



**20** Federal  
Government  
**26** **Approved  
Budget Analysis**

# 20 Federal 26 Government Approved Budget Analysis



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**Country Director:** Vahyala Kwaga

**Research and Policy Advisory Team:** Vahyala Kwaga, Adejoke Akinbode, Oludamilola Onemano, Oluwatosin Iseniji, Oluwaseyi Adenuga, Ibukunolu James

**Data Visualisation/Creative Development:** Michael Pabiekun, Ayomide Ilesanmi

**Editors:** Vahyala Kwaga, Adejoke Akinbode

**Contact:** [info@budgit.org](mailto:info@budgit.org) +234-803-727-6668, +234-908- 333-1633

**Address:** 16, Harvey Road, Yaba Phase 2, Lagos State, Nigeria.

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# Abbreviation

<b>3MTT:</b> Three Million Technical Talent	<b>MMIA:</b> Murtala Muhammed International Airport
<b>AfCFTA:</b> African Continental Free Trade Area	<b>MTEF:</b> Medium Term Expenditure Framework
<b>BASAs:</b> Bilateral Air Services Agreements	<b>NADF:</b> National Agricultural Development Fund
<b>BOI:</b> Bank of Industry	<b>NAGS-AP:</b> National Agricultural Growth Scheme–Agro Pocket
<b>Bpd:</b> barrels per day	<b>NAHCO:</b> Nigerian Aviation Handling Company
<b>Capex:</b> Capital Expenditure	<b>NALDA:</b> National Agricultural Land Development Authority
<b>CBN:</b> Central Bank of Nigeria	<b>NAMA:</b> Nigerian Airspace Management Agency
<b>CIT:</b> Company Income Tax	<b>NBS:</b> National Bureau of Statistics
<b>CNG:</b> Compressed Natural Gas	<b>NBET:</b> Nigerian Bulk Electricity Trading Company
<b>COREN:</b> Council for the Regulation of Engineering in Nigeria	<b>NCAA:</b> Nigerian Civil Aviation Authority
<b>CPI:</b> Consumer Price Index	<b>NCAT:</b> Nigerian College of Aviation Technology
<b>DARES:</b> Distribution Access Through Renewable Energy Scale-Up	<b>NELFUND:</b> Nigerian Education Loan Fund
<b>DBN:</b> Development Bank of Nigeria	<b>NEMSA:</b> National Electricity Management Services Agency
<b>DISREP:</b> Distribution Sector Recovery Program	<b>NESI:</b> Nigerian Electricity Supply Industry
<b>DHL:</b> Dalsey Hillblom Lynn	<b>NIA:</b> National Investigation Agency
<b>DMO:</b> Debt Management Office	<b>NICRAT:</b> National Cancer Institute
<b>DSS:</b> Department of State Services	<b>NIMET:</b> Nigerian Meteorological Agency
<b>FAAN:</b> Federal Airports Authority of Nigeria	<b>NMA:</b> Nigerian Medical Association
<b>FERMA:</b> Federal Road Maintenance Agency	<b>NHIS:</b> National Health Insurance Scheme
<b>FG:</b> Federal Government	<b>NHSRII:</b> National Health Sector Renewal Investment Initiative
<b>FGN:</b> Federal Government of Nigeria	<b>NNPC Ltd:</b> Nigerian National Petroleum Company Limited
<b>FCT:</b> Federal Capital Territory	<b>NRC:</b> Nigerian Railway Corporation
<b>FMHUD:</b> Federal Ministry of Housing and Urban Development	<b>NRS:</b> Nigerian Revenue Service
<b>FRA:</b> Fiscal Responsibility Act	<b>NSA:</b> National Security Adviser
<b>FRSC:</b> Federal Road Safety Corps	<b>NSIA:</b> Nigerian Sovereign Investment Authority
<b>FX:</b> Foreign Exchange	<b>NSIB:</b> Nigeria Safety Investigation Bureau
<b>GAMCO:</b> Grid Asset Management Company	<b>ODC:</b> Overhead Charges
<b>GDP:</b> Gross Domestic Product	<b>PIDACC:</b> Program For Integrated Development And Adaptation To Climate Change
<b>GOEs:</b> Government-Owned Enterprises	<b>PPPs:</b> Public-Private Partnerships
<b>HQTRS:</b> Headquarters	<b>RBDA:</b> River Basin Development Authority
<b>ICT:</b> Information and Communication Technology	<b>RH-FSP:</b> Renewed Hope Fertiliser Support Programme
<b>IDA:</b> International Development Association	<b>SAPZ:</b> Industrial Processing Zones
<b>LCCI:</b> Lagos Chamber of Commerce and Industry	
<b>LGA:</b> Local Government Area	
<b>Mbpd:</b> million barrels per day	
<b>MDAs:</b> Ministries, Departments and Agencies	





