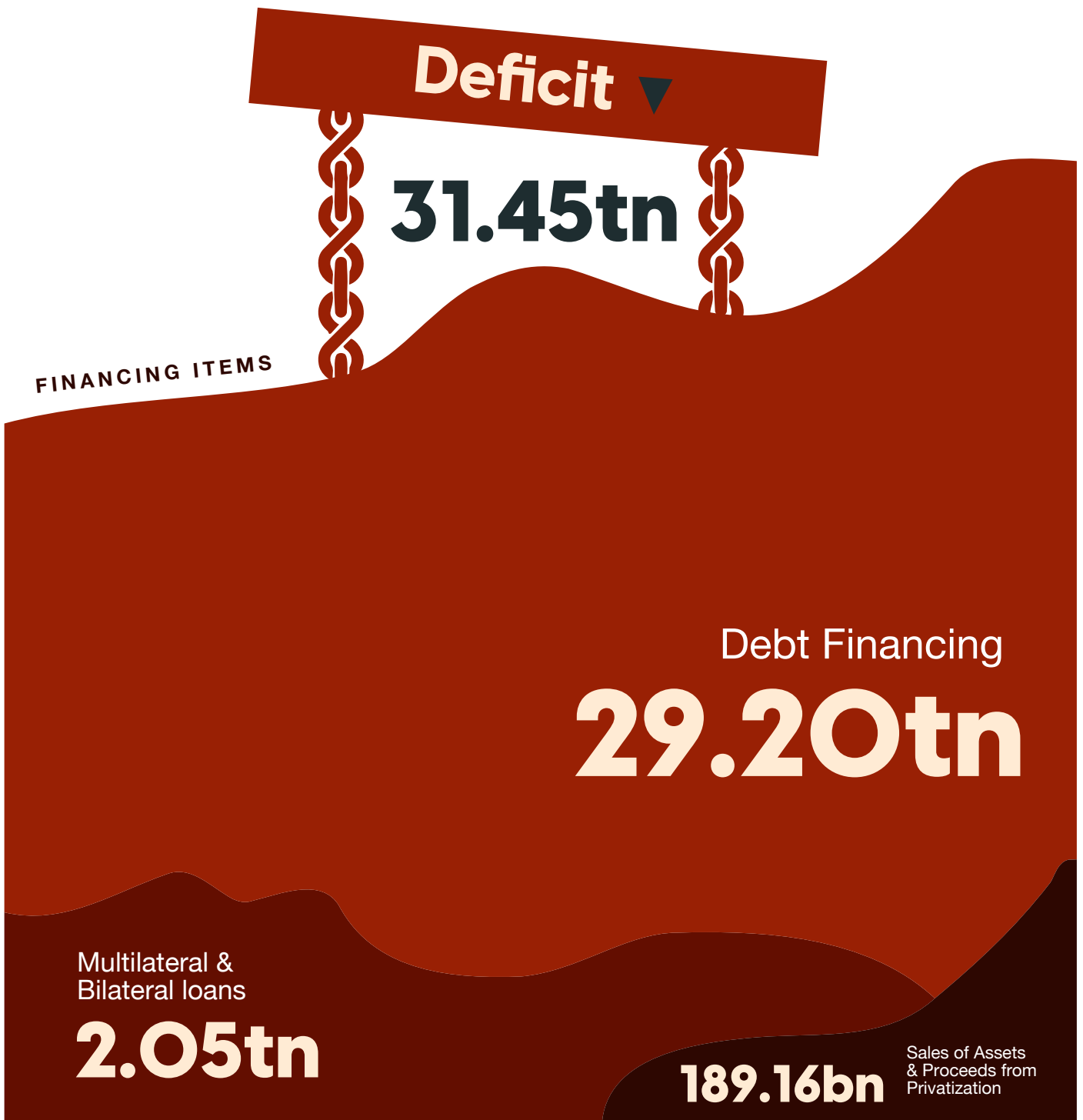
Source: 2022-2026 Appropriation Act, Federal Republic of Nigeria



2026 FG Approved Budget

Debt

Unit in NGN



\$110.97bn

As of December 31, 2025, Nigeria's total public debt stood at approximately N159.28tn (about \$110.97bn), up from N144.67tn in December 2024, representing a 10.1% year-on-year increase.

4. Public Debt Analysis

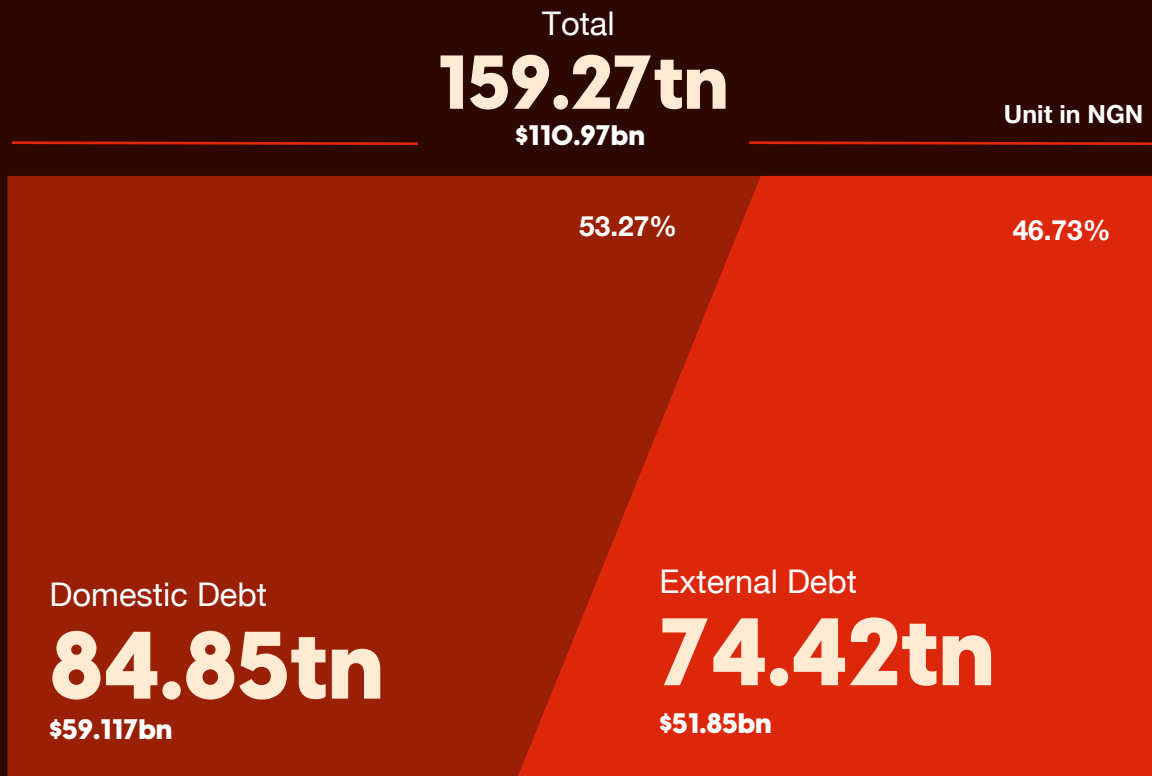
4.1 Total Debt

By December 31, 2025, Nigeria's public debt reached N159.28tn (\$110.97bn), a 10.1% year-on-year increase from N144.67tn. The Federal Government holds 92.14% of this, owing N80.48tn domestic and N66.27tn external debt. Total composition stands at 53.27% domestic (N84.84tn) and 46.73% external debt, which rose from \$45.78bn to \$51.86bn due to new loans and exchange-rate effects.

With N29.19tn in new borrowing projected for the 2026 deficit, obligations will expand. Although the debt-to-GDP ratio remains moderate at 40%–50%, weak revenue mobilization poses risks. The 2026 debt-service-to-revenue projection is precariously high at 42.88%, staying under the DMO's 50% threshold but severely constraining development funding.



Figure 7: Public Debt Stock - External and Domestic Debt of the FGN, States and FCT as at December 31, 2025



Source: Debt Management Office

Notes:

- The Domestic Debt Data Report for the States and FCT is generated from the signed-off submissions received from the States the FCT.
- The Central Bank of Nigeria (CBN) Official Exchange Rate of US\$1/N1435.2571 as at December 31, 2025 was used in converting External Debt to Naira.





In the energy sector, liabilities owed to electricity Generation Companies (GENCOs) are a major concern. The federal government, through the Nigerian Bulk Electricity Trading Company (NBET), has accumulated total some of N6.6tn in debt.

4.2 Domestic Debt

By December 2025, Nigeria's domestic debt hit N84.85tn, accounting for 53.27% of the N159.28tn total public debt. Driven by federal deficit-financing rather than subnational pressures, the Federal Government held N80.49tn, while states and the FCT owed N4.36tn. This represents a N10.47tn (14.1%) year-on-year increase from December 2024.

According to the DMO, the debt profile is dominated by FGN Bonds at N63.63tn (79.06%), followed by Treasury Bills at N13.85tn (17.21%), and Promissory Notes at N1.54tn (1.92%), alongside Sukuk, Savings, and Green Bonds.

While domestic borrowing mitigates external exchange-rate risks, large-scale local issuance threatens to crowd out private-sector credit for SMEs and manufacturing, potentially stunting long-term economic activity, CIT, and VAT revenues.

4.3 Foreign Debt

As of December 31, 2025, Nigeria's total external debt stood at approximately \$51.86bn (≈N74.43tn), representing 46.7% of total public debt (N159.28tn). The Federal Government accounted for \$43.62bn; states and FCT accounted for \$8.24bn. By creditor category: multilateral \$23.49bn (largest), commercial \$17.32bn, bilateral \$11.05bn. Within multilateral: World Bank's IDA is the largest at \$17.32bn, followed by AfDB

\$2.08bn and the Islamic Development Bank \$1.36bn. Bilateral loans include China (\$5.06bn), France (\$0.59bn), Germany (\$0.21bn), and Japan (\$0.07bn). The commercial component is dominated by Eurobonds at \$17.32bn.

4.4 Loans to Governments/State-Owned Enterprises (GOEs/SOEs)

The federal government's 2026 fiscal reforms introduce a corporate governance scorecard for Government-Owned Enterprises (GOEs) to enhance transparency and resource management. This initiative arrives as aggregate GOE expenditure expands alongside the national N68.32tn budget, raising concerns regarding weak financial management, opacity, and contingent liabilities from government-backed financing.

Structural issues severely hit the energy sector, where the government (via NBET) has accumulated N6.6tn in debt owed to electricity Generation Companies (GENCOs). This liquidity crisis, driven by tariff shortfalls and subsidy gaps, is coupled with TCN's infrastructure funding deficits and NNPC's unremitted revenues and opaque subsidy accounting.

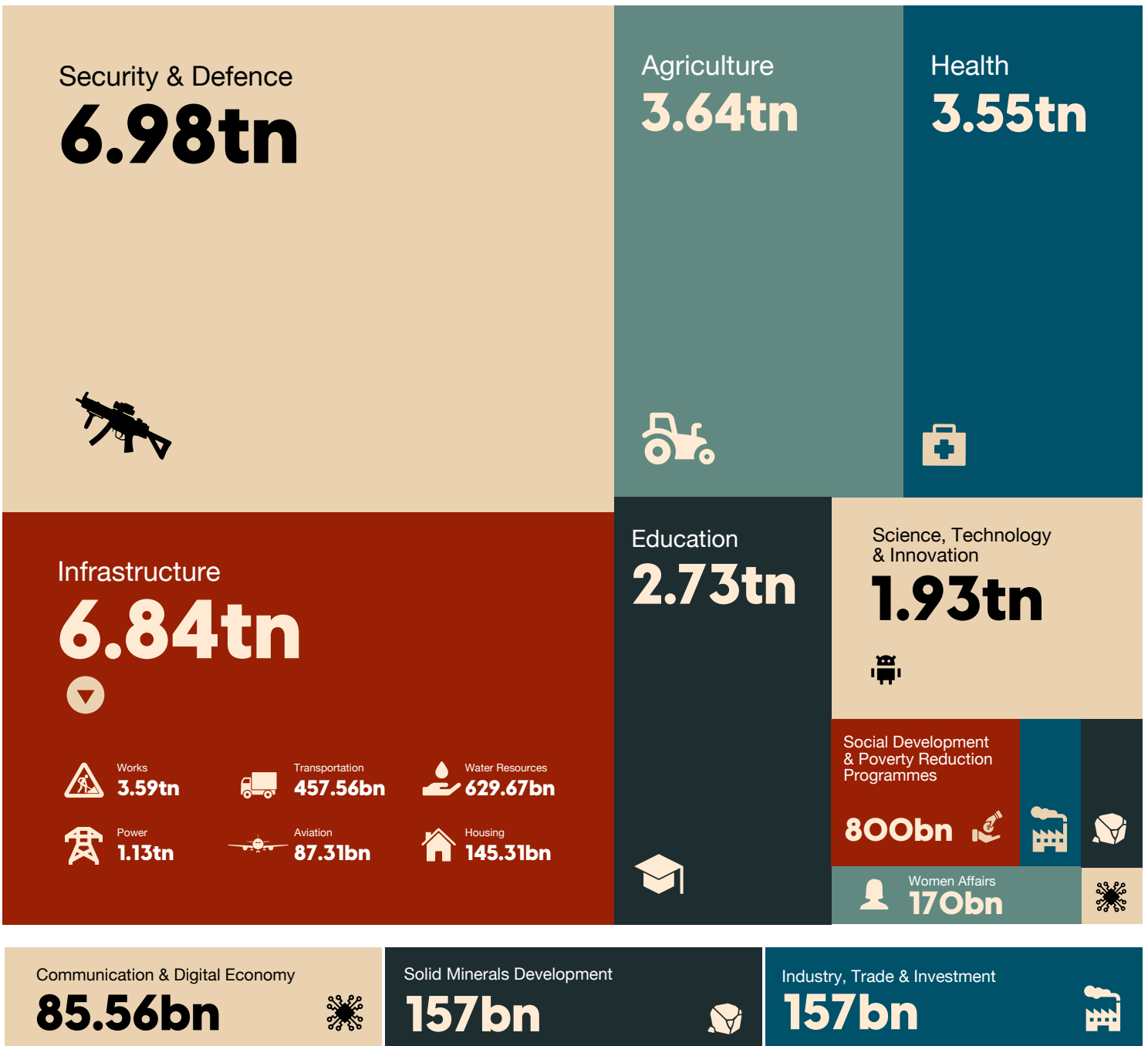
Furthermore, the NRC requires heavy public financing due to low cost recovery, while development finance institutions like the BOI and DBN need enhanced risk management for expanding loan portfolios. Ultimately, mandatory financial disclosures and stricter monitoring are critical to safeguard Nigeria's long-term fiscal sustainability.