# Abbreviation

**SAHCOL:** Skyway Aviation Handling Company Limited

**SMEs:** Small and Medium Enterprises

**SOEs:** State-Owned Enterprises

**SPIN:** Sustainable Power and Irrigation for Nigeria

**STEM:** Science, Technology, Engineering and Mathematics

**TCN:** Transmission Company of Nigeria

**TETFUND:** Tertiary Education Trust Fund

**TRS:** Total Return Swap

**UBE:** Universal Basic Education

**UBEC:** Universal Basic Education Commission

**UHC:** Universal Health Coverage

**UK:** United Kingdom

**UNICEF:** United Nations Children's Fund

**UNESCO:** United Nations Educational, Scientific and Cultural Organization

**UPS:** United Parcel Service

**USD:** United States Dollar

**VAT:** Value Added Tax

**VCCS:** Vice-Chancellor of Central Services

**VHF:** Very High Frequency



## 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.

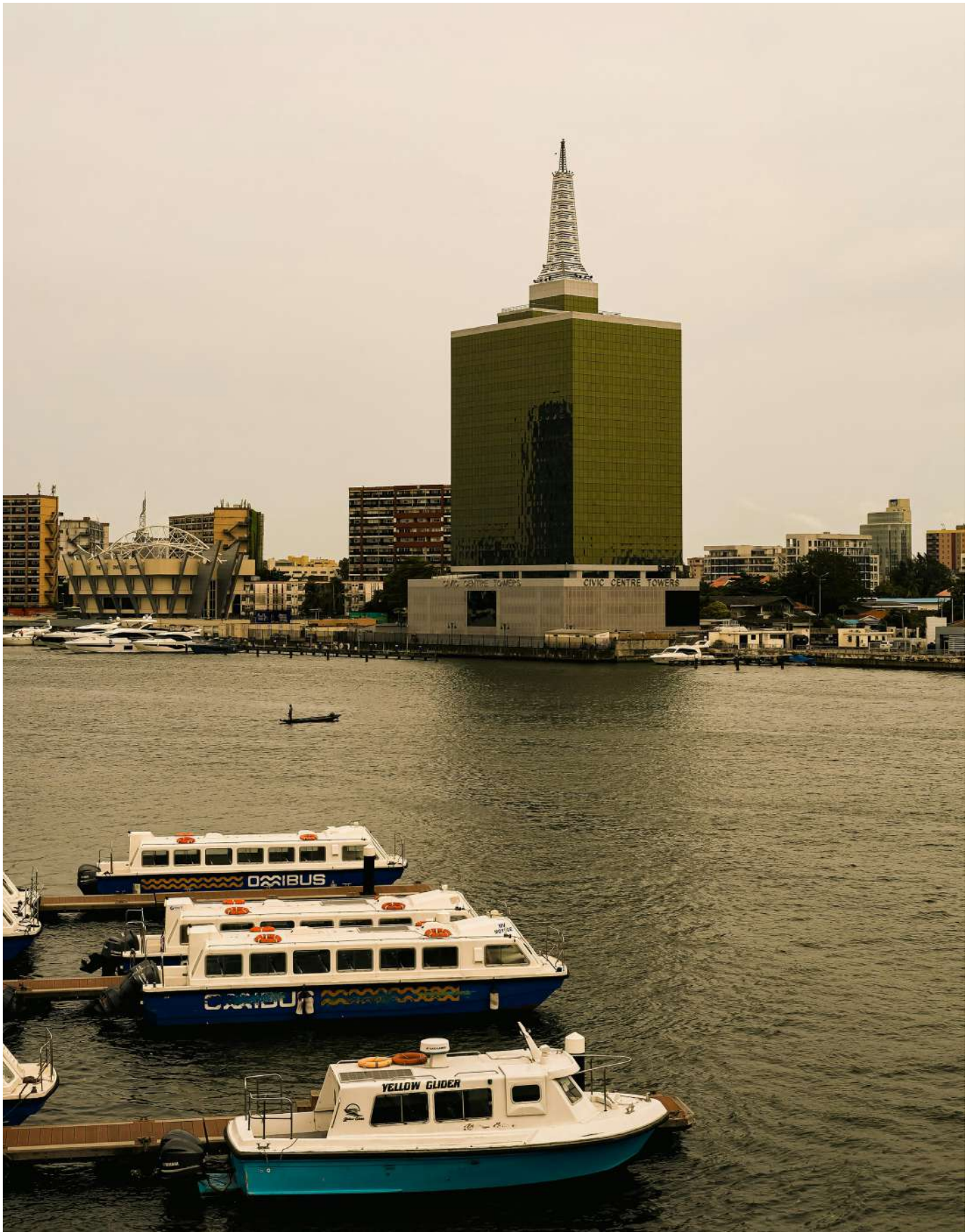
# \$6bn

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 Government budget depicts an increasingly precarious fiscal position, with ambition not meeting realism. The budget has become a patchwork with an unclear motif. With total projected revenue of N36.87tn against planned expenditure of N68.32tn, the government faces a fiscal deficit of N31.45tn, equivalent to 6.41% of GDP:<sup>1</sup> well above the Fiscal Responsibility Act threshold of 3%. In practical terms, the government can only finance 53.9% of its budget from actual revenues, leaving 46.1% dependent on borrowing and loans. One can reasonably infer a structural fiscal imbalance that has-despite several warnings from observers-become embedded in Nigeria's fiscal framework.

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. For instance, in 2025 (as of June), only N10.92tn was realised against a target of N36.35tn: reinforcing a penchant for over-optimism that weakens fiscal planning. The 2026 projection of N36.87tn therefore raises legitimate concerns about feasibility, especially given continued dependence on oil revenues and uncertain gains from tax reforms.

On the expenditure side, the budget reflects an expansionary inclination, with total spending rising significantly. Capital expenditure accounts for N32.28tn (47.13%) in the 2026 approved budget, signalling a stated commitment to infrastructure and

1. See the World Bank. (April, 2026). Nigeria's Tomorrow Must Start Today: The Case for Early Childhood Development, at p. 51. Nigeria Development Update. International Bank for Reconstruction and Development/The World Bank; 1818 H Street NW, Washington DC 20433.



long-term growth. However, this is constrained by the weight of debt obligations. Debt servicing alone is projected at N15.8tn, consuming roughly 23% of total expenditure and nearly 45% of projected revenue. This creates tight fiscal space, where a substantial portion of government earnings is pre-committed, restricting investments in critical sectors.

Nigeria's debt path further reinforces these concerns, as total public debt rose from N33.13tn in 2021 to N159.28tn in 2025, representing a 380.86% increase over four years. However, debt growth alone was not responsible for this increase. The devaluation exercise by the Tinubu administration reduced the value of the naira down by over 250% between 2023 and 2025.<sup>2</sup> Debt-to-GDP ratio remains moderate and below 40% but the more critical indicator, the debt-service-to-revenue ratio remains at a precarious 42.88%: highlighting the country's limited capacity to service its obligations without crowding out development spending.

Macroeconomic conditions compound these fiscal risks. Inflation averaged around 23% in 2025, despite a decline in headline figures, reflecting sustained pressure on household welfare. Poverty has worsened significantly, with over 61% of Nigerians (approximately 139 million people) living below the poverty line. At the same time, labour market indicators conceal deeper vulnerabilities, with over 92% of employment in the informal sector,<sup>3</sup> potentially pointing to widespread underemployment and low productivity.

Sectoral allocations reveal persistent misalignment between spending and development priorities. While security receives a substantial N6.98tn (10.21% of the budget), critical human capital sectors remain underfunded. Health accounts for just 5.2% of

the budget, again far below the 15% Abuja Declaration benchmark, while education receives approximately 4%, well below global standards. These gaps have direct consequences: a health system heavily reliant on out-of-pocket spending and an education system struggling with over 18 million out-of-school children.

In a memo previously written to the National Assembly based on the proposed budget, it highlighted certain key 'asks' that needed redress. It is worthy to mention that one of our requests, "Vague MDA and Project Description" (where two agencies under the Ministry of Education with entries with code 0517021021 and 0517021033, were simply described as "University of" and "Federal University" respectively), have been adjusted. The names of the universities now appear in the 2026 approved budget as "University of Maiduguri" and "Federal University of Lafia" respectively. This is important as it not only removes the ambiguity a vague description could cause but it also helps improve tracking and transparency of the allocation.

Overall, the 2026 budget reflects a government attempting to balance growth ambitions with fiscal realities but hemmed in by structural inefficiencies (weak growth, low productivity, weak currency, low export diversification, a challenging logistical environment, etc.). The numbers point to an unambiguous conclusion: Nigeria's challenge is not just revenue generation, but revenue realism, expenditure discipline, sound debt management and institutional credibility. Without addressing these foundational issues, the current trajectory risks exacerbating fiscal vulnerability, limiting economic growth and worsening social outcomes. The country is approaching an election year and this budget represents a chance for this administration to make an impact, no matter how modest.

2. See Expert Comment, (March 4 2025), Nigeria's economy needs the naira to stay competitive. In Chatham House (Online). Available at: <https://www.chathamhouse.org/2025/03/nigerias-economy-needs-naira-stay-competitive>

3. National Bureau of Statistics. (2024). Nigeria labour force survey Q2 2024 (Vol. 1). National Bureau of Statistics. [https://www.nigerianstat.gov.ng/pdfuploads/NLFS\\_Q2\\_2024.pdf](https://www.nigerianstat.gov.ng/pdfuploads/NLFS_Q2_2024.pdf)





*Where does realism come into play when revenues are projected? Why does the government keep ignoring the elephant in the room that revenue performance is always a mile away from targets? When will we leave aspirational assumptions and shift towards evidence-based, accurate and achievable revenue projections that are sustainable?*

# 1. Introduction

## 1.1 Revenue Projections Realism

When will the National Assembly step up to its responsibility of serving as a timely check and balance to the Executive? The 2026 approved budget is riddled with an ambitious revenue of N36.87tn. Although this trend is not new, it raises questions; where does realism come into play when revenues are projected? Why does the government keep ignoring the elephant in the room that revenue performance is always a mile away from targets? When will we leave aspirational

assumptions and shift towards evidence-based, accurate and achievable revenue projections that are sustainable? The National Assembly, having constitutional power over appropriation, can question unrealistic revenue optimism, especially when previous performances have shown that we do not meet more than 70% of the target. It is essential that the National Assembly establishes that repeating missed targets institutionalises huge deficits and weakens fiscal credibility.



Table1: 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 Lawmakers can require that all revenue projections are supported by recent performance data and mandate the Budget Office to conduct scenario and sensitivity analyses as a prerequisite for budget approval.*



The National Assembly needs to exercise its appropriation and oversight powers to ensure that the 2026 budget is grounded in realistic and defensible revenue assumptions. The Lawmakers can require that all revenue projections are supported by recent performance data and mandate the Budget Office to conduct scenario and sensitivity analyses as a prerequisite for budget approval.

### 1.2 Revenue Mobilisation Assessments

Are Revenue Mobilization Assessments mandatory for budget approvals? No, but the National Assembly has full constitutional authority to require them in practice before approving the revenue projection. However, this is not the case. 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. As much as the MTEF-FSP provides high level revenue forecasts, make assumptions and microeconomic indicators: it does not assess the collection capacity of the agencies or different sources of revenue. 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. Many will claim that the Finance Acts (2019 - 2023) could serve as a revenue mobilisation assessment. Rather, the Acts serve as a policy response tool to align tax laws with the Appropriation Act as well as introduce new revenue measures and adjust tax rates: none of which speak to collection capacity, constraint, performance or reforms. The National Assembly needs to ensure that

budget defense sessions are not just a 'box ticking' activity but are guided by a standard assessment framework that contains ex-ante revenue mobilization strategies and ex-post monitoring tools.

### 1.3 Oil and Non-oil Revenue Assumptions

Federation transfers remain central to the budget, the 2026 proposed budget is highly sensitive to oil and tax assumptions with non-oil taxes playing a growing role. With a projected FG share of Net Federation Revenue of N20.01tn comprising 60.27% of the total revenue. This is optimistic but where does realism come to play? Nigeria projects 1.84 million barrels per day (bpd) for the 2026 proposed budget. However, oil production has averaged 1.6 million barrels per day (mbpd) in the last year. The projections seem safe but small deviations in price or output materially affect revenue outcomes: a \$10 per barrel price shortfall or a 100,000 bpd production gap can translate into hundreds of billions of naira in foregone receipts over a fiscal year. Given recurring pipeline disruptions, theft and global demand uncertainty: optimistic oil assumptions heighten deficit risk. On the non-oil side, the budget projects growth anchored on the upcoming tax reforms and improved compliance. However, administrative readiness (digital systems, data collection, capacity strengthening and harmonisation at the subnational level) will determine whether projected gains materialise in 2026. Past performance cannot be ignored and should be held in context for all revenue projections. According to the FG 2025 half-year budget implementation report, out of the total revenue of N10.93tn, the FG earned N3.43tn (31%) from oil, N3.38tn (31%) from non-oil sources, N1.43tn (13%) from Government Owned



***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.***

Enterprises (GOE) retained revenue and N1.09tn (10%) from independent revenues. The National Assembly needs to ensure that the revenue mobilisation assessment, as suggested, includes a sensitivity analysis of oil prices and production assumptions that also accounts for downside scenarios. Both Chambers also need to ensure that the Executive conducts mid-year reviews to address revenue underperformance and safeguard fiscal stability.

#### **1.4 Expenditure Performance**

The projected expenditure for 2026 stands at N68.32tn representing a 94.92% increase compared to the aggregate expenditure of N35.06tn in 2024. In 2026, 47.13% (N32.2tn) of the total budget is allocated to capital expenditure, 22.54% (N15.4tn) to recurrent (non-debt) expenditure, 23.13% (N15.8tn) to debt servicing and 7.01% (N4.79tn) to statutory transfers.

The federal government allocation to capital projects has demonstrated a consistent upward trajectory. In 2023, 2024, 2025 and 2026, the federal government allocated approximately 27.35%, 34.75%, 43.57%, and 47.13% of its total budget to capital spending, respectively. This sustained increase indicates a heightened focus on infrastructure development and long-term economic growth. Strategic investment in capital projects is projected to stimulate economic expansion, increase productivity, generate employment and improve access to essential services.

Allocation to recurrent (non-debt) expenditure declined by 10.69%, from N17.04tn in 2024 to N15.4tn in 2026, reflecting a shift from administrative and operational spending

toward capital investment. Statutory transfers, which are funds allocated to agencies and institutions with statutory mandates and independent financing, increased significantly to N4.79tn in 2026, a 175.29% rise from N1.74tn in 2024. This substantial increase highlights an expanding fiscal commitment to constitutionally mandated institutions and special funds.

Debt servicing is projected at N15.81tn, requiring the Federal Government to allocate 42.9% of its estimated 2026 revenue to debt obligations. Additionally, debt repayment will represent 23.1% of total expenditure in the current fiscal year. This highlights the need for prudent debt management. Sustainable borrowing and efficient use of loans are essential to reduce pressure on public finances and maintain funding for infrastructure, healthcare, education, and other development priorities.

#### **1.5 Tax Management/Tax Law**

What measures are being put in place to bridge the Tax trust deficit? For over a year the major reform conversation has surrounded the Tax Reform Acts which has commenced implementation this 2026, but this has not addressed the questions on people's minds surrounding administrative implementation and turnarounds. Nigeria's recent tax reforms, particularly the Nigeria Tax Act (2025), Nigeria Tax Administration Act, and Nigeria Revenue Service Act, aim to strengthen non-oil revenue by improving the collection efficiency of Value Added Tax (VAT) and Companies Income Tax (CIT) in response to Nigeria's low tax-to-GDP ratio of about 10.8%<sup>4</sup>, far below the African average of over 15%. The reforms introduce unified digital tax administration systems, centralized taxpayer identification, electronic

4. National Bureau of Statistics (NBS), & Federal Inland Revenue Service (FIRS). (2024). Tax-to-GDP ratio computation for Nigeria. National Bureau of Statistics. <https://www.nigerianstat.gov.ng/pdf/uploads/NBS-FIRS-TAXGDP-Press-Release.pdf>

filing, and risk-based audits to reduce leakages and expand the tax base, especially within Nigeria's large informal economy, which accounts for over 50% of GDP.<sup>5</sup> According to the Lagos Chamber of Commerce and Industry (LCCI)<sup>6</sup>, the reforms could generate an additional N3.2tn in non-oil revenue within two years and raise the tax-to-GDP ratio to 12% by 2027. While the VAT rate remains at 7.5%, the reforms broaden VAT coverage by allowing businesses to recover input VAT on services and fixed assets, encouraging better compliance and transaction reporting. The reforms also strengthen CIT collection by linking VAT remittance to tax deductibility, expanding taxation to digital and multinational activities, and improving corporate profit transparency. In addition, simplified compliance structures and presumptive taxation for SMEs are expected to formalize more businesses, while improved transparency and investor confidence could further expand taxable economic activity, particularly as sectors like financial services increased their GDP contribution from 5% in Q4 2023 to over 6.1% in Q4 2024.

The 2026 proposed budget projects significant growth in non-oil revenues: much of which is anchored on recent tax reforms and improvements in tax administration. While Nigeria has introduced successive Finance Acts since 2019 to modernise tax laws, expand the tax base and clarify digital taxation, revenue performance remains low. The Nigerian Tax Laws are also one of the very ambitious quests of the current administration: it is however important to note that reforms alone do not automatically translate into revenue gains, the implementation quality and enforcement mechanism are the major

players. The trust deficit of Nigerians in the system is deeply dependent on the administrative capacity, the ease of processes and the redeployment of those taxes in improving social welfare as well as infrastructure. Such compliance gaps can be improved when taxpayer databases are updated, especially via a census which has long been overdue; further more, transparency in the structure and implementation process can essentially address this. It is important to note that tax reforms typically generate gradual increases as systems stabilize and compliance improves. Yet, these increases do not happen overnight and the tax revenue assumptions benchmarking on these reforms poses potential risk in performance. The Assembly should further mandate that revenue assumptions linked to new or amended tax laws be approved only where administrative readiness has been demonstrated. Strengthening tax management oversight in this manner will enhance revenue credibility, reduce deficit risks and ensure that reform expectations align with institutional capacity.

### 1.6 Debt Growth

The data reveals several concerning patterns in Nigeria's debt trajectory between 2021 and 2025. Total public debt increased sharply by 380.86%, rising from N33.13tn in 2021 to N159.28tn in 2025. This rate of growth significantly exceeds both economic expansion and revenue generation, indicating a widening fiscal gap and raising substantial concerns regarding long-term debt sustainability.



***For over a year the major reform conversation has surrounded the Tax Reform Acts which has commenced implementation this 2026, but this has not addressed the questions on people's minds surrounding administrative implementation and turnarounds.***

5. PricewaterhouseCoopers (PwC), (2024). *Paving the way for financial inclusion in the informal sector*. PwC Nigeria. <https://www.pwc.com/ng/en/publications/experience-center-podcast-series/podcast-transcript-paving-the-way-for-financial-inclusion.html>

6. Lagos Chamber of Commerce and Industry. (n.d.). Lagos Chamber of Commerce & Industry. <https://www.lagoschamber.com/>

Table 2: 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

The most pronounced acceleration occurred between 2022 and 2023, when total debt increased by 124.40% over the year, rising from N38.91tn to N87.33tn. This spike represents a structural break in Nigeria’s borrowing pattern, indicating a transition from

gradual accumulation to aggressive debt expansion. Although the growth rate moderated in subsequent years, debt continued to rise by 52.69% in 2024 and 19.46% in 2025, demonstrating that borrowing pressures remain persistently high.