2026 FG Approved Budget

Key Sectoral Analysis

Unit in NGN



15%

Education, Health, Science and Technology, and Women's Affairs sectors did not receive up to 15% of the total budget.

5. Sectoral Analysis of the 2026 Federal Government Approved Budget



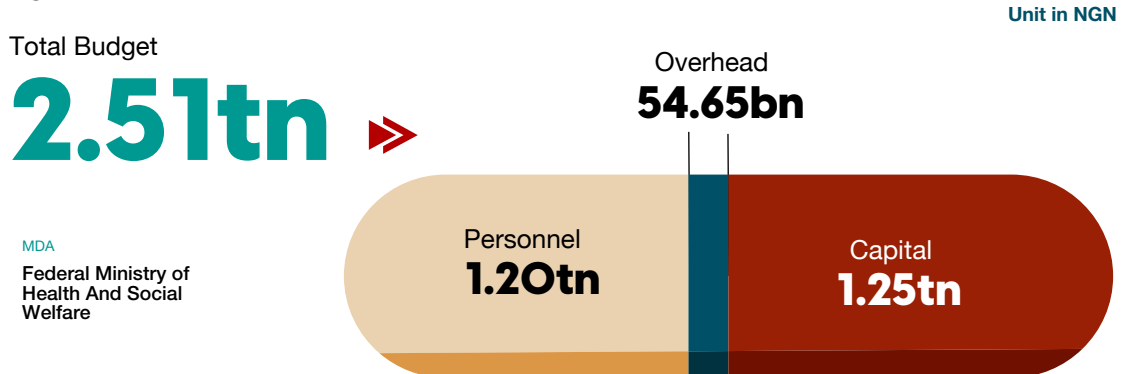
Nigeria's health financing crisis remains starkly evident in the controversy surrounding the Coordinating Minister of Health, Prof. Mohammed Ali Pate's disclosure that the ministry received only N36mn out of its N218bn 2025 appropriation.

5.1 Health and Social Protection

Nigeria faces a severe health financing crisis. In 2025, the ministry received just N36mn of its N218bn capital allocation. The 2026 allocation of N3.55tn represents only 5.20% of the national budget, failing the 15% Abuja Declaration benchmark. Consequently, out-of-pocket spending drives 76% of healthcare costs.

While the NHIS covered 21.7 million people (13% of the population) by late 2025, chronic underfunding leaves households highly vulnerable. Meanwhile, the N15bn "Renewed Hope Health Connect" outreach risks prioritizing short-term visibility over necessary systemic investments.

Figure 8: Breakdown of Health Budget



Source: 2026 Appropriation Act, Federal Republic of Nigeria



Table 7: 2022 - 2026 Health Budget Trend

Year	Health Budget (NGN BN)	Total Budget (NGN TN)	% Prioritization
2022	819.29	17.22	4.76%
2023	1,162.86	21.83	5.33%
2024	1,480.00	28.78	5.15%
2025	2,828.98	54.99	5.14%
2026	3,550tn	68.30	5.20%

Source: 2022-2026 Appropriation Act, Budget Office of the Federation

Healthcare Service Delivery

Nigeria faces an acute health workforce crisis with a population exceeding 240 million and only 11,000 resident doctors, yielding a dismal 1:9,083 doctor-to-population ratio.

Financially, 64 federal teaching hospitals were allocated N1.24tn (34.95% of the health budget; 1.81% of the federal budget), yet suffer severe infrastructure decay and staff shortages in critical specialities. Notably, UCH endured over 100 days without electricity due to a N400mn debt. Additionally, 38 federal medical centres received N535.41bn (15.09% of the health budget; 0.78% of the federal budget), facing similar constraints. Personnel costs consume 33.80% of the health budget, underscoring chronic underfunding.

Despite the 2023 National Health Sector Renewal Investment Initiative (NHSRII) aiming for universal health coverage, chronic labour disputes led to a five-day strike in September 2025, an indefinite strike on November 1, 2025, and a total strike in April 2026.

Prioritized allocations include: N90.30bn for NICRAT's permanent site, N44.52bn for cancer infrastructure across six hospitals,

N42.18bn for medical supplies targeting 10 million vulnerable Nigerians, and N32.31bn for a Presidential Wing at the National Hospital. Unresolved labour disputes and systemic inertia continue to compromise medical access for citizens.

How Can the Sector Be Improved?

Nigeria's health sector requires urgent reforms to counter underfunding, a severe doctor-to-population imbalance, and weak governance. The budget reflects deep inequities: teaching hospitals consume over one-third of allocations yet face critical infrastructure failures, such as UCH enduring 100 days without electricity while medical centres receive far less funding, crippling advanced oncology and cardiology care.

To improve efficiency, Nigeria must implement transparent, ring-fenced funding tied to measurable outcomes, stabilize basic infrastructure, and build specialist training pipelines. Prioritizing primary healthcare, expanding digital health systems, and utilizing public-private partnerships will help rebalance resources and shield vulnerable households from inefficiency.





Attrition rates at secondary and tertiary levels are particularly alarming, leaving millions of young Nigerians excluded from pathways to productive employment.

5.2 Education

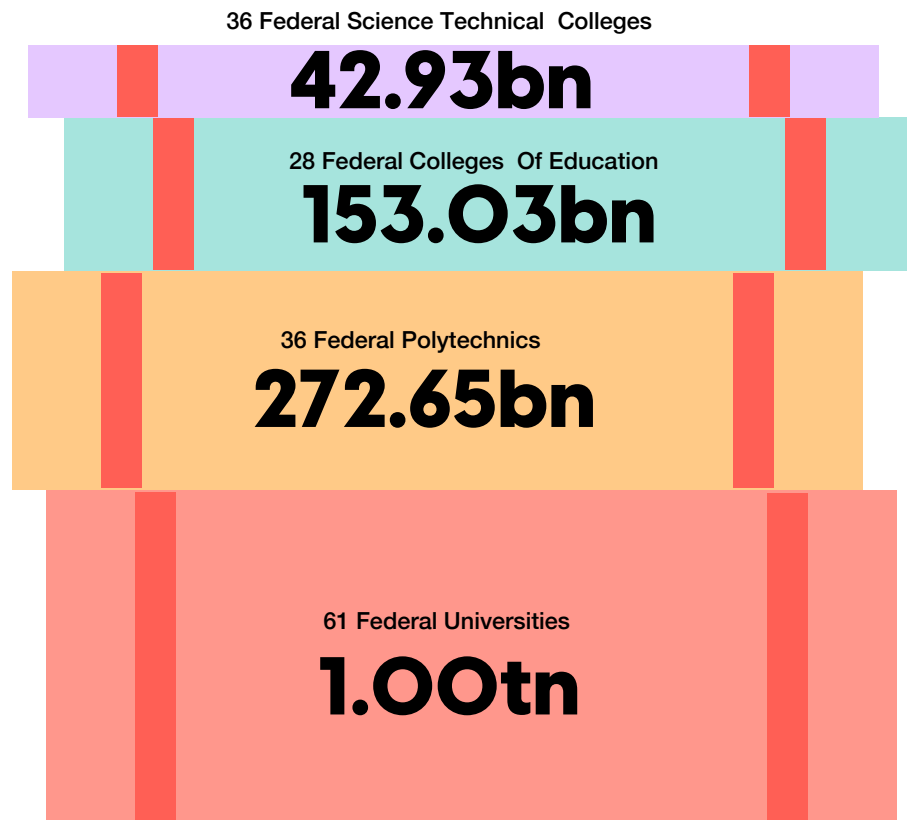
Despite operating Africa’s largest education system with 33 million primary pupils and 45–55 million total learners, Nigeria faces deep structural weaknesses. Adult literacy stands at 70.4% (131st out of 162 countries), marred by regional disparities, classroom skills mismatches, and high attrition rates.

The 2026 education budget is N2.73tn, representing roughly 4.00% of the N68.30tn total expenditure and just 0.46% of GDP. This chronic underfunding fuels infrastructure deficits, driving a private school expansion that reinforces economic inequality. While

NELFUND targets financial barriers, it is hindered by disbursement delays, IT glitches, corruption probes, and institutional mismatches.

Furthermore, after TETFUND’s nominal growth from N700bn (2024) to N990bn (2025), the 2026 budget slashed direct funding entirely. Instead, allocations are limited to an N12.90bn loan refund to the tax pool and N45.50mn for project monitoring. This sharp reduction threatens tertiary infrastructure, preventing vast enrollment numbers from translating into productive learning outcomes.

Figure 9: 2026 Allocation to Universities, Polytechnics, Colleges of Education, and Technical Colleges



Unit in NGN

Source: 2026 Appropriation Act, Federal Republic of Nigeria

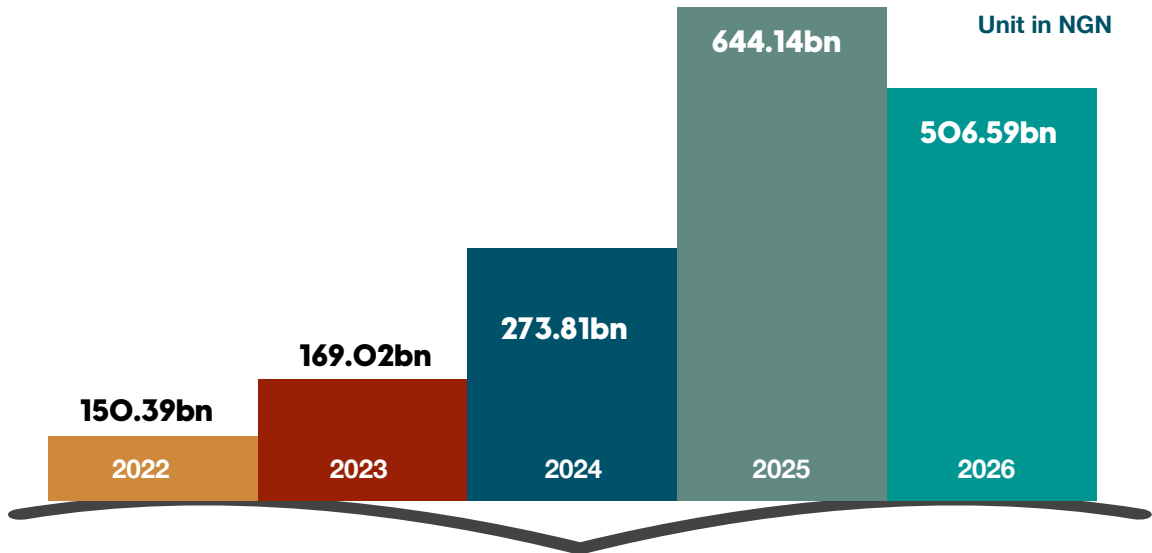


The Ministry of Education and its 268 departments, agencies, and parastatals received an allocation of N2.56tn, of which capex had a lump sum of N686.47bn, which is 25.15% of the total allocation to the education sector (26.85% lower than 2025), and recurrent obligations gulped N1.87tn (68.57%).

Universal Basic Education Programme

Despite the UBE Act’s mandate, Nigeria has 18.3 million out-of-school children, the highest globally, driven by insecurity and poverty. Undermining foundational learning, UBEC’s 2026 allocation of N441.92bn reflects a 31.4% year-on-year reduction (N202.22bn lower than 2025). This massive budget cut signals weakened political commitment, stalling teacher recruitment, critical infrastructure development, and urgent interventions needed to solve this acute educational crisis.

Figure 10: Allocations to UBEC (2022-2026)



Source: 2022-2026 Appropriation Act, Budget Office of the Federation

Education allocations prioritized target primary school nutrition with N42bn, followed by N35bn for out-of-school projects, innovation workshops, donor monitoring, and retraining 100,000 technical teachers. Finally, N30.64bn funds the SPESSE Project for a modern Federal College library.

How Can the Sector Be Improved?