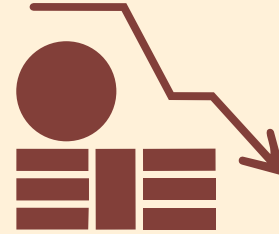
Table 3: Debt Service Growth

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



*The trust deficit of Nigerians in the system is deeply dependent on the administrative capacity, the ease of processes and the redeployment of those taxes in improving social welfare as well as infrastructure.*



*The Assembly should further mandate that revenue assumptions linked to new or amended tax laws be approved only where administrative readiness has been demonstrated.*

*For over a year the major reform conversation has surrounded the Tax Reform Acts which has commenced implementation this 2026, but this has not addressed the questions on people's minds surrounding administrative implementation and turnarounds.*





***The persistent increase in debt levels, despite the projected moderation in growth rates after 2025, demonstrates a compounding effect as new borrowing accumulates on an already substantial debt stock.***

The persistent increase in debt levels, despite the projected moderation in growth rates after 2025, demonstrates a compounding effect as new borrowing accumulates on an already substantial debt stock. This dynamic has led to a marked escalation in debt servicing obligations, which now consume an estimated 70% to 90% of federally retained revenues in recent years.<sup>7</sup> Nigeria's fiscal data between 2021 and Q3 2025 shows a persistent and evolving relationship between debt service obligations and government revenue. In 2021, debt service was N3.00tn on revenue of N4.18tn, resulting in a debt service-to-revenue ratio of 71.77%. This indicates a substantial fiscal burden, with a significant share of government earnings allocated to debt repayment obligations. The ratio fluctuated over the following years, with notable highs and lows. For instance, in 2022, despite an increase in revenue to N7.76tn, the debt service only rose slightly to N3.76tn, significantly lowering the ratio to 48.45%, this suggests that there was a temporary alleviation of fiscal pressure. However, by 2023, the debt service increased to N6.86tn, raising the ratio to 54.97% again as revenue growth struggled to keep pace.

The situation worsened by 2024, with debt service escalating to N12.36tn while revenue reached N20.98tn, resulting in a debt service-to-revenue ratio of 58.91%. This growing ratio indicates an increasing burden on the government to meet debt obligations, which became even more pronounced by Q3 2025. During this period, debt service peaked at N12.52tn, while revenue stood at N18.63tn, with a ratio of 67.20%. This high debt service burden limits funds available for essential services and for infrastructure and development investments. The continuous increase in the debt service-to-revenue ratio underscores the urgent need for structural reforms to improve revenue generation and manage debt effectively.


This means Nigeria is now in a classic debt trap. The government must borrow additional funds merely to service existing debt obligations. Each naira borrowed adds to future debt service requirements, creating a self-reinforcing cycle of fiscal deterioration. The only escape from this trap requires either dramatic revenue increases, significant debt restructuring, or stringent expenditure cuts, all politically difficult options.

7. Tunji, T. (December 18, 2025). Debt service gulps 72% of FG revenue in seven months. Nairametrics. <https://nairametrics.com/2025/12/18/debt-service-gulps-72-of-fg-revenue-in-seven-months/>



# 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

The performance of Nigeria's productivity has experienced noticeable shifts in the 2025 fiscal year. For instance, the top 3 contributors to real Gross Domestic Product (GDP) in Q4 2025 were Crop Production, Trade and Real Estate. Combined, the three sectors contributed more than half of total real GDP (51.85%). For the 2025 fiscal year, real GDP averaged 3.85% and Q2 had the highest growth of 4.23%. Credit Direct notes that this

outstanding performance in Q2 2025 is Nigeria's best performing quarter since Q2 2021.<sup>8</sup> More importantly, this quarter saw a slight reduction in the contribution of the Services sector (which is responsible for two-thirds of the economy) and Industry: Agriculture, however remained the top contributor. The table below shows the contribution of key sectors to real GDP in the 2025 fiscal year.

8. See Shogo, A., Itegebe, A., and Ucheaga, E. (July 18 2025). GDP Q2 2025: Nigeria's Economy Grows by 4.23% on Non-Oil Resilience. Credit Direct: Research Note. Available at: [https://cdn.prod.website-files.com/67e41b35e76b3a13ad0f8c3f168e0411583d9a89415b0124b\\_Credit%20Direct%20Research%20Notes%20GDP%20Q2.pdf](https://cdn.prod.website-files.com/67e41b35e76b3a13ad0f8c3f168e0411583d9a89415b0124b_Credit%20Direct%20Research%20Notes%20GDP%20Q2.pdf)



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

It has been noted that year on year, economic growth strengthened in 2025, depicting steady gains across key sectors of the economy: the growth rate in 2025 stood at 3.87% from 3.38% in 2024. In nominal terms, the size of the economy also grew considerably. The NBS provides that aggregate GDP stood at N122.81tn in Q4 2025, compared with N104.47tn in the same period of 2024, representing a year-on-year nominal growth of 17.55%<sup>9</sup>. However, nominal total GDP (at current market prices) jumped significantly from N372.82tn in 2024 to N441.53tn in 2025.

In the main, for the government to see improvement in the contribution of the sectors to GDP growth (and their absolute naira contribution), critical investments in the drivers

of the economy require attention. The Services sector requires funding for energy supply, telecommunications and professional, scientific and technical services: not that the government solely supplies the funding and resources but that it manages the economy in a way that pulls in investment from the private sector. For instance, while the Central Bank of Nigeria (CBN) has managed to rein in inflation to some extent, the interest rate remains at a prohibitive level: 26.5%, significantly above the inflation rate. In addition, strengthening the rule of law (to protect contracting and create a level playing field in public procurement), ensuring policy consistency and maintaining a stable naira (which it has been able to keep relatively stable). For Agriculture the policy response will have to include the subnationals,



***In the main, for the government to see improvement in the contribution of the sectors to GDP growth (and their absolute naira contribution), critical investments in the drivers of the economy require attention.***

9. See Godfrey, P. (February 27, 2026). Nigeria's GDP grows 4.07% in Q4 2025 as services, oil lift economy — NBS. In the Vanguard Newspapers (Online). Available at: <https://www.vanguardngr.com/2026/02/nigerias-gdp-grows-4-07-in-q4-2025-as-services-oil-lift-economy-nbs/>



as land tenure systems, road quality and the subnational/federal government's framework to promote export all require concerted and coordinated efforts.

## 2.2 Foreign Reserves

Foreign exchange reserves are important for keeping the economy steady. Over the past five years, Nigeria's reserves have changed because of shifts in oil revenue, capital flows and foreign debt. Strong reserves help build economic confidence, give the Central Bank more control over exchange rates and help avoid sudden spikes in demand for the dollar. By the end of 2025, net foreign exchange reserves reached \$45.5bn: the highest level in five years, due to lower short-term foreign debt and more foreign exchange inflows. Gross external reserves rose above \$40.5bn by the end of 2021, but fell in early 2023 after some debts were paid. Forecasts show that reserves will likely stay in the low-to-mid \$40bn range through late 2026.<sup>10</sup> Having enough reserves helps Nigeria deal with external shocks, keep the foreign exchange market stable, ease pressure on the naira and support imports, which gives confidence to investors and trading partners.

A primary factor contributing to reserve growth has been the substantial increase in foreign portfolio investment (FPI), which has been driven by elevated interest rates set by the Central Bank of Nigeria (CBN) and enhanced confidence in the foreign exchange market. In 2025, total capital inflows into Nigeria rose by approximately 90% to \$23.22bn, compared to \$12.32bn in 2024, with foreign portfolio

investments comprising nearly 85% of total inflows. Investments in money market instruments reached \$13.83bn, bond inflows increased to \$4.89bn, and equity investments rose to \$2.10bn.<sup>11</sup>

The combination of tighter monetary policy, competitive fixed-income yields, and improved performance in Nigeria's equity market has encouraged greater foreign participation in domestic financial markets. These capital inflows, together with higher oil receipts and increased diaspora remittances, have strengthened Nigeria's external buffers and reduced pressure on the foreign exchange market.<sup>12</sup>

Higher reserve levels provide the CBN with increased capacity to manage exchange rate volatility, fulfill external obligations, support import requirements, and protect the economy from external shocks. The current reserve position has also improved Nigeria's import cover to nearly 9.7 months, which is significantly above standard adequacy benchmarks.<sup>13</sup>

Although the current reserve accumulation indicates rising market confidence and macroeconomic stability, concerns persist regarding the sustainability of these inflows due to the predominant reliance on short-term portfolio investments rather than long-term productive foreign direct investment.<sup>14</sup> Nevertheless, the recent growth in reserves demonstrates stronger market sentiment toward Nigeria's reform agenda and offers short-term support for exchange rate stability and overall economic confidence.



***A primary factor contributing to reserve growth has been the substantial increase in foreign portfolio investment (FPI), which has been driven by elevated interest rates set by the Central Bank of Nigeria (CBN) and enhanced confidence in the foreign exchange market.***

10. Merchant Bank, C. (2026). *The Year in Review and 2026 Outlook*. Coronation. <https://www.coronationmb.com/wp-content/uploads/2026/01/The-Year-in-Review-and-2026-Outlook-CMB.pdf>

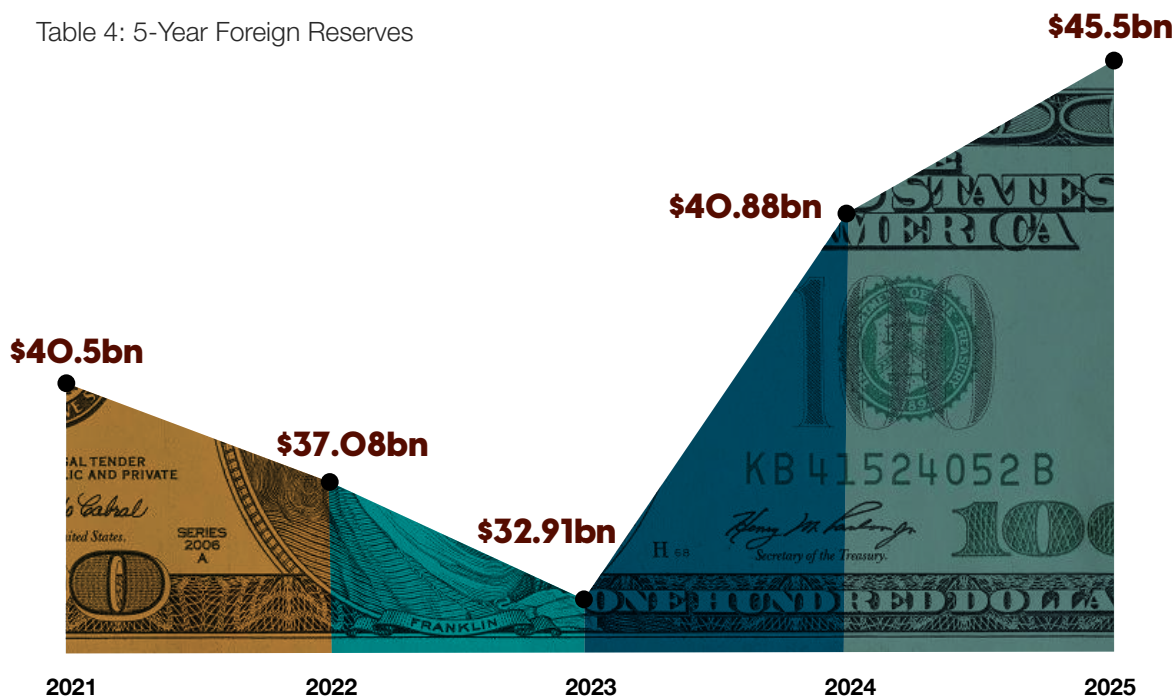
11. Adegbesan, E. (March 25, 2026). Nigeria's Capital importation jumps 88% to \$23.21bn in 2025. Vanguard News. <https://www.vanguardngr.com/2026/03/nigerias-capital-importation-jumps-88-to-23-21bn-in-2025/>

12. Fund, I. M. (May 8, 2024). IMF Executive Board Concludes 2024 Article IV Consultation with Nigeria. IMF News. <https://www.imf.org/en/News/Articles/2024/05/08/pr-24144-nigeria-executive-board-concludes-2024-art-iv-consultation>

13. (n.d.). Central Bank of Nigeria Economic Report, April 2024. [https://www.cbn.gov.ng/Out/2024/RSD/April%202024%20Monthly%20Economic%20Report\\_08.08.2024.pdf](https://www.cbn.gov.ng/Out/2024/RSD/April%202024%20Monthly%20Economic%20Report_08.08.2024.pdf)

14. Fund, I. M. (July 2, 2025). Nigeria: 2025 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Nigeria. IMF Staff Country Reports 2025, 157. <https://meetings.imf.org/en/IMF/Home/Publications/CR/Issues/2025/07/01/Nigeria-2025-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-568220>

Table 4: 5-Year Foreign Reserves



Source: Movement in Foreign Reserves, Central Bank of Nigeria

### 2.3 Inflation

Nigeria’s inflationary pressures have been persistent since 2021, headline inflation increased from about 15.4% in 2021 to a peak of roughly 34.2% by mid-2024. This surge was driven by a combination of global supply shocks, domestic structural weaknesses, and major policy reforms; notably the removal of fuel subsidies and foreign exchange liberalization. Following a rebasing of the Consumer Price Index (CPI) and a methodological change by the National Bureau of Statistics (NBS), official figures from the NBS showed that headline inflation eased to 15.15% by December 2025. This can be attributed to both genuine price easing and the effect of statistical recalibration. However, the

average inflation rate for 2025 stood at around 23%, which indicates that there are still persistent inflationary pressures. This continues to put constraints on households, particularly in terms of food affordability, income and general welfare.

There have been some major policy adjustments in recent years that have shaped the dynamics of Nigeria’s inflation. One major driver of inflation is the removal of fuel subsidies<sup>15</sup> and the unification of the foreign exchange rate. Even though these reforms were designed to address fiscal imbalances and align domestic energy and foreign exchange with global markets, there are some effects as a result of their implementation. Particularly, the adjustment in energy and FX



**Particularly, the adjustment in energy and FX prices has translated into producers spending more on inputs and logistics, hence, businesses are pressured and this ultimately affects consumer spending on goods and services.**

15. Omang, N. S., Ogbu, B. E., & Ogbaji, O. A. (2025, October 24). Does Fuel Subsidy Removal Drive Food Inflation In Nigeria. ADSU International Journal of Applied Economics, Finance and Management. Retrieved February 8, 2026, from <https://ajaeim.adsu.edu.ng/index.php/journals/article/view/186>



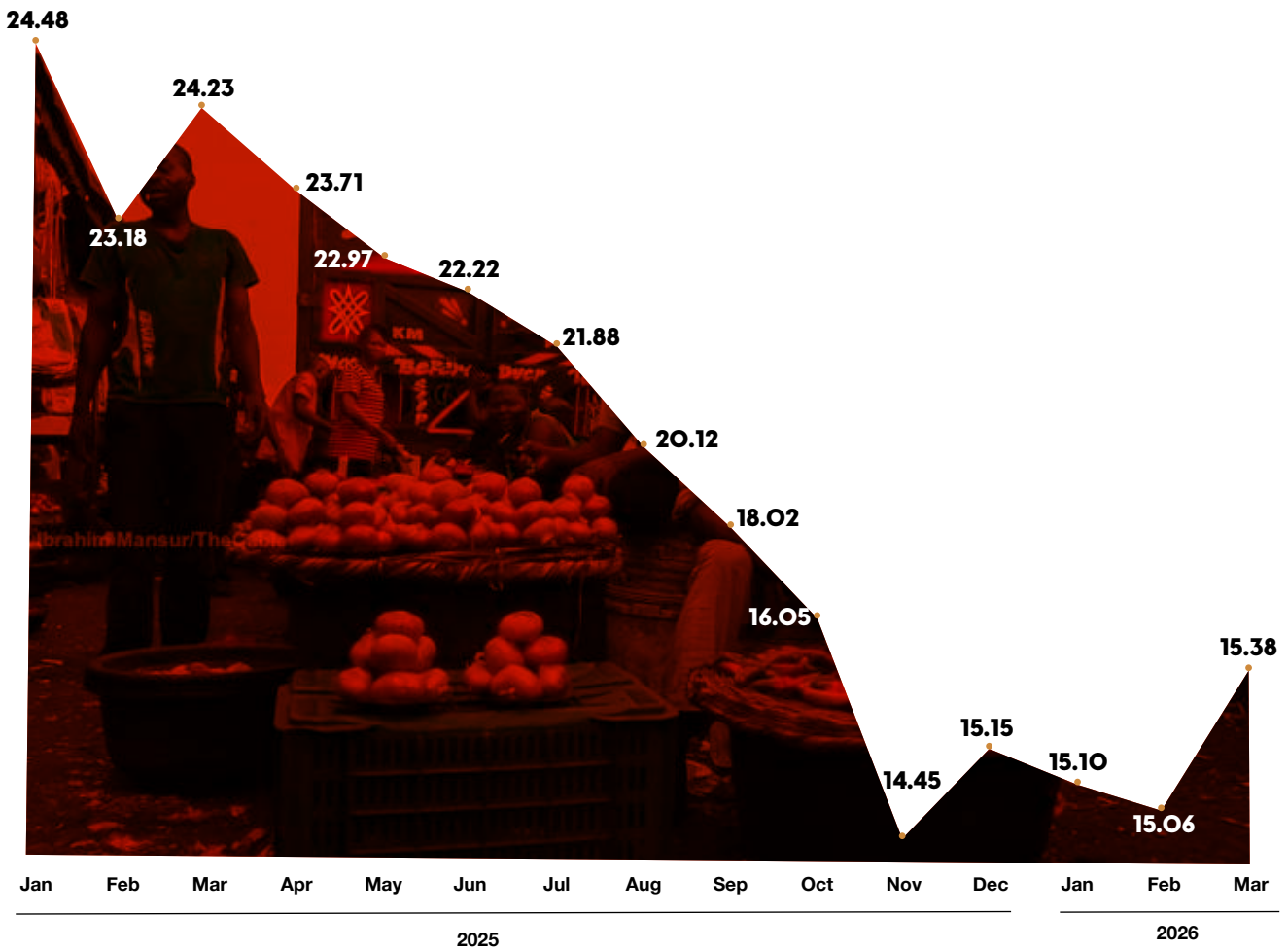
prices has translated into producers spending more on inputs and logistics, hence, businesses are pressured and this ultimately affects consumer spending on goods and services.