Nigeria must shift its massive system of 33 million primary pupils and 55 million total learners from scale to quality. To remedy underfunding and poor infrastructure, legislative bodies should

boost financing toward UNESCO’s 4–6% of GDP benchmark.

Reforms must enforce transparent, digital financial management tied to performance-based outcomes, alongside enhanced civil society oversight. Key interventions include prioritizing teacher incentives for underserved areas, driving STEM and vocational curriculum reforms, and scaling ICT-driven infrastructure. Finally, strengthening NELFUND’s transparency and regulating private schools will curb dropout rates, ensuring equity and sustainable national development.





Kidnapping has emerged as one of the most severe security challenges, escalating from isolated high-profile incidents into a nationwide epidemic.

5.3 Security and Defence

Nigeria's security architecture faces overlapping regional threats and a severe kidnapping epidemic. For 2026, the sector received N6.98tn (10.21% of the national budget). However, uneven outcomes persist because spending tilts heavily toward recurrent costs: personnel consumes 45.79% (N4.41tn), while capital expenditure gets just 9.36% (N875.94bn) and overhead 6.08% (N585.94bn).

Disaggregated allocations reveal the Police Force holds 5.47% (N3.72tn), Defence 4.63% (N3.16tn), Interior 1.06% (N724bn), and the NSA

0.97% (N664.12bn). This recurrent-heavy dominance limits structural equipment and logistical upgrades.

The top four prioritized security allocations are: N44.20bn: Vaguely earmarked for Army barracks. N27.62bn: T-129 attack helicopters, weapons, and Air Force construction. N27.01bn: NSA medical centre upgrades. N21bn: Special equipment procurement under the NSA.

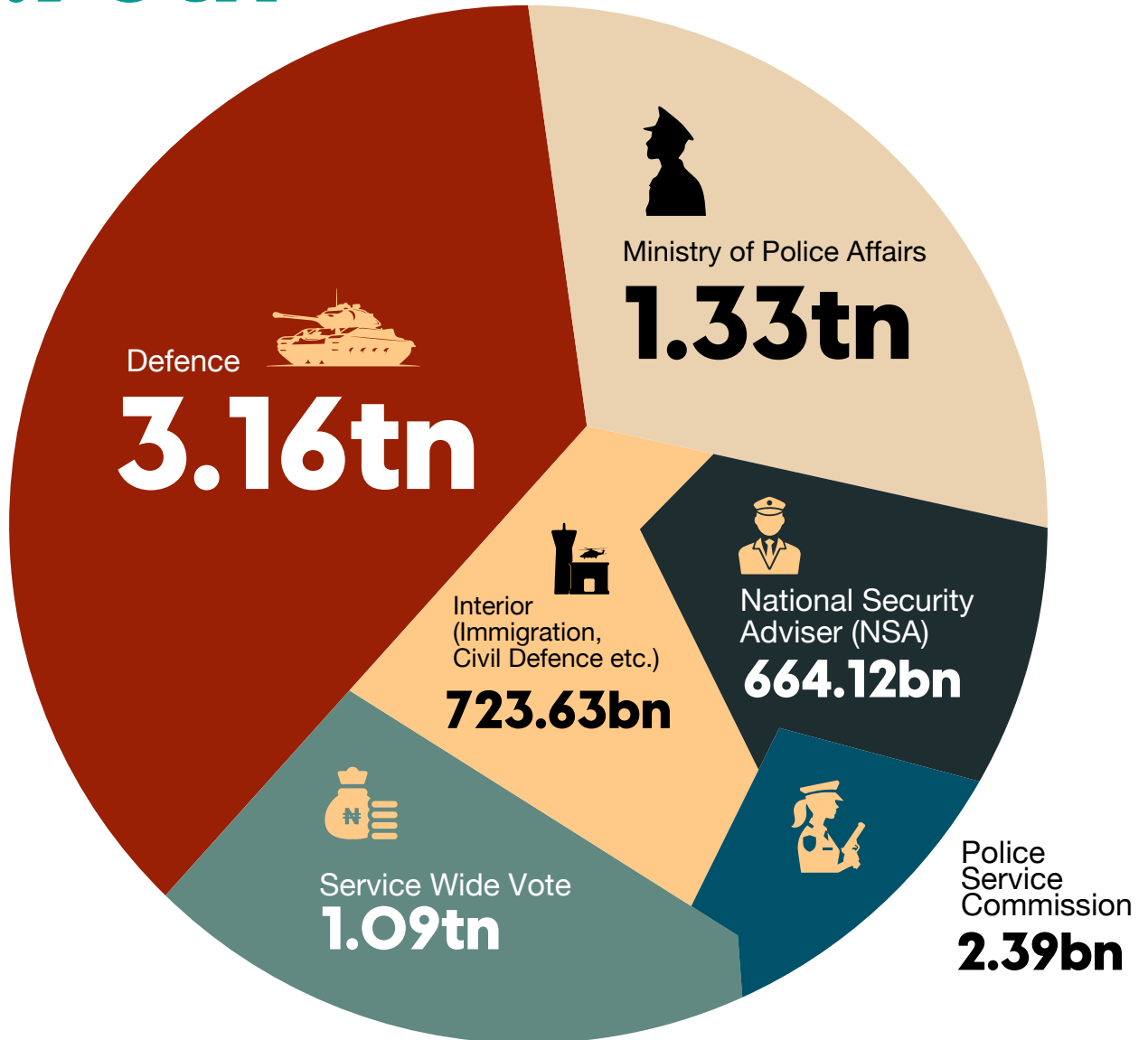
Procurement inefficiencies and delayed releases must be resolved to curb criminal and political violence effectively.

Table 8: Breakdown of Security and Defence's Budget by MDA

MDA	Personnel	Overhead	Capital	Total Allocation	% of the Sector Budget	% of the 2026 Budget Size
Ministry of Defence	2,392.88 bn	299.03 bn	466.30 bn	3.156tn	33.77%	4.63%
Ministry of Police Affairs	1,189.86bn	83.58 bn	61.46 bn	1.33tn	14.21%	1.95%
Police Service Commission	1.49 bn	0.49bn	0.41bn	2.39bn	25.54%	3.50%
Interior (Immigration, Civil Defence etc.)	591.18 bn	71.57 bn	60.87 bn	723.62bn	7.73%	1.06%
National Security Adviser (NSA)	245.94 bn	131.27 bn	286.90 bn	664.12bn	7.10%	0.97%
Service Wide Vote				1093.50bn	11.65%	
	4,418.61 bn	585.94bn	875.94bn	6,976.76bn		13.70%

Source: NBS Q4 2025 GDP Report

Total Budget

6.98tn >>**How Can the Sector Be Improved?**

Nigeria's security sector requires deep structural reform to transition from high spending to impactful outcomes. Key measures must include strengthening financial oversight through transparent budgeting and empowered watchdogs to curb corruption. Institutional duplication should be eliminated via joint intelligence and unified command structures.

Furthermore, technology such as drones, data analytics, and early-warning systems must be mainstreamed alongside human rights training. Finally, integrating community actors into formal strategies will address root causes of violence, anchoring this leaner, a more accountable governance framework in a comprehensive security-sector act to restore public confidence.



Agriculture consistently contributes between 20–24% of GDP and employs 35–50% of the workforce, underscoring its central role in livelihoods and national development.

5.4 Agriculture

Nigeria's agricultural sector remains a vital non-oil cornerstone, utilizing 34 million hectares of arable land, two-thirds cultivated by smallholders to contribute 20–24% of GDP and employ 35–50% of the workforce.

In 2025, agricultural GDP rose from N13.4tn (21% share) in Q2 to N17.8tn (26.8% share) in Q3. Driven by surging values from N9tn to N12.36tn by 2025, agricultural products accounted for 41.04% of total non-oil exports. Cocoa dominated at 24.61% of non-oil exports, generating over N1.2tn in Q1 2025 alone, where total agricultural exports hit N1.7tn (\$1.079bn), a 64.65% year-on-year increase.

Despite this, Nigeria lags behind regional peers: Ethiopia aligns with the Malabo Declaration by allocating 10% of its budget to agriculture, while

Côte d'Ivoire and Ghana supply over 60% of global cocoa. Nigeria's raw commodity focus misses lucrative processing margins.

The 2026 agricultural allocation is N3.64tn (5.33% of the total budget). The Federal Ministry of Agriculture and Food Security received N3.57tn (82.96% of the sector's share), with 96.08% heavily prioritized for capital expenditure and 3.82% for recurrent costs.

While recent interventions like NAGS-AP, NADF, and RH-FSP have helped, excessive fertiliser focus, insecurity, and high post-harvest losses persist. Nevertheless, leveraging its vast resources could increase output from 311 million metric tonnes in 2025 to 438 million metric tonnes by 2043. Unlocking this potential requires solving infrastructure deficits, expanding value-chain processing, and enhancing security.

Total Budget

3.64tn

Unit in NGN

Overheads
33.02bn

Personnel
136.53bn

Capital Expenditure
3.481tn



Table 9: Breakdown of Agriculture’s Budget by MDA

MDA	Personnel	Overhead	Capital	Total Allocation
FEDERAL MINISTRY OF AGRICULTURE AND FOOD SECURITY	136.26 bn	11.26 bn	3.43 tn	3.57tn
NATIONAL AGRICULTURAL LAND DEVELOPMENT AUTHORITY (NALDA)	274.75mn	21.76bn	51.28bn	73.31bn
TOTAL	N136.53bn	N33.02bn	N3.481tn	N3.64tn

Source: 2026 Appropriation Act, Federal Republic of Nigeria

Table 10: FG Budget Commitment to Malabo Declaration 2015-2026

Commitment to Malabo Declaration so far			
Year	Allocation (NGN BN)	Total Budget (NGN TN)	% Prioritization
2015	40.66	4.49	0.90%
2016	75.81	6.06	1.25%
2017	135.55	7.44	1.82%
2018	203.01	9.12	2.23%
2019	164.90	8.92	1.85%
2020	183.08	10.81	1.69%
2021	280.32	13.59	2.06%
2022	360.85	17.22	2.10%
2023	426.99	21.83	1.96%
2024	967.40	28.78	3.36%
2025	2253.62	54.99	4.10%
2026	4.30tn	68.30	6.30%

Source: 2015- 2026 Appropriation Act, Federal Republic of Nigeria



Nigeria's agricultural allocations prioritize Industrial Processing Zones at N126.02bn via tied loans, N89.09bn for fertilizer support (RH-FSP), and N37.50bn for tailoring machines under the Value Chain Development Programme.

How Can the Sector Be Improved?

To transform Nigeria's agricultural sector, budget allocations must progressively rise toward the Malabo Declaration's 10% target, utilizing intermediate steps of 4–5% over the next three cycles with strictly ring-fenced funds.

Security must be prioritized in food-belt states

through an enhanced military presence and community conflict resolution. Furthermore, credit infrastructure requires restructuring by capitalizing the NADF under strict governance safeguards and expanding digital collateral access for smallholders. Public-private partnerships must scale up cold chains and processing facilities to slash post-harvest losses.

Ultimately, the Federal Ministry of Agriculture and Food Security must transition into a strategic economic driver, overcoming high equipment costs and transport deficits to stabilize rural livelihoods.



Efficient transport systems help reduce the cost of doing business and improve access to markets, education, and healthcare services.

5.5 Works

The works sector is central to Nigeria's economic strategy, but it is hindered by inadequate funding, severe maintenance backlogs, and poor road conditions. The 2026 budget allocates N3.59tn (5.26% of the national total) to the sector.

However, distribution is heavily centralized: the Federal Ministry of Works headquarters receives N3.31tn (92.21%), while the critical execution agency, FERMA, gets just N277.96bn (7.74%). COREN (0.04%) and the Regional Centre for Training in Aerospace Survey (0.01% / N357.06mn) receive negligible shares.

Major infrastructure projects face uneven progress. The Sokoto-Badagry Super Highway, which

received an FEC approval of N2.36tn in 2024, suffers from limited disbursement. While the Senate approved an additional N516.3mn Deutsche Bank loan in April, construction remains fragmented across the Lagos and Sokoto axes.

Transparency concerns persist; the first 100 road projects total N471.33bn, but vague line items—such as an N66.5mn FERMA entry labelled simply “Project Management Program 2025” impede public monitoring. Rebalancing allocations toward field execution, rectifying opaque descriptions, and accelerating project disbursements are vital to reducing business costs, post-harvest losses, and commuter safety risks across Nigeria's federal road network.