Higher energy costs translated directly into increased transport and agricultural input costs, contributing to elevated consumer prices for essentials.<sup>16</sup> At the same time, the

elimination of FX subsidies and movement toward a unified exchange rate framework allowed exchange rate pass-through to import costs more fully, amplifying inflationary pressure on imported goods and intermediate inputs. The period of sharp naira depreciation that followed these policy shifts further intensified cost pressures on imported products and inputs before more recent stability emerged in FX markets.<sup>17</sup>

Table 5: Inflation Trend After the Recalibration

Month / Year / Inflation Rate (%)



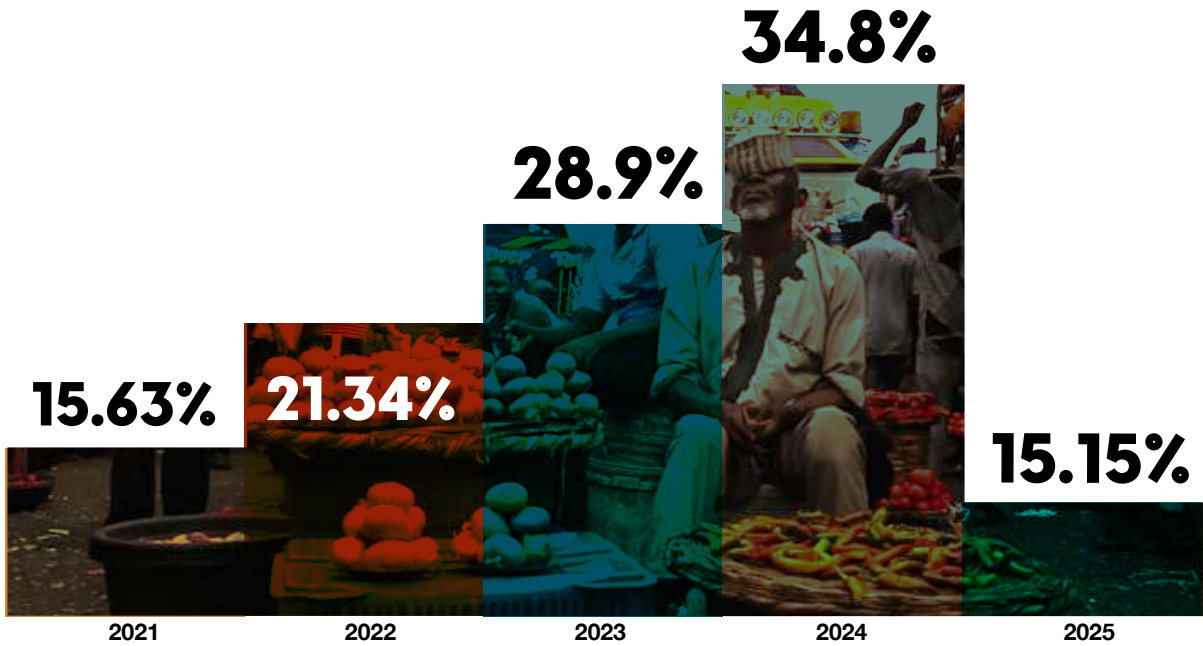
Source: National Bureau of Statistics

16. Iheonu, C., Dr (2024, February 18). Understanding The Dynamics Of Inflation In Nigeria. VerivAfrica. Retrieved February 10, 2026, from <https://www.verivAfrica.com/insights/understanding-the-dynamics-of-inflation-in-nigeria>

17. Fawehinmi, O. (n.d.). Rewriting Nigeria's Financial Rules Amid Inflationary Pressures. This Day. Retrieved February 10, 2026, from <https://www.thisdaylive.com/2025/06/22/rewriting-nigerias-financial-rules-amid-inflationary-pressures>



Table 5: 5-Year Inflation Trend



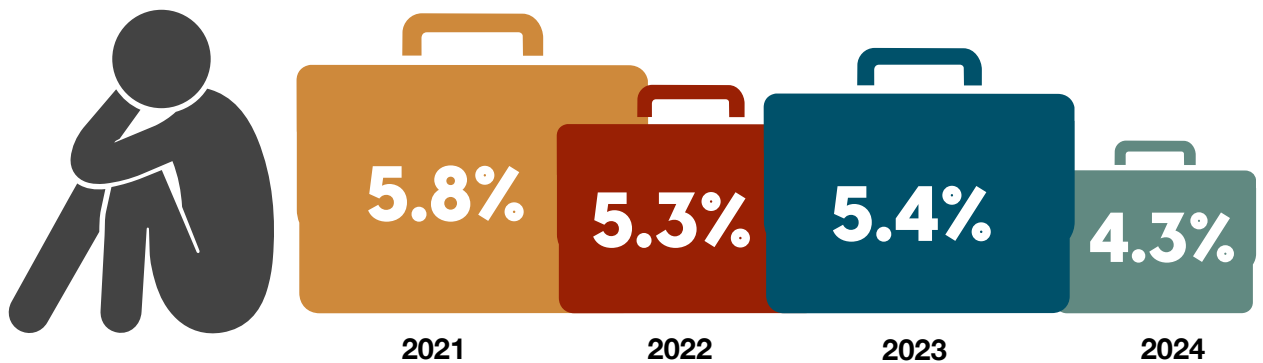
Source: National Bureau of Statistics

### 2.4 Unemployment

Nigeria’s official unemployment statistics between 2021 and 2025 present a picture of relatively modest headline rates, yet this picture conceals far more complex and persistent challenges within the labour market. Data from the NBS Labour Force Survey shows that headline unemployment stood at about 4.2% in the second quarter of 2023,

increasing to an annual average of approximately 5.4% for the full year. The rate edged slightly down from 5.3% in the first quarter of 2024 to 4.3% by the end of Q2 2024. On the surface, these figures suggest a labour market experiencing only mild fluctuations, with unemployment remaining within a relatively narrow range over the period.

Table 6: Unemployment Rate



Source: National Bureau of Statistics



However, such headline rates offer only a limited and potentially misleading snapshot of labour market conditions in Nigeria. While they capture the proportion of the labour force that is actively without work, they fail to adequately reflect the scale of labour underutilisation in an economy where informal employment is prevalent. Many workers are engaged in low-quality, unstable, or insufficiently remunerative jobs. Situations in which individuals are employed in activities far below their skill level are not fully captured in the headline unemployment measure. As a result, the official unemployment figures tend to understate the true extent of labour market inefficiency and economic vulnerability faced by a large segment of the working-age population. There is also the challenge of inconsistency in the publication of unemployment data. Regular, reliable, and timely labour statistics are important for evidence-based policymaking, economic forecasting, and development planning. However, the irregular publication of unemployment data makes it difficult for policymakers, researchers, and investors to accurately track employment trends, assess the effectiveness of labour interventions, and design programmes that will bring development to the country.

The prevailing labour market conditions reveal deeper challenges, especially among youth and informal workers. Underemployment rates have consistently remained in double digits, with time-related underemployment exceeding 10% in several survey rounds, indicating that many workers are willing and available to work more hours but are unable to do so.<sup>18</sup> The informal sector accounts for over 92% of employment, which shows that most workers are in insecure, low-paid jobs not adequately reflected in headline unemployment statistics.<sup>19</sup>

Young people in Nigeria are facing some of the most serious challenges in the labour market. Rates of unemployment among youth are significantly higher than the national average,<sup>20</sup> this shows that many young people struggle to find stable and meaningful work after leaving school. These challenges point to long-standing structural problems, such as limited job opportunities, inadequate skills development, and a labour market that cannot absorb the growing number of young entrants. As a result, although official unemployment figures between 2021 and 2025 appear relatively stable, they do not fully capture the reality on the ground. For many Nigerians, especially young people, underemployment, informal work, and job insecurity continue to be common and persistent features of working life.