Table 11: Breakdown of Ministry of Works' Budget by MDA

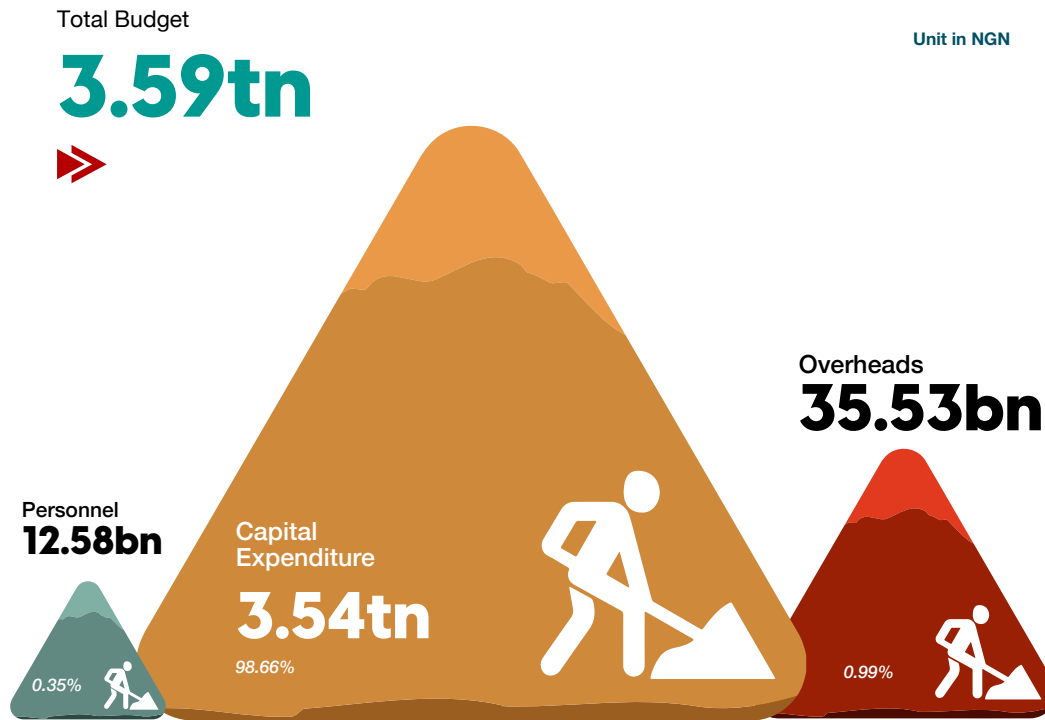
MDA	Personnel	Overhead	Capital	Total Allocation
FEDERAL MINISTRY OF WORKS	6.72 bn	1.86 bn	3.30 tn	3.31 tn
FEDERAL ROAD MAINTENANCE AGENCY	5.06 bn	33.47 bn	239.43 bn	277.96 bn
COUNCIL FOR THE REGULATION OF ENGINEERING IN NIGERIA (COREN)	801.34 mn	200 mn	300 mn	1.30 bn
REGIONAL CENTRE FOR TRAINING IN AEROSPACE SURVEY	0	0	357.06 mn	357.06 mn
TOTAL	12.58 bn	35.53 bn	3.54 tn	3.59 tn

Source: 2026 Appropriation Act, Federal Republic of Nigeria



The Ministry of Works allocated 98.66% (N3.54tn) to capital expenditure, 0.99% (N35.53bn) to overheads, and 0.35% (N12.58bn) to personnel costs. The highest capital allocation is N3.30tn for the Ministry's headquarters, followed by N239.43bn for the Federal Road Maintenance Agency (FERMA).

Figure 11: Breakdown of Works' Budget



Source: 2026 Appropriation Act, Federal Republic of Nigeria

The Federal Ministry of Works headquarters will implement the top ten capital projects. The highest allocation is N367.9bn, funded via multilateral/bilateral tied loans for the Lafia Road construction and 9th Mile (Enugu)–Otukpo–Makurdi dualization. The second-highest allocation provides N65bn for the dualization of the Kano–Katsina Road Phase II section.

What Measures Can Be Taken To Improve the Sector?

To revitalize Nigeria's works sector, the Federal Ministry of Works must shift from input-based spending to outcome-driven delivery, prioritizing high-impact, farm-to-market economic corridors over a thinly spread project pipeline. This is critical given the severe financing deficit inherited in 2024: thousands of ongoing projects valued at over N13tn, which far exceed available public resources.

To overcome low capital implementation, delayed releases, and cost overruns, the ministry should institute open competitive procurement, independent civil society monitoring, and performance-based contracting that blacklists politically connected, non-performing contractors. Given the stark funding constraints, expanding Public-Private Partnerships (PPPs) and infrastructure bonds under strict regulatory oversight is essential.

Furthermore, institutional capacity must be elevated by clearly delineating federal and state responsibilities, modernizing engineering standards, and enhancing asset security—evidenced by FERMA's late 2025 launch of "Operation Safeguard the Road (OSGR)." Finally, Nigeria must institutionalize a proactive maintenance culture. Strengthening FERMA with dedicated funding and periodic schedules will prevent rapid road deterioration, drastically reducing long-term rehabilitation costs.



Earlier this year, the Generation Companies (GenCos) reported that the Federal Government’s obligations had reached N6.6tn, largely due to unpaid electricity subsidies, market shortfalls, and legacy debts accumulated over several years.

5.6 Power

Following Chief Adebayo Adelabu's resignation, Joseph Olasunkanmi Tegbe has been nominated as Minister of Power. The sector faces major liquidity crises: the government owes GenCos N6.6tn in legacy debts, subsidies, and shortfalls, alongside an additional N4tn+ owed across generation and distribution companies. While installed capacity exceeds 13,000 MW, available capacity is throttled to 5,000–5,600 MW by gas supply and maintenance inefficiencies.

Furthermore, Nigeria experiences a staggering 28% electricity loss rate, ranking among Africa's top three behind Togo (45.1%) and Cameroon (34.2%).

Compounding these issues, the 2026 power sector budget was slashed by 40.21% year-on-year to N1.13tn, representing just 1.65% of the national budget. Disaggregated, the National Rural Electrification Agency received N523.13bn (46.22%), the Ministry’s Headquarters took N418.87bn (37.01%), and the Transmission Company of Nigeria was allocated N160.12bn (14.15%).

This massive funding reduction severely threatens transmission upgrades and grid expansion. The incoming minister must urgently manage politically sensitive tariff reforms, attract private investment into the largely privatized NESI architecture, and optimize the diminished allocation to bridge the vast generation gap.

Table 12: Breakdown of the Ministry of Power’s Budget by MDA

MDA	Personnel	Overhead	Capital	Total Allocation
FEDERAL MINISTRY OF POWER -HQTRS	1.29 bn	825.79 mn	416.75 bn	418.87 bn
NATIONAL RURAL ELECTRIFICATION AGENCY	1.33 bn	1.23 bn	520.57 bn	523.13 bn
NIGERIAN ELECTRICITY MANAGEMENT SERVICES AGENCY (NEMSA) HQTR	2.21 bn	1.05 bn	2.84 bn	6.10 bn
NATIONAL POWER TRAINING INSTITUTE	998.75 mn	423.90 mn	19.50 bn	20.93 bn
NIGERIA ELECTRICITY LIABILITY MANAGEMENT LIMITED	335.73 mn	679.57 mn	1.59 bn	2.61 bn
TRANSMISSION COMPANY OF NIGERIA	0	0	160.12 bn	160.12 bn
TOTAL	6.17 bn	4.21 bn	1.12 tn	1.13 tn

Source: 2026 Appropriation Act, Federal Republic of Nigeria



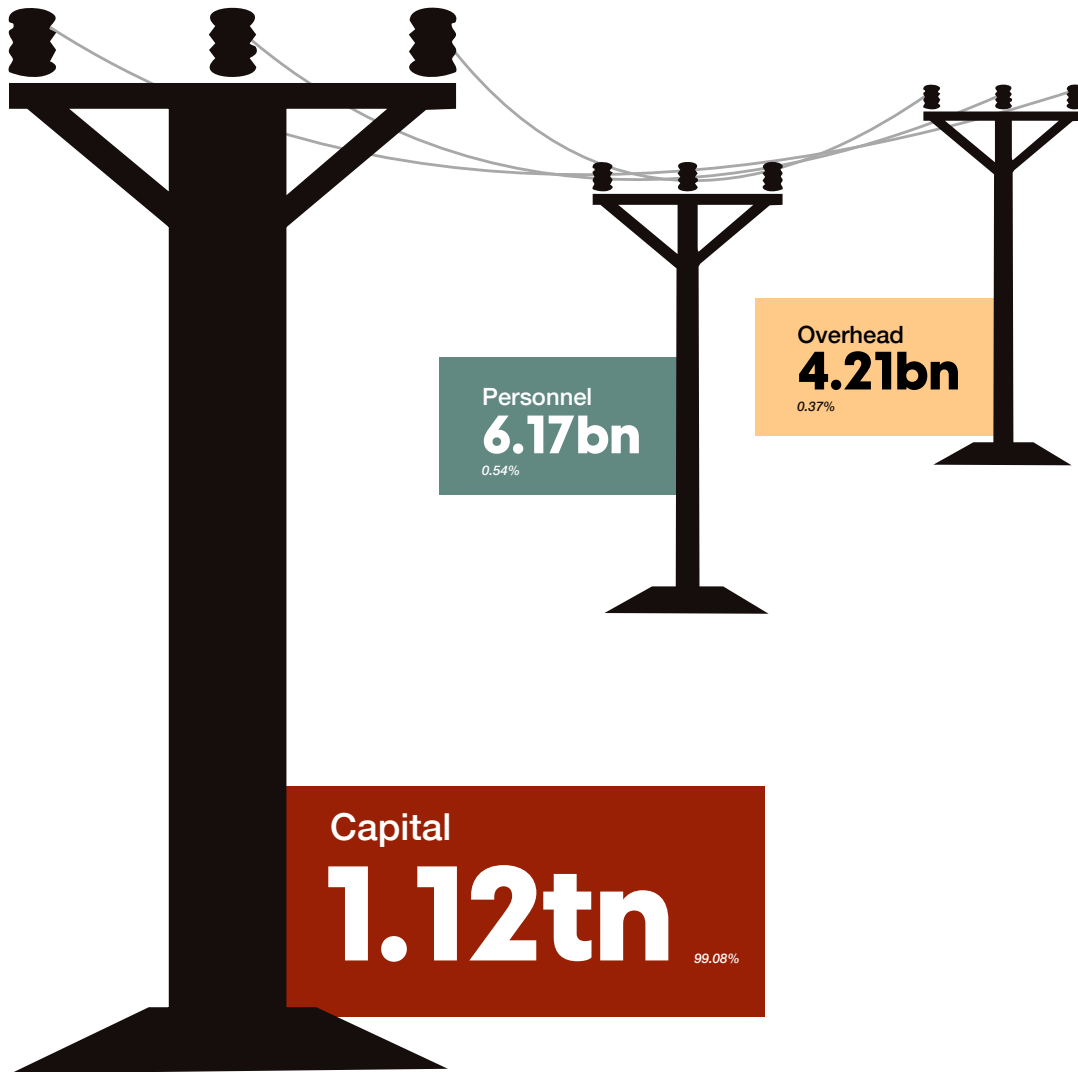
The power sector budget allocates 99.08% (N1.12tn) to capital expenditure, 0.37% (N4.21bn) to overheads, and 0.54% (N6.17bn) to personnel costs. Top capital recipients include the National Rural Electrification Agency at N520.57bn (46.42%), Ministry Headquarters at N416.75bn (37.16%), and TCN at N160.12bn (14.28%). For personnel funding, NEMSA Headquarters leads with 35.82% (N2.21bn), followed by the Rural Electrification Agency at 21.56% (N1.33bn).

Figure 12: Breakdown of Power Budget

Total Budget

Unit in NGN

1.13tn ▼



Source: 2026 Appropriation Act, Federal Republic of Nigeria



The Ministry of Power's top ten capital projects prioritize multilateral/bilateral tied loans. The highest allocation provides N375bn specifically for the Distribution Access Through Renewable Energy Scale-Up (DARES) project. This is followed by the second-highest allocation of N150bn for the Nigeria Distribution Sector Recovery Program (DISREP), and N147.78 billion earmarked for the Northern Corridor Transmission Project.

How Can the Sector Be Improved?

Nigeria's power sector is severely constrained by a weak, overstretched transmission network prone to frequent grid collapses. To deliver electricity efficiently and unlock stranded capacity, the country must prioritize large-scale investments in grid expansion, modernization, and redundancy systems via initiatives like new transmission corridors and the proposed Grid Asset Management

Company (GAMCO). Rehabilitating existing plants is more cost-effective than adding new capacity.

At the distribution level, poor infrastructure, energy theft, and inadequate metering limit revenue. Upgrading distribution networks, mandating universal metering, and enforcing performance-based regulations will reduce losses, improve transparency, and build consumer trust.

Furthermore, accelerating decentralization allows states to generate and regulate electricity through mini-grids and embedded generation. This shifts pressure off the national grid and expands rural energy access to support healthcare, agriculture, and education, though success depends on strong federal-state coordination to prevent regulatory fragmentation.



In December 2025, the Federal Ministry of Housing and Urban Development (FMHUD) reported that the housing deficit stood at about 15.2 million housing units in 2025.

5.7 Housing and Urban Development

Nigeria's housing sector is vital for social welfare and job creation, yet it faces severe strain from rapid urbanization and high construction costs. Estimates of the country's massive housing deficit vary: national data flags a gap of 28 million units, while the Federal Ministry of Housing and Urban Development (FMHUD) reported a deficit of 15.2 million units in December 2025. A primary constraint is fragmented land administration; less than 5% of land parcels are formally titled, creating "dead capital" that limits mortgage credit and restricts private investment. Consequently, informal settlements are expanding rapidly across major hubs like Abuja, Lagos, Kano, and Port Harcourt.

Compounding these challenges, the 2026 budget allocates just N145.31bn to housing and urban development, representing a mere 0.21% of the national budget. This reflects a steep 31.18% reduction from the N211.16bn allocated in 2025.

Disaggregated, the FMHUD headquarters dominates with N118.98bn (81.88%), followed by the Office of the Surveyor General of the Federation at N23.06bn (15.87%), the Federal School of Survey, Oyo, at N2.41bn (1.66%), and the Survey Council of Nigeria receiving the lowest share of N861.28mn. This severe budget cut directly threatens ongoing mortgage financing, slum upgrading, urban renewal, and long-term economic stability.



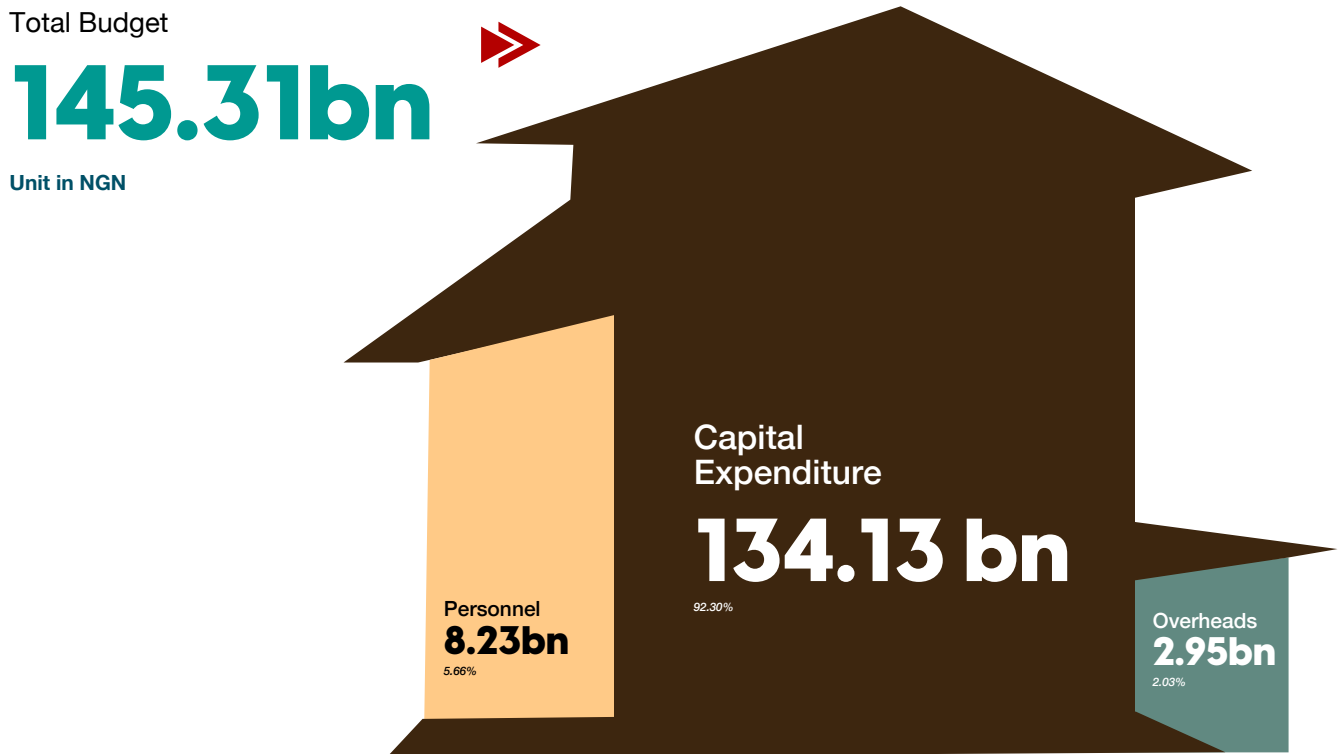
Table 13: Breakdown of the Ministry of Housing and Urban Development’s Budget by MDA

MDA	Personnel	Overhead	Capital	Total Allocation
FEDERAL MINISTRY OF HOUSING AND URBAN DEVELOPMENT - HQTRS	4.83bn	480.33mn	113.68bn	118.98bn
OFFICE OF THE SURVEYOR GENERAL OF THE FEDERATION	1.59bn	2.07bn	19.40bn	23.06bn
FEDERAL SCHOOL OF SURVEY, OYO	1.45bn	203.97mn	752.31mn	2.41bn
SURVEY COUNCIL OF NIGERIA	361.28mn	200mn	300mn	861.28mn
TOTAL	8.23bn	2.95bn	134.13bn	145.31bn

Source: 2026 Appropriation Act, Federal Republic of Nigeria

The Ministry allocated 92.3% (N134.13bn) to capital expenditure, 2.03% (N2.95bn) to overheads, and 5.66% (N8.23bn) to personnel costs. Capital expenditure prioritises infrastructure and housing development. The Ministry of Housing and Urban Development Headquarters received the highest capital allocation at N113.68bn.

Figure 13: Breakdown of Housing and Urban Development Budget



Source: 2026 Appropriation Act, Federal Republic of Nigeria

The Ministry's top ten capital projects will see the Federal Ministry of Housing and Urban Development Headquarters implement nine. The highest allocation, N9.87bn, is for "Completion of Covered Conduit and Road Along Jakara–Kwarin Gosau, Kano State." Second is the "Renewed Hope Agenda Housing Scheme (Construction of 20,000 Housing Units)" with N8.05bn.

How Can the Sector Be Improved?

To revitalize Nigeria's housing sector, critical improvements must target finance, regulatory bottlenecks, and affordability. Access to long-term, low-interest mortgage financing remains a major barrier; thus, the government should recapitalize the Federal Mortgage Bank of Nigeria, expand the National Housing Fund,

and introduce rent-to-own schemes targeted specifically at low-income households.

Furthermore, because the Land Use Act renders land acquisition cumbersome, streamlining land titling, digitizing registries, and policy harmonization across all tiers of government are essential to reduce costs. Given severe fiscal constraints, establishing Public-Private Partnerships (PPPs) will effectively mobilize private capital.

Finally, promoting locally sourced building materials and alternative construction technologies will lower costs, boost scalability, and create jobs. Attracting private investment requires policy stability, minimized bureaucratic bottlenecks, tax breaks, and robust infrastructure support.



Despite being the primary mode of movement for over 90% of passengers and freight, the nation's road network has suffered decades of inadequate maintenance.

5.8 Transport

Nigeria's transportation sector is systemically underfunded, leaving roads to dominate over 90% of passenger and freight movement despite severe highway degradation. Reflecting this neglect, the sector's nominal GDP contribution has steadily declined from 2.33% in late 2022 to 1.62% in Q4 2023, and further down to 1.30% in Q4 2024, before experiencing a modest recovery to 1.65% in 2025.

The human toll of this infrastructural decay is staggering: the FRSC reported that between January and September 2025 alone, 3,433 lives were lost and over 22,000 individuals were injured across nearly 7,000 recorded accidents. Beyond safety concerns, a fragmented logistics ecosystem, inefficient warehousing, and poor freight coordination drive up trade costs, proving that standard "Ember Months" sensitization campaigns are insufficient without deep structural overhauls.

To build a resilient, multi-modal system, the Tinubu administration has launched strategic

intermodal interventions. These include a "road-to-rail" shift prioritizing the Lagos–Ibadan and Itakpe–Warri corridors to protect fragile roads from heavy freight. Additionally, electronic truck-call-up systems have begun easing maritime gridlock at Apapa and Tin Can Island ports, alongside policies promoting underutilized eastern ports like Onne and Calabar.

Sector Breakdown

The Federal Ministry of Transport total The Federal Ministry of Transport's 2026 allocation totals N457.56bn, heavily skewed toward capital expenditure at N423.03bn (92.45%). Personnel costs stand at N31.99bn (6.99%), while overhead is restricted to a meagre N2.54bn (0.56%), risking overall operational efficiency. This capital-intensive structure demands robust audit functions from the Ministry and the Office of the Auditor General to ensure value for money.

Management is highly centralized, with Ministry Headquarters controlling 77.07% (N352.65bn)



of the budget. Among parastatals, the Nigerian Institute of Transport received N50.87bn (11.12%), while the Nigerian Railway Corporation was allocated N34.24bn (7.48%). Notably, the railway's personnel costs (N22.38bn) dwarf its capital budget (N11.65bn), indicating a bloated workforce

with minimal project funds. Finally, the Federal University of Transportation, Daura received N18.25bn (3.99%), and the Council for the Regulation of Freight Forwarding took a negligible N1.54bn (0.34%), underscoring underfunded regulatory and institutional research.

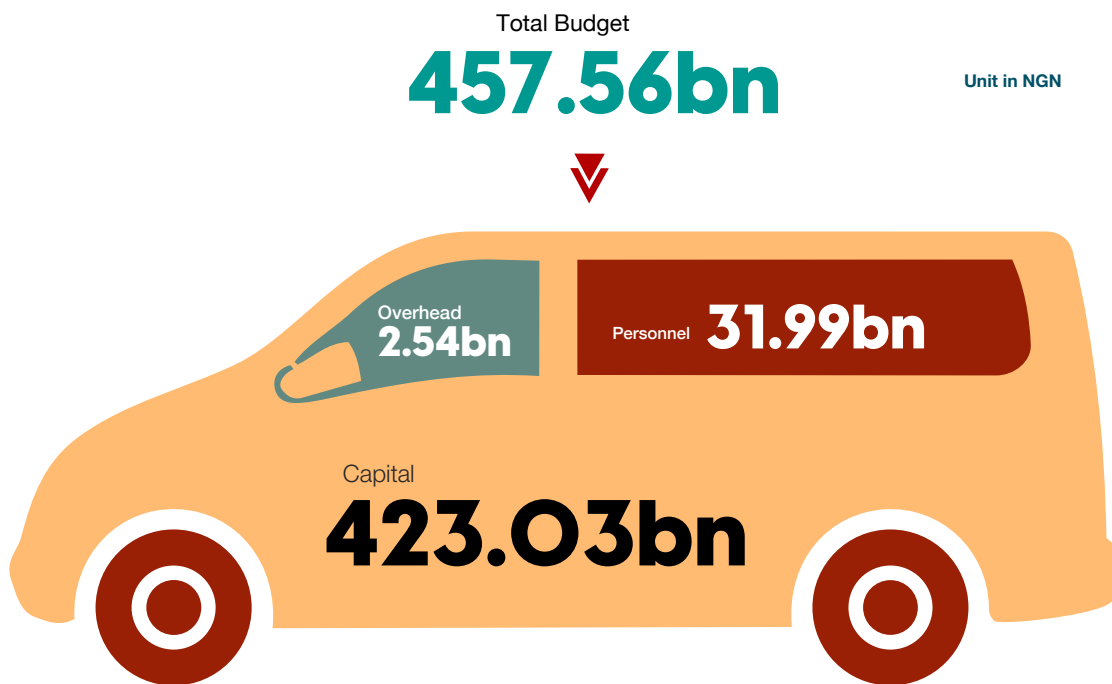


Table 14: Breakdown of Federal Ministry of Transport' Budget by MDA

MDA	Personnel	Overhead	Capital	Total Allocation	% of the MDA Budget
FEDERAL MINISTRY OF TRANSPORT - HQTRS	1,293,442,762	410,784,490	350,944,863,197	352,649,090,449	77.07%
NIGERIAN INSTITUTE OF TRANSPORT	4,211,128,966	942,320,409	45,720,628,308	50,874,077,683	11.12%
NIGERIAN RAILWAY CORPORATION	22,383,880,809	201,118,011	11,654,971,641	34,239,970,461	7.48%
COUNCIL FOR THE REGULATION OF FREIGHT FORWARDING IN NIGERIA	784,944,153	270,000,000	490,000,000	1,544,944,153	0.34%
FEDERAL UNIVERSITY OF TRANSPORTATION, DAURA, KATSINA STATE	3,315,865,646	716,575,291	14,220,761,342	18,253,202,279	3.99%
TOTAL	31,989,262,336	2,540,798,201	423,031,224,488	457,561,285,025	

Source: NBS Q4 2025 GDP Report

The 2026 transport budget's top allocations prioritize heavy infrastructure and rail development. The Ministry headquarters leads with N142.03bn for geopolitical bus terminals, followed by N102.30bn for Lagos Green Line Metro Rail (Phase 1) counterpart funding. Rail expansion includes N68.50bn for coastal/segment railway consultancy and N29bn for system completion, signalling, and security. The Nigerian Institute of Transport Technology receives N10bn for youth equipment and N2.1bn each for rural access. Remaining funds cover utility support, medical gear, and narrow-gauge rolling stock rehabilitation.

Shifting the Paradigm

Transforming Nigeria's transportation sector into an economic catalyst requires blending private capital, technological innovation, and urgent fiscal adjustments. Public-Private Partnerships (PPPs) must be leveraged to finance port automation, modern highways, and rail networks. Transitioning commercial fleets to Compressed Natural Gas

(CNG) and electric mobility will lower emissions and reduce vulnerability to global fuel price shocks.

Accelerating the "road-to-rail" shift along the Lagos-Ibadan and Itakpe-Warri corridors is vital. However, the Nigerian Railway Corporation must urgently rebalance its budget, as personnel costs currently exceed its capital allocation. Completing the Lagos Green Line Metro and coastal rail segments will safely remove heavy freight from fragile roads.