### 2.5 Poverty

Poverty in Nigeria worsened significantly between 2021 and 2025, driven by persistent inflationary pressures, particularly in food prices, slow job creation and subdued economic growth. At the same time, social protection systems remained limited in both coverage and effectiveness, offering little cushion for vulnerable households during periods of economic stress. These challenges unfolded against a backdrop of sluggish economic growth, further constraining income opportunities for a large share of the population. Projections have shown that the number of people living in poverty has surpassed 61% of the population as of 2025, that is approximately 139 million people.<sup>21</sup> The major drivers of this are an increase in food prices, a decline in real household consumption, and limited access to stable and productive employment.



***As a result, the official unemployment figures tend to understate the true extent of labour market inefficiency and economic vulnerability faced by a large segment of the working-age population.***

18. National Bureau of Statistics. (2024). Nigeria Labour Force Survey (NLFS) Report Q2, 2024. National Bureau of Statistics. [https://www.nigerianstat.gov.ng/pdf/uploads/NLFS\\_Q2\\_2024.pdf](https://www.nigerianstat.gov.ng/pdf/uploads/NLFS_Q2_2024.pdf)

19. National Bureau of Statistics. (2024). Nigeria Labour Force Survey (NLFS) Report Q2, 2024. National Bureau of Statistics. [https://www.nigerianstat.gov.ng/pdf/uploads/NLFS\\_Q2\\_2024.pdf](https://www.nigerianstat.gov.ng/pdf/uploads/NLFS_Q2_2024.pdf)

20. Reuters (2024, February 20). Nigeria's Q3 jobless rate rises to 5% as impact of reforms takes effect. Retrieved April 30, 2026, from <https://www.reuters.com/world/africa/nigerias-q3-jobless-rate-rises-5-impact-reforms-takes-effect-2024-02-20/>

21. Tunji, T. (2025, October 10). Nigeria's poverty rate seen falling to 61% in election year. Retrieved February 8, 2026, from <https://financeinfrica.com/insights/nigeria-poverty-rate-falling-to-61-in-2027>



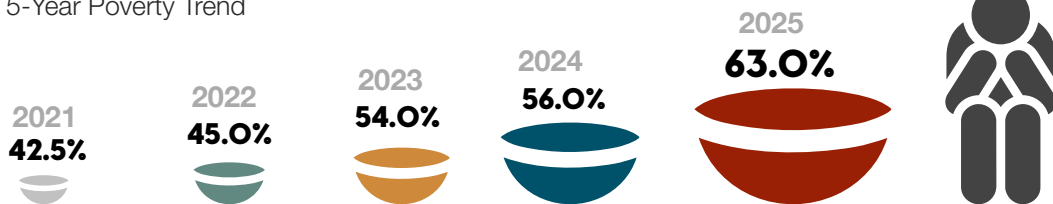
**The prevailing reality remains that most Nigerians are economically worse off than prior to the reforms, and living standards have not improved meaningfully for the majority.**

Poverty in Nigeria has remained highly uneven across regions and demographics, with the northern regions bearing a disproportionately large share of the burden. The World Bank reported that the poverty rate in the northern part of the country, especially the Northeast, has reached extreme proportions; in some cases exceeding 80% of the population. However, poverty rates in much of southern Nigeria, while still significant, remain comparatively lower.<sup>22</sup> Poverty rates also differ between rural and urban areas. Rural communities are more vulnerable, as limited access to markets, public services, and productive employment continues to constrain livelihoods in these communities. Data from the World Bank indicates that about 75.5% of Nigerians living in rural areas live below the poverty line, compared with slightly over 40% of urban residents living below the poverty line.<sup>23</sup> This wide disproportion shows the intensity of rural-urban disparities and highlights how geographic location strongly shapes living standards and life chances in Nigeria.

There is an urgent need for the government to put in place a well-planned policy implementation that will particularly aim to restore macroeconomic stability, curb inflationary pressures, and promote inclusive growth among citizens, which can come in the form of Social Transfers and other cost reduction measures.<sup>24</sup> Agora Policy, noting the impact of this administration’s reforms, stated

that: “The prevailing reality remains that most Nigerians are economically worse off than prior to the reforms, and living standards have not improved meaningfully for the majority. According to the NBS, the number of individuals living in poverty increased from 40 million to 56 million between 2019 and 2023, with further increases likely following the implementation of economic reforms”.<sup>25</sup> Some of the policy responses that the government can focus on include giving support to small and medium enterprises (SMEs) through improved access to credit, simplified regulation, and tax incentives, enhancing coordination between federal and state governments on food production and distribution strategies, and strengthening public financial management systems to improve value for money and service delivery outcomes. There is also the issue of limited economic diversification which has left a large segment of the population in low-productivity activities, while social protection systems remain weak and insufficiently aimed at cushioning shocks. Also, there exists uneven regional development, intensified by insecurity and inadequate public investment in the North, which has strengthened existing inequalities in the region. These deep-rooted challenges need to be deliberately addressed through inclusive policies that are sustained over time and sensitive to diverse regional realities. This will go a long way to close the gap between the uneven distribution of poverty in the country.