Furthermore, combating the thousands of annual road fatalities requires enforcing strict speed limits, vehicle checks, and driver licensing reforms alongside enhanced funding for FRSC surveillance tech. Finally, port electronic truck-call-up systems should expand from Apapa and Tin Can Island to eastern ports like Onne and Calabar, while addressing severely underfunded overhead costs across training and regulatory agencies.



Notably, approximately 40% of an airline ticket's value in Nigeria is attributed to taxes and charges.

5.9 Aviation

Civil aviation serves as a vital economic pillar for Nigeria. As Africa's most populous nation, it hosts over 22 foreign carriers under Bilateral Air Services Agreements (BASAs) with direct global flights. Passenger traffic grows at an average annual rate of 10% and is projected to rise from 15.8 million in 2023 to 25.7 million by 2029. Lagos's Murtala Muhammed International Airport (MMIA) accounts for over 60% of total traffic and is being repositioned as a regional hub via NAMA's investments in advanced landing aids and radar systems. Alongside Abuja, Calabar, Kano, and Port Harcourt, these airports serve as leading cargo hubs supported by firms like UPS, DHL, NAHCO, and SAHCOL.

Remarkably, Nigeria boasts a strong safety record with fewer than 1,500 aviation fatalities in 100 years. However, severe headwinds persist: approximately 40% of a ticket's value is consumed by government taxes and fees (including 5% ticket sales, 5% cargo sales, and 5% VAT charges).

Addressing these costs is critical, especially given fiscal contractions. In 2026, the sector's allocation fell to N87.31bn, a 29.64% (N25.88bn) drop from 2025's N113.19bn. Budget distribution is heavily centralized, with Ministry Headquarters dominating at N50.65bn (58.01%), driven by N48.55bn in capital expenditure (personnel: N1.35bn; overhead: N745.74mn). The remaining 42% is split among agencies: NIMET receives N11.85bn (13.56%) with an operational focus (personnel: N9.15bn; capex: N2.29bn); NCAT Zaria gets N11.28bn (12.92%) for training (capex: N6.54bn; personnel: N4.28bn); NSIB takes N7.24bn (8.30%) under a lean model utilizing zero personnel funding; and NAMA receives N6.3bn (7.22%) focused entirely on navigation infrastructure.

Sustaining growth requires the ministry to alleviate this heavy tax burden, combat inflationary pressures, and maximize these diminished resources.



Table 15: Breakdown of Federal Ministry of Aviation' Budget by MDA

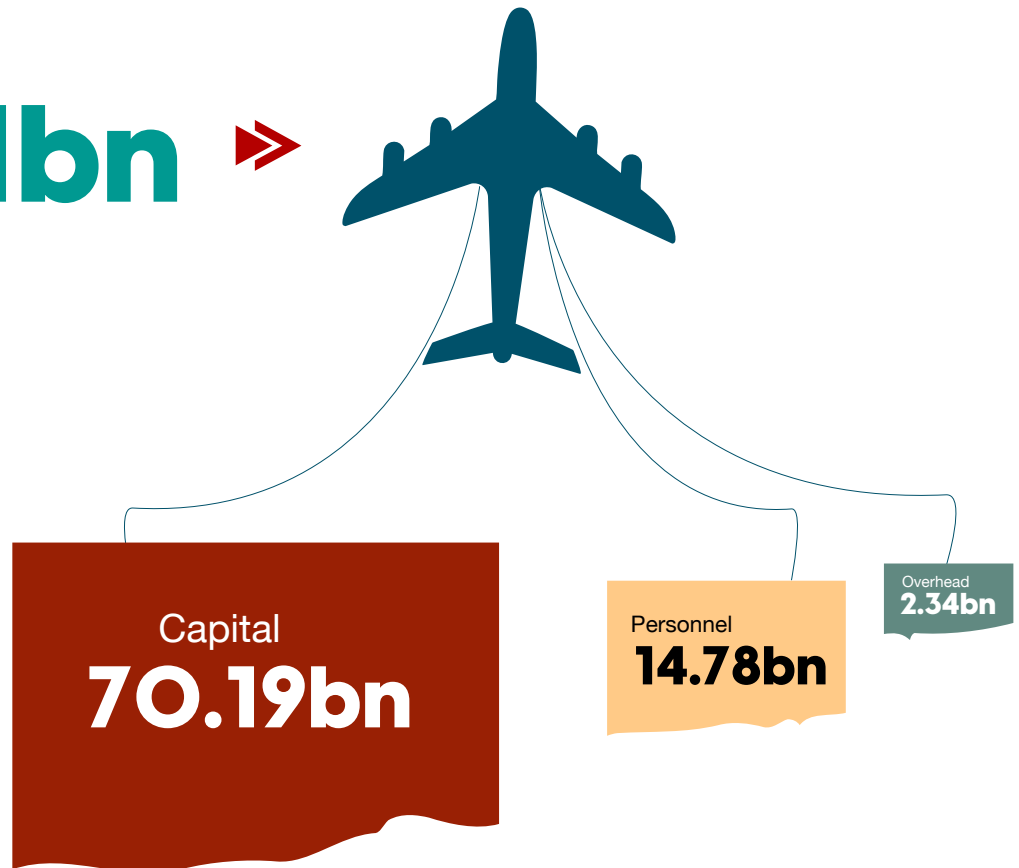
MDA	Personnel	Overhead	Capital	Total Allocation	% of the MDA Budget
FEDERAL MINISTRY OF AVIATION AND AEROSPACE	1,348,470,883	745,742,676	48,552,725,375	50,646,938,934	58.01%
NIGERIAN METEOROLOGICAL AGENCY	9,153,514,477	393,726,784	2,289,701,117	11,836,942,378	13.56%
NIGERIAN COLLEGE OF AVIATION TECHNOLOGY ZARIA	4,277,188,892	464,441,402	6,539,579,568	11,281,209,862	12.92%
NIGERIA AIRSPACE MANAGEMENT AGENCY	0	0	6,300,000,000	6,300,000,000	7.22%
NIGERIAN SAFETY INVESTIGATION BUREAU (NSIB)	0	734,089,686	6,510,783,623	7,244,873,309	8.30%
	14,779,174,252	2,338,000,548	70,192,789,683	87,309,964,483	

Source: 2026 Appropriation Act, Federal Republic of Nigeria

Total Budget

87.31bn ➤

Unit in NGN



The top ten 2026 aviation allocations prioritize safety, infrastructure, and training. The largest amounts provide N5bn for constructing the corporate headquarters/accommodation and another N5bn for nationwide safety and aircraft recovery projects. Furthermore, N4bn is allocated as a Birnin Kebbi airport construction refund, alongside N3.5bn each for NCAT Zaria's runway completion and Jotron radio expansion. Remaining funds include N3bn for Abuja's Aerospace University, N2bn each for airport power upgrades, Osubi airstrip rehabilitation, and five regional NCAT annexes, plus N1.4bn for major airport tower/VCCS upgrades.

How Can the Sector Be Improved?

Nigeria's aviation sector faces critical structural hurdles. Heavy taxation consumes 45% of ticket values, risking regional uncompetitiveness.

Compounding this, Murtala Muhammed International Airport handles over 60% of passenger traffic; thus, expanding secondary airports in Calabar, Kano, and Port Harcourt is vital to relieve Lagos.

With passenger traffic projected to surge from 15.8 million to 25.7 million by 2029, human capital development must keep pace. The Nigerian College of Aviation Technology (NCAT), Zaria, needs expanded facilities, making the timely execution of its 2026-funded annexes across five geopolitical zones imperative.

To safely manage this growth, NAMA must look beyond tower and radio upgrades to modernize radar coverage and redundant systems. Ultimately, Nigeria should emulate peer leaders like South Africa by leveraging public-private partnerships and capturing transit traffic to cement its status as a West African hub.



According to a report from the 2026 World Water Day, only 249 out of Nigeria's 774 local government areas have access to pipe-borne water, and merely 20% of about 1,200 water facilities nationwide are still functional.

5.10 Water Resources

As of 2026, Nigeria's water resources sector suffers from systemic underfunding and inequitable distribution. Only 249 out of 774 local government areas have pipe-borne water, and just 20% of approximately 1,200 nationwide water facilities are functional, leaving over 113 million Nigerians without safely managed water services. Conversely, the country possesses vast untapped potential: less than 20% of its 3.14 million hectares of irrigable land is utilized. To address this, the government targets expanding irrigated land to 500,000 hectares by 2030. Strategic interventions include the \$500 million SPIN Project launched in March 2026 to rehabilitate 40,000 hectares and secure over 400 dams, alongside PPPs like the Ikom Dam (250MW hydropower) and Balanga Dam (620 kW clean energy conversion).

Financing these initiatives, the 2026 sector budget allocates N629.67bn, heavily prioritizing capital expenditure at N606.46bn, while personnel (N19.19bn) and overhead (N4.01bn) remain low. Funding is highly concentrated, with the top two entities capturing roughly 41% of the total budget. The Hadejia–Jama'are RBDA leads with N159.50bn (25.33%), allocating N158.09bn to capital basin projects, followed by the Ministry's Headquarters at N99.11bn (15.74%), with N4.90bn in capital spending. Other allocations include Sokoto Rima RBDA at N65.92bn (10.47%), Benin/Owena at N53.86bn (8.55%), and Ogun/Osun at N45.57bn (7.24%). Minor recipients include Cross River RBDA (N10.03bn/1.59%), Lower Niger RBDA (N8.07bn/1.28%), Anambra/Imo RBDA (N6.77bn/1.08%), and the Nigeria Integrated Water Management Commission (N1.99bn/0.32%). Transitioning to structured private sector participation is vital to sustaining these infrastructure ambitions.

Table 16: Breakdown of Federal Ministry of Water Resources' Budget by MDA

MDA	Personnel	Overhead	Capital	Total Allocation	% of the Sector Budget
FEDERAL MINISTRY OF WATER RESOURCES AND SANITATION-HQTRS	3,678,217,508.00	531,733,072.00	94,895,100,761.00	99,105,051,341.00	15.74%
NIGERIA HYDROLOGICAL SERVICE AGENCY	1,040,120,403.00	259,700,670.00	12,239,553,590.00	13,539,374,663.00	2.15%
ANAMBRA/ IMO RBDA	1,128,268,747.00	265,425,089.00	5,380,309,741.00	6,774,003,577.00	1.08%
BENIN/ OWENA RBDA	1,194,334,963.00	234,265,451.00	52,426,568,053.00	53,855,168,467.00	8.55%
CHAD BASIN RBDA	845,518,001.00	248,522,519.00	33,774,501,265.00	34,868,541,785.00	5.54%
CROSS RIVER RBDA	1,073,792,716.00	248,216,393.00	8,706,393,476.00	10,028,402,585.00	1.59%
HADEJIA-JAMA'ARE RBDA	1,164,344,272.00	244,736,683.00	158,091,306,717.00	159,500,387,672.00	25.33%
LOWER BENUE RBDA	1,129,630,595.00	208,750,377.00	26,023,688,865.00	27,362,069,837.00	4.35%
LOWER NIGER RBDA	1,324,377,962.00	208,548,466.00	6,536,467,857.00	8,069,394,285.00	1.28%
NIGER DELTA RBDA	1,545,051,172.00	211,055,606.00	17,436,335,409.00	19,192,442,187.00	3.05%
OGUN/ OSUN RBDA SOKOTO RIMA RBDA	650,999,872.00	222,561,546.00	44,693,915,754.00	45,567,477,172.00	7.24%
UPPER BENUE RBDA	1,108,914,569.00	236,424,579.00	64,576,635,633.00	65,921,974,781.00	10.47%
UPPER NIGER RBDA	990,259,383.00	230,814,267.00	33,178,964,229.00	34,400,037,879.00	5.46%
UPPER NIGER RBDA	913,266,767.00	196,669,531.00	31,774,171,444.00	32,884,107,742.00	5.22%
NATIONAL WATER RESOURCES INSTITUTE KADUNA	1,065,014,094.00	219,099,063.00	15,323,079,460.00	16,607,192,617.00	2.64%
NIGERIA INTEGRATED WATER MANAGEMENT COMMISSION	339,146,038.00	246,837,229.00	1,407,705,656.00	1,993,688,923.00	0.32%
	19,191,257,062.00	4,013,360,541.00	606,464,697,910.00	629,669,315,513.00	

Source: NBS Q4 2025 GDP Report



The top ten 2026 water resources allocations prioritize climate resilience, potable water, and irrigation under the Renewed Hope Agenda. A multilateral/bilateral tied loan for the PIDACC project leads at N16.77bn, followed by the Ingawa/Dallaji Dam construction at N11.79bn.

The Hadejia–Jama’are RBDA receives N10bn for water projects in Dutse and another N10bn for nationwide solar-powered boreholes. Furthermore, the National Water Resources Institute gets N7.5bn for poverty-water research. Remaining allocations focus on regional food production and flood, erosion, and dam rehabilitation, largely funded at N7bn each.

How Can the Sector Be Improved?

Nigeria's water sector requires fundamental restructuring to overcome low facility functionality rates. To ensure sustainability, the

government must establish ring-fenced maintenance funds and performance metrics for every River Basin Development Authority (RBDA). Accelerating private sector participation through structured concessions, service contracts, and tariff reforms will build upon models like the SPIN Project and Ikom Dam PPP.

Furthermore, transforming the currently low utilization of irrigable land requires comprehensive farmer training, drip irrigation, and solid market linkages. Every project must embed climate risk assessments, expanding on the PIDACC climate adaptation loan. Finally, integrating community-driven, gender-sensitive designs that actively train women in facility management and maintenance is critical to achieving lasting water security for millions of underserved Nigerians.



The solid minerals sector currently contributes less than 4% to Nigeria's Gross Domestic Product, a stark reminder of the economy's continued over-reliance on crude oil revenues.

5.11 Solid Minerals Development

GDP despite the nation's mineral wealth. The sector's export earnings remain far below potential due to informal operators, poor financing, weak governance, and failure to meet international standards. Illegal mining remains rampant; however, the Federal Government's Mining Marshals arrested over 300 illegal miners between March 2024 and March 2025, with close to 150 of those apprehended prosecuted.

The 2026 Federal Ministry of Solid Minerals Development allocation across six MDAs totals N156.84bn, with funds strongly concentrated in capital expenditure, indicating a priority on physical development and program delivery rather than administrative costs.

The Ministry HQTRS is the largest beneficiary: N49.40bn (31.50%), overwhelmingly

capital-driven (N46.04bn), with personnel N1.79bn and overhead N1.57bn. The Geological Survey Agency of Nigeria receives N45.42bn (28.96%), dominated by capital expenditure (N42.69bn) with a larger personnel component (N2.28bn) for geological surveying and mapping. The Solid Minerals Development Fund accounts for N30.76bn (19.62%), with capital expenditure of N30.17bn, implying financing for mining-related activities.

Mid-sized allocations: Mining Cadastral Office N20.09bn (12.81%), and Nigerian Institute of Mining and Geosciences N10.58bn (6.75%), both with high capex, though personnel are more visible for the institute. The Council of Mining Engineering and Geosciences receives N577.53mn (0.37%), with minimal capital and overhead. Overall, the budgeting strategy is dominated by project and capital investments, led by the HQTRS, geological survey agency, and development fund.

Table 17: Breakdown of Federal Ministry of Solid Minerals Development’s Budget by MDA

MDA	Personnel	Overhead	Capital	Total Allocation	% of the Sector Budget
FEDERAL MINISTRY OF SOLID MINERALS DEVELOPMENT - HQTRS	1,790,397,012	1,570,769,120	46,041,848,839	49,403,014,971	31.50%
GEOLOGICAL SURVEY AGENCY OF NIGERIA	2,282,969,568	450,541,966	42,689,248,506	45,422,760,040	28.96%
MINING CADASTRAL OFFICE	578,462,638	391,685,157	19,114,890,622	20,085,038,417	12.81%
SOLID MINERALS DEVELOPMENT FUND	361,464,868	229,809,231	30,172,797,545	30,764,071,644	19.62%
COUNCIL OF MINING ENGINEERING AND GEOSCIENCES	77,528,778	200,000,000	300,000,000	577,528,778	0.37%
NIGERIAN INSTITUTE OF MINING AND GEOSCIENCES	642,867,637	228,378,162	9,711,671,116	10,582,916,915	6.75%
	5,733,690,501	3,071,183,636	148,030,456,628	156,835,330,765	100%

Source: 2026 Appropriation Act, Federal Republic of Nigeria

The top ten 2026 solid minerals allocations prioritize surveillance, exploration, and capacity building. The Ministry’s headquarters leads with N7.65bn to strengthen the Mines Surveillance Task Force via satellite monitoring. The Solid Minerals Development Fund dominates next, allocating N6.83bn for FCT exploration, N6.66bn for Cross River and Sokoto barite/phosphate mining, N6.50bn for Gombe dump-site metal recovery, and N6.34bn for processing training. Finally, the Institute of Mining gets N5.89bn for vehicles, while the Geological Survey Agency receives N5.84bn for procurement and N3.01bn for international collaboration.

How Can the Sector Be Improved?

Despite promising budget allocations, Nigeria’s solid minerals sector requires sustained, multi-pronged reforms to curb rampant illegal mining, even after the Mining Marshals arrested hundreds of operators in their first year. Streamlining formalization by reducing bureaucratic and financial barriers can seamlessly transition

illegal miners into legitimate contributors.

Furthermore, to de-risk private investment, geological data generation must accelerate beyond preliminary exploration and international collaborations toward a comprehensive, digitized national geodatabase. Artisanal and small-scale miners need robust financing mechanisms; while the Solid Minerals Development Fund’s metal recovery and extension allocations are useful, formalization depends on accessible credit and cooperative structures.

Addressing infrastructure deficits requires cross-ministerial collaboration on mining transport corridors, while institutional training must align with industry demands. Finally, governance reforms require licensing transparency, community engagement, environmental bonds, and investigating why the Council of Mining Engineering and Geosciences faces barriers such as funding gaps or regulatory ambiguity in rigorously enforcing professional standards.





While the country maintained a positive merchandise trade balance, recent trade data reveal emerging pressures on export earnings, particularly from declining crude oil exports, underscoring the persistent structural vulnerabilities in Nigeria’s trade and industrial framework.

5.12 Industry, Trade and Investment

Nigeria’s Industry, Trade, and Investment sector is vital for diversification, yet manufacturing contributes just 8% to 10% to GDP. Under the AfCFTA, Nigeria remains a key regional player despite infrastructural deficits, high production costs, and policy inconsistencies.

Q4 2025 trade data highlights these structural vulnerabilities. Total merchandise trade fell to N36.21tn, representing a 1.07% year-on-year decline from Q4 2024 (N36.60tn) and an 8.94% quarter-on-quarter drop from Q3 2025. Nevertheless, Nigeria maintained a positive trade balance of N1.71tn. Total exports dropped to N18.96tn (52.36% of total trade), down

5.25% from Q4 2024 and 16.88% from Q3 2025 due to oil and forex shocks. Crude oil dominated at N9.70tn (51.17% of exports), while non-crude oil exports reached N9.26tn (48.83%). However, pure non-oil exports contributed a mere N3.15tn (16.59%), exposing deep-rooted competitive weaknesses.

Addressing these gaps, the 2026 sector budget is N156.82bn, a nominal increase but an insufficient fraction of the N68.32tn national budget. This meagre allocation directly undermines the sector’s capacity to drive industrialization, lower energy costs, expand credit, and capture AfCFTA opportunities. Targeted ease-of-doing-business reforms are urgently needed to maximize this limited funding.

Table 18: Breakdown of Federal Ministry of Industry, Trade and Investment’s Budget by MDA

MDA	Personnel	Overhead	Capital	Total Allocation
FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT - HQTRS	6,026,099,649	1,455,545,651	2,822,039,903	10,303,685,203
STANDARD ORGANIZATION OF NIGERIA	6,500,308,101	342,443,492	410,304,635	7,253,056,228
NATIONAL AUTOMOTIVE DESIGN & DEVELOPMENT COUNCIL (NADD) HQTRS	1,277,490,660	0	983,566,198	2,261,056,858
INDUSTRIAL TRAINING FUND	2,727,000,000	0	550,968,467	3,277,968,467
NIGERIAN EXPORT PROMOTION COUNCIL	901,814,126	264,641,675	881,132,855	2,047,588,656
NIGERIAN EXPORT PROCESSING ZONES AUTHORITY	1,784,729,353	0	8,390,988,704	10,175,718,057
LAGOS INTERNATIONAL TRADE FAIR COMPLEX MANAGEMENT BOARD	274,591,414	215,004,022	442,098,562	931,693,998
FEDERAL PRODUCE INSPECTION	0	210,706,417	417,138,945	627,845,362
EXTERNAL TRADE SECTOR, GENEVA (WTO)	1,814,199,338	179,084,347	138,286,111	2,131,569,796
OIL AND GAS FREE ZONES AUTHORITY, NIGERIA (OGFZA)	0	0	67,285,196,082	67,285,196,082
TAFAWA BALEWA SQUARE MANAGEMENT BOARD	147,898,712	449,451,848	397,125,525	994,476,085
NIGERIA TRADE OFFICE, TAIWAN	846,743,335	160,595,772	127,671,457	1,135,010,564



Table 19: Breakdown of Federal Ministry of Industry, Trade and Investment's Budget by MDA

MDA	Personnel	Overhead	Capital	Total Allocation
NIGERIA TRADE OFFICE, CHINA	849,316,603	134,583,419	128,580,053	1,112,480,075
SMEDAN - H/QTRS	1,345,543,017	369,996,096	35,479,142,916	37,194,682,029
NIGERIAN INVESTMENT PROMOTION COUNCIL HQTRS	727,550,407	506,871,304	345,881,769	1,580,303,480
NIGERIA OFFICE FOR TRADE NEGOTIATION (NOTN) ABUJA	482,457,095	665,171,916	5,154,241,924	6,301,870,935
FEDERAL COMPETITION AND CONSUMER PROTECTION TRIBUNAL	314,264,982	286,221,078	478,696,099	1,079,182,159
NIGERIA TRADE OFFICE, GHANA	418,438,026	358,287,645	349,856,805	1,126,582,476
	26,438,444,818	5,598,604,682	124,782,917,010	156,819,966,510

Source: 2026 Appropriation Act, Federal Republic of Nigeria

The sector shows intentional capital expenditure through targeted interventions: supplying grains to rural farmers in South-South communities to enhance agricultural output and export potential, plus entrepreneurship training for youths in the Oil and Gas Free Trade Zone to strengthen local enterprise capacity. However, the sector remains constrained by expenditures beyond its core mandate, indicating weak prioritization and suboptimal resource allocation. Given limited fiscal space, rigorous project scrutiny is needed to align spending with strategic objectives and measurable impact.

How Can the Sector Be Improved?

Nigeria's industry, trade, and investment sector is vital for long-term economic resilience, value addition, and global value chain integration, yet limited budget prioritization severely restricts its industrial policies and SME support.

To overcome these constraints, subnational collaboration through regional economic blocs must be leveraged. Coordinated investments in export processing zones, shared logistics infrastructure, and harmonized regulations, particularly among industrialized states like Lagos, Ogun, and Kano can establish integrated corridors that boost export competitiveness under the AfCFTA.

Furthermore, strengthening capital importation requires critical macroeconomic and administrative reforms: policy consistency, stable exchange rates, regulatory transparency, streamlined registration, and easier profit repatriation. Maximizing long-term FDI depends on targeted incentives, tax holidays for export-oriented industries, and robust public-private partnerships within special economic zones.





The ministry should also prioritize women's economic empowerment beyond small-scale interventions. It should collaborate with other ministries such as Ministries of Education, Agriculture, labour to ensure that the WEE policy is implemented.

5.13 Women Affairs

The Federal Ministry of Women Affairs and Social Development, mandated to ensure equal access to opportunities for all genders, children, the aged, and persons with disabilities, received N169.39bn in the 2026 approved budget, a 37.8% nominal increase

from N122.92bn in 2025. Of this, N134.31bn went to the ministry's headquarters and N35.09bn to the National Centre for Women Development. Capital expenditure dominated with N165.47bn (97.68%), while personal cost stood at N2.66bn (1.57%) and overhead at N1.25bn (0.7%).

Total Budget

169.39bn ➤

Unit in NGN

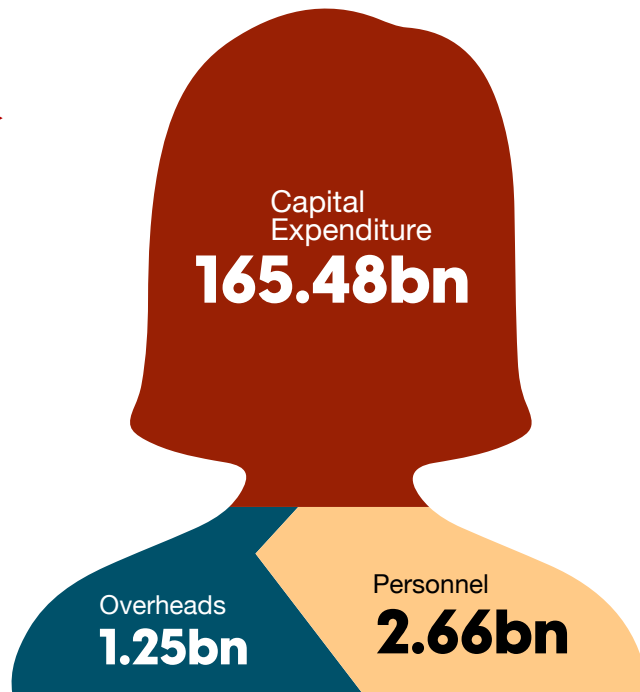


Table 20: Breakdown of Federal Ministry of Women Affairs and Social Development Budget by MDA

MDA	Personnel	Overhead	Capital	Total Allocation (NGN)
FEDERAL MINISTRY OF WOMEN AFFAIRS - HQTRS	2,111,184,839	810,959,737	131,386,122,060	134,308,266,636
NATIONAL CENTRE FOR WOMEN DEVELOPMENT	552,053,733	442,453,250	34,092,986,739	35,087,493,722
TOTAL	2,663,238,572	1,253,412,987	165,479,108,799	169,395,760,358

Source: 2026 Appropriation Act, Federal Republic of Nigeria

Of the N169.39bn 2026 allocation to the Ministry of Women Affairs, N107.17bn (63.26%) is a multilateral/bilateral tied loan for the World Bank Nigeria for Women Project, down from N122.92bn in 2025. Actual funding without development partner support is less than N65bn to serve the ministry's mandate and recurrent obligations. The Women's Economic Empowerment (WEE) Policy allocation dropped from N100mn in 2025 to N70.39mn in 2026, despite the policy not yet being fully implemented, investment should be prioritized.

How Can the Sector Be Improved?

The 2026 capital expenditure line items under the Ministry of Women Affairs remain largely administrative, yet the ministry champions the Women's Economic Empowerment (WEE) Policy and Gender Policy. To improve, the ministry must shift from being policy-focused to delivering measurable outcomes by strengthening monitoring

and evaluation systems. Publishing annual scorecards on key indicators, women's access to finance, gender-based violence case resolution rates, and maternal health outcomes, would enhance transparency and citizen tracking.

The ministry should prioritize women's economic empowerment beyond small-scale interventions by collaborating with the Education, Agriculture, and Labour ministries for full WEE policy implementation. The first step is adopting the costed policy framework and advocating for increased funding to shift line items from administrative to programmatic. This could include targeted business grants for women-led SMEs, financial literacy initiatives, stronger inclusion of women in government contracts, and integration into agricultural value chains. These reforms would better align with the ministry's goal of ensuring equal access to economic opportunities.



At the regional level, Nigeria exerts significant influence on digital innovation, payment systems, and platform-based services, establishing itself as a primary exporter of digital talent and solutions.

5.14 Communications and Digital Economy

Nigeria's Communications and Digital Economy sector is a powerful economic driver, contributing 16% to 18% to GDP and outpacing oil growth through rapid mobile adoption (200 million+ subscriptions), broadband expansion, and fintech. Despite this status as a premier African digital hub, infrastructure deficits, regulatory ambiguities, and forex limitations persist.

Compounding these challenges, the 2026 budget allocation fell sharply to N85.56bn from 2025's approved N463.62bn, threatening digital transformation and leaving critical skills gaps in AI, cybersecurity, and software engineering underfunded. Capital expenditure stands at N51.65bn, personnel at N32.91bn, and overhead at a restricted N1bn.

Despite funding drops, strategic AI initiatives continue. Driven by NITDA and the National Artificial Intelligence Strategy (NAIS), Nigeria is

promoting ethical AI across key sectors. Notable advancements include the 2025 Meta-partnered Llama Impact Accelerator Programme, the Gates Foundation-backed Nigeria AI Scaling Hub (receiving up to \$7.5 million over three years), and the "Service-Wise GPT" governance initiative unveiled at the Global Government Summit 2025.

Additionally, NCAIR continues to support local language models and research.

However, the dominance of foreign firms in infrastructure, data services, and platform economies stifles local firm growth, weakening data sovereignty and domestic value creation. Reversing the sector's severe underfunding through targeted 2026 investments is essential to protect Nigeria's digital leadership and long-term economic control.



Table 21: Breakdown of Federal Ministry of Industry, Trade and Investment's Budget by MDA

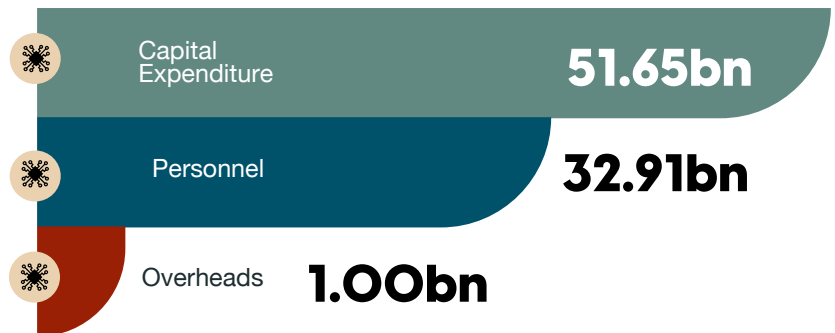
MDA	Personnel	Overhead	Capital	Total Allocation (NGN)
FEDERAL MINISTRY OF COMMUNICATIONS AND DIGITAL ECONOMY HQTRS	1,701,588,769	760,222,984	44,595,834,054	47,057,645,807
NIGERIA COMMUNICATION SATELLITE	2,640,278,983	240,946,815	7,021,650,633	9,902,876,431
NIPOST	28,564,720,151	0	35,000,000	28,599,720,151
TOTAL	32,906,587,903	1,001,169,799	51,652,484,687	85,560,242,389

Source: 2026 Appropriation Act, Federal Republic of Nigeria

Total Budget

85.56bn

Unit in NGN



Nigeria's digital transformation faces severe constraints from infrastructure deficits, including high internet costs, unreliable power, urban-rural broadband gaps, and underfunding. Although capital expenditure dominates the Ministry's budget, overall funds fall short of actual needs.

To combat human capital shortages and digital infrastructure deficits, key allocations prioritize the 3MTT (Three Million Technical Talent) programme to build a skilled professional workforce. Furthermore, ongoing funding for communication and innovation centres across all six geopolitical zones signals a coordinated approach to enhancing global competitiveness.

How Can the Sector Be Improved?

Nigeria's 2026 digital economy capital expenditure prioritizes digital literacy,

infrastructure expansion, and ICT centre development, though a sharp budget reduction risks slowing progress. To maximize impact, a strategic ecosystem approach must align skills training with industry demands to ensure employability, while infrastructure spending must target scalable broadband access in digitally excluded rural areas.

Furthermore, well-implemented ICT centres should serve as hubs for local innovation and entrepreneurship, supported by targeted grants, tax incentives, and regulatory frameworks. Unlocking the sector's growth potential ultimately depends on attracting private investment and strengthening Public-Private Partnerships (PPPs) with telecom operators, tech firms, and development finance institutions to build a resilient, inclusive, and globally competitive digital ecosystem.



Given the political economy context and proximity to the next electoral cycle, there are concerns that the budget may bear characteristics of a politically motivated, pre-election spending framework designed to maximize short-term visibility rather than long-term national value.

6. Conclusion and Recommendations

6.1 Conclusion

The 2026 budget, titled “Budget of Consolidation, Renewed Resilience and Shared Prosperity”, is President Tinubu’s third budget, approved late like previous years. The National Assembly should institutionalize a strict timetable mandating that the MTEF be debated, approved, and published before the Appropriation Bill is presented, ensuring disciplined adherence to the January–December fiscal cycle.

The budget projects expenditure of N68.32tn and revenue of N36.87tn, reflecting ambitious but historically unrealistic targets. Revenue performance remains weak, and public trust is fragile; therefore, timely disclosure of execution reports is essential, as fund releases are often opaque. Capital allocation stands at N32.28tn, up from an initial proposed N23.21tn. While higher capital spending suggests a development orientation, the key question is whether spending is strategic, disciplined, and

tied to measurable outcomes, or merely inflated, recurrent-like items offering limited returns. Given the proximity to the next electoral cycle, there are concerns that the budget may be a politically motivated, pre-election framework prioritizing short-term visibility over long-term national value.

Debt servicing continues to deepen fiscal fragility. In recent years, debt service costs have risen sharply due to exchange rate volatility, naira devaluation, and new borrowing. Debt growth has outstripped revenue growth, with debt service now absorbing over 50% of revenues. Borrowing itself is not the problem; unproductive application of debt is. Persistent borrowing to finance budget deficits rather than productive investments deepens fiscal vulnerability and exposes the country to exchange rate shocks. Strategic, accountable, and productivity-enhancing fiscal management is urgently needed.



6.2 Recommendations



Executive

01

Strengthening Fiscal Discipline and Policy Credibility

The executive must prioritize credible macroeconomic assumptions, strict implementation discipline, and policy consistency. Over-optimistic revenue projections, especially for oil, expose the budget to fiscal risks; forecasts should be evidence-based and conservative. Focus on completing existing projects and limit new ones. Enforce zero tolerance for extra-budgetary spending (e.g., the Lagos–Calabar coastal highway lacking full budget allocation). Strengthen adherence to the Fiscal Responsibility Act, ensure timely publication of budget implementation reports, and impose sanctions for violations to improve transparency, trust, and fiscal credibility.

02

Strengthening Capital Expenditure Efficiency Through Strategic Prioritization and Fiscal Discipline

Given fiscal constraints, the government should adopt a Big Push approach to capital spending, concentrating limited resources on a few strategic sectors like infrastructure, education, and healthcare to drive economic transformation. Avoid dispersing funds across low-impact projects. Expenditures must be credible, backed by rigorous planning, realistic costing, and clear implementation frameworks. Strengthen procurement systems, eliminate inflated contracts, and resist politically motivated insertions. Focusing deeply rather than broadly, aligned with verifiable outcomes, will maximize impact, enhance efficiency, and rebuild budget confidence.

03

Adopt Strict Prioritization and Sequencing of Capital Expenditure

Given Nigeria's limited fiscal space and rising debt, the executive should stop spreading resources thinly and instead focus on high-impact, economically catalytic investments in infrastructure (power, roads, rail, water), education, healthcare, agriculture, and the digital economy. Projects must be sequenced to complete ongoing initiatives before starting new ones, reducing abandoned projects. A strict prioritization framework should channel limited resources to projects with strong multiplier effects on employment, private investment, and national competitiveness.



Ministries, Departments and Agencies (MDAs)

01

Enhancing Technical Capacity and Implementation Efficiency

A major challenge in Nigeria's budgeting process is weak implementation capacity, leading to delayed, underfunded, or abandoned capital projects. Solutions include strengthening civil servants' technical skills in planning, data analytics, project management, and monitoring & evaluation. Adopt results-based budgeting, linking funding to measurable outputs. MDAs should implement digital budgeting and reporting systems to reduce inefficiencies and leakages. Strengthened M&E functions will improve accountability, align spending with national priorities, and enable quick correction of deviations from budget plans.



02

Enhance Monitoring, Evaluation, and Performance Accountability Systems

Weak implementation and poor oversight are major challenges in Nigeria's public finance system. Civil servants should strengthen monitoring and evaluation frameworks to track project execution, timelines, and outcomes. Setting performance benchmarks and linking them to accountability will help reduce delays, cost overruns, and substandard delivery, improving public expenditure efficiency.



Parliamentarians

01

Ensuring Oversight, Accountability, and Budget Integrity

The National Assembly must shift from a budget-inflating institution to a guardian of fiscal discipline. A key weakness is the insertion of thousands of "constituency projects" worth trillions of naira into past budgets, distorting national priorities and enabling inefficiency or corruption. Lawmakers should instead rigorously scrutinize proposals for alignment with medium-term development plans, strengthen oversight of implementation timelines and procurement laws, and enforce audit recommendations to ensure effective fund utilization.

02

Promote Responsible Budget Review and Limit Non-Strategic Insertions

While the legislature can amend the budget, this power should be exercised more responsibly. Frequent insertion of constituency projects without technical backing or alignment with national priorities undermines the budgeting process. Parliament should adopt stricter guidelines to ensure amendments are evidence-based, transparently justified, and aligned with development objectives.



Media, Civil Society Organizations and Citizens

01

Promoting Transparency, Accountability and Citizen Engagement

The media plays a crucial role in bridging government-citizen gaps by simplifying complex budget information and promoting accountability. Many Nigerians lack clarity on budget implementation, weakening public pressure for performance. Platforms like BudgIT's Tracka and Govspend demonstrate how simplified data and visualizations improve public understanding. Media organizations should leverage such civic-tech tools to translate budget data into accessible formats. Citizen and CSO engagement in pre-budget consultations, legislative hearings, town halls, and advocacy ensures spending reflects real needs—not narrow political interests—drawing attention to underfunded sectors like healthcare, education, infrastructure, agriculture, and social protection programmes.

02

Deepen Data-Driven and Investigative Budget Reporting

The media must bridge the information gap by going beyond reporting budget figures to tracking actual releases, implementation progress, and project outcomes. Investing in data and investigative journalism on allocations, procurement, and execution can expose discrepancies, waste, corruption, and abandoned projects, deterring mismanagement. Media platforms should also facilitate citizen engagement and participatory budgeting, providing spaces for public discourse to ensure budgets reflect real societal needs rather than political interests, thereby pressuring officials to improve transparency and accountability.



Access disaggregated data on federal allocations and capital projects

all in one place.



The screenshot shows the budgit.org dashboard for the 2024 Federal Government Approved Budget. It includes filters for Budget Year (2024), Mother Ministry (All), and Ministries, Departments and Agencies (MDAs) (All). A 'DOWNLOAD BUDGET' button is visible. Below the filters, five key metrics are displayed in cards:

- ₦28.77tn** TOTAL ALLOCATION
- ₦7.02tn** PERSONNEL COST
- ₦9.88tn** OVERHEAD COST
- ₦8.50tn** CAPITAL EXPENDITURE
- ₦3.37tn** GOEs & STATUTORY TRANSFERS

The 'TOTAL EXPENDITURE BREAKDOWN' section features a horizontal bar chart with the following data:

Category	Amount
INTEREST - INTERNAL PUBLIC DEBT	₦5,299,703M
ACQUISITION OF NON TANGIBLE ASSETS	₦4,107,262M
SALARIES AND WAGES	₦3,966,067M
CONSTRUCTION / PROVISION OF FIXED ASSETS - GENERAL	₦3,169,066M

A dashboard that provides an interactive view of how government resources are distributed, spent, and implemented across ministries, departments, and agencies.

Follow the money on

budgit.org/fg-budget-dashboard/