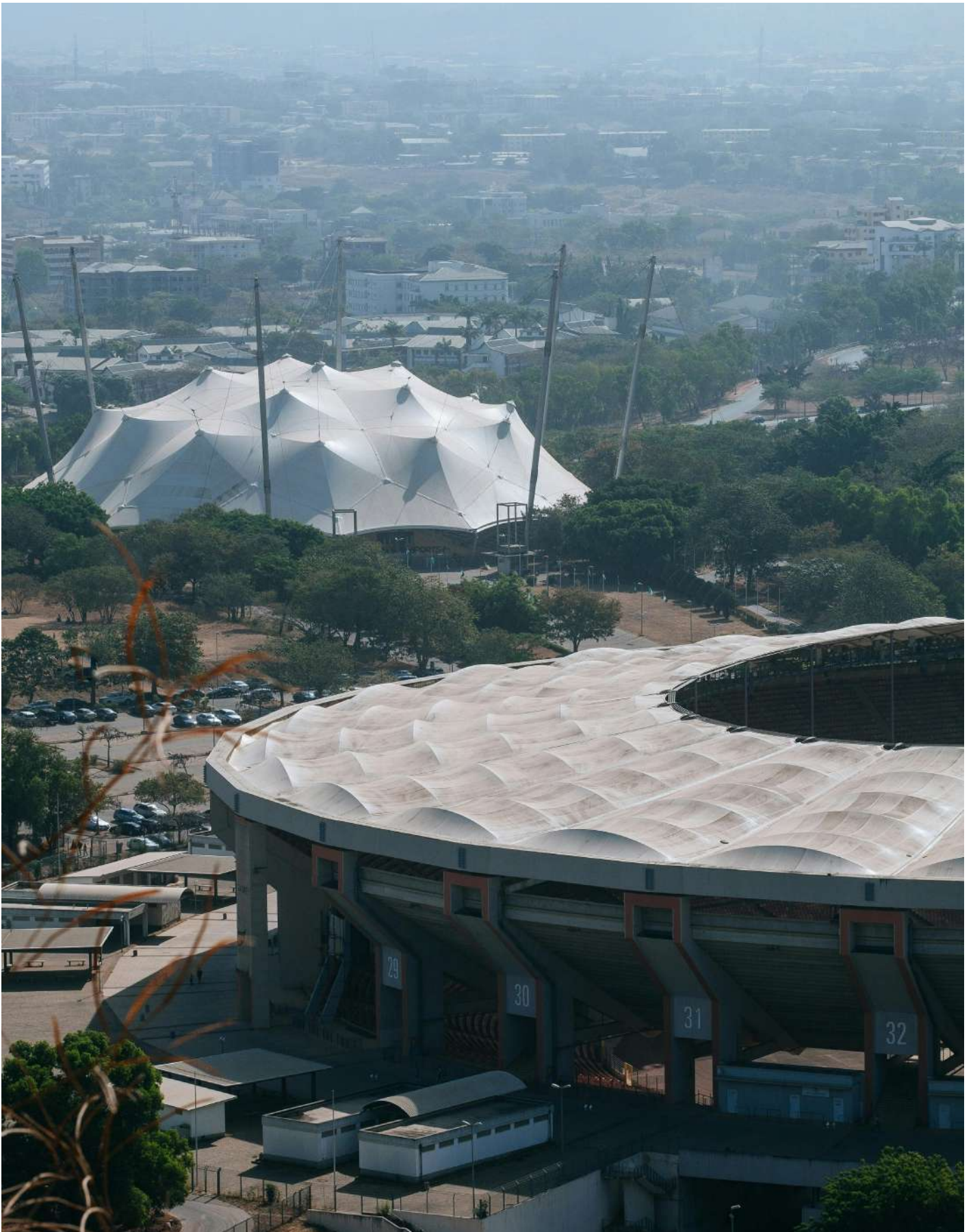
Table 7: 5-Year Poverty Trend



Source: National Bureau of Statistics

22. Tunji, T. (2025, October 10). Nigeria’s poverty rate seen falling to 61% in election year. Retrieved February 8, 2026, from <https://financeinfrica.com/insights/nigeria-poverty-rate-falling-to-61-in-2027>  
 23. Tunji, S. (2025, May 4). Poverty rate among rural Nigerians now 75% – W/Bank. Retrieved February 8, 2026, from <https://punchng.com/poverty-rate-among-rural-nigerians-now-75-wbank>  
 24. See Ahmed, A. (March 25 2026). Necessity of Translating Reform Gains to Improved Living Standards. Agora Policy, Available at: <https://agorapolicy.org/research/policy-memo/257-necessity-of-translating-reform-gains-to-improved-living-standards.html>  
 25. See Ahmed, A. Necessity of Translating Reform Gains to Improved Living Standards, op.cit.





# 2026 FG Approved Budget

## Fiscal Framework

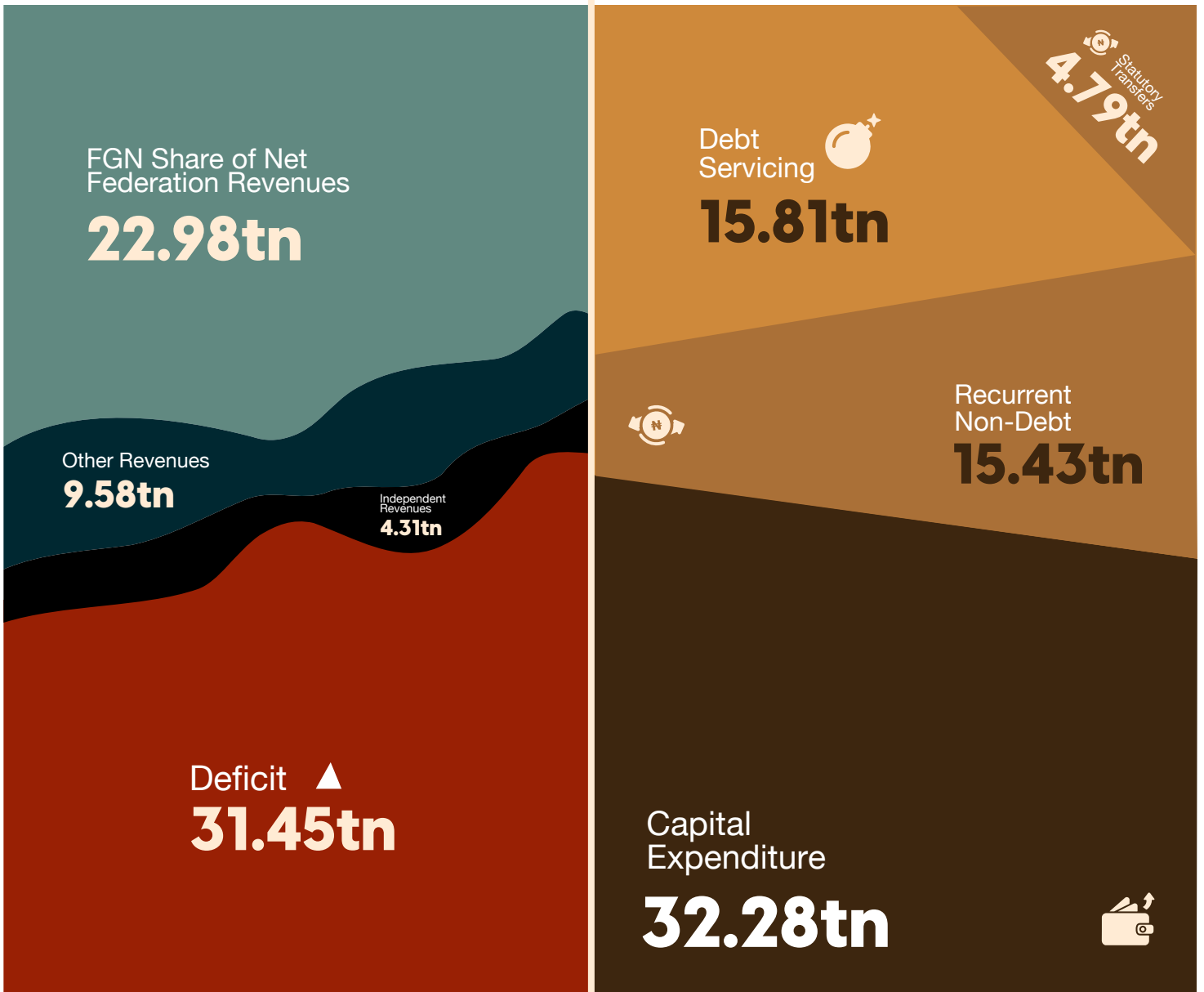
Unit in NGN

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 2026 proposed federal budget projects N36.87tn in total revenue against N68.32tn in total expenditure, leaving a fiscal deficit of N31.45tn, which is about 4.28% of GDP. This means expected revenue can only finance roughly 53.9% of planned spending, while the remaining 46.1% will be financed through borrowing. 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. We cannot overemphasize the effect this has on the government's fiscal space and how it reduces

the resources available for capital investment and social development priorities.

Oil revenue remains a major component of the 2026 revenue projections and is based on assumptions of an oil benchmark price of \$64.85 per barrel, production of 1.84 mbpd, and an exchange rate of N1,400 per dollar. These assumptions are relatively moderate compared to earlier budgets, but they still depend on Nigeria's ability to improve production performance, which has historically remained below targets due to pipeline vandalism, crude theft, and infrastructure constraints. The Federal government's Share of Net Federation Revenues aims to rake in



N21.62tn (which is 58.64% of the expected revenue), N4.31tn (11.69%) in independent revenue, N5.85tn for Net operating surplus for Government Owned Enterprises (GOE) (15.13%) and 14.54% of the total revenues are expected from other revenues (N1.99tn), other dividends (N57.97bn), aids and grants (N1.37tn) and (N300bn) from special funds/accounts receipts.

The federal government in its strategy at revenue mobilisation, blocking leakages and improving transparency, made an executive order in February, anchored on sections 44 (3) of the constitution. This executive order mandates oil and gas revenues to be paid

directly into the Federation Account instead of being kept by agencies like the Nigerian National Petroleum Company (NNPC), Nigerian Upstream Petroleum Regulatory Commission (NUPRC), and Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA). Hence the 30% for costs such as exploration and 20% kept to cover working capital and future investments as allowed by the Petroleum Industry Act (PIA) framework, is to be discontinued. The federal, state and local government constitutional revenue lost through deductions, sundry charges, and fees have been restored.<sup>26</sup>

Table 8: 2024- 2026 Federal Government Approved Budget Revenue Breakdown (NGN)

Revenue	2024	2025	2026
<b>FGN Share of Net Federation Revenues Breakdown</b>			
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
<b>Total FGN Share of Net Federation Revenues</b>	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
<b>Total Revenue</b>	19.6tn	36.35tn	36.87tn

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

26. Ogba, O. (2026, February 19). President Tinubu signs executive order to safeguard federation oil and gas revenues. National Assembly Library Trust Fund. <https://nalftf.gov.ng/president-tinubu-signs-executive-order-to-safeguard-federation-oil-and-gas-revenues/>





***A question that begs asking is, at what scale can the federal government implement the 2026 capital appropriation even as they try to restore the January to December budget cycle?.***

The geopolitical tensions between the United States and Iran risk disrupting oil supplies and threatening chokepoints like the close of the Strait of Hormuz, which handles about 20% of global oil trade. This disruption could have served as a push to move global crude prices above the \$64.85/bbl benchmark, boosting Nigeria's opportunity at oil earnings and short-term Federation Account inflows if production and export volumes remain stable creating a clear upside to 2026 oil revenue projections. However, that is not the case, higher global energy and shipping costs have raised domestic transport and production costs, fueling inflation and eroding household purchasing power. This has resulted in reduced consumer spending and higher input costs for businesses which could possibly weaken Value Added Taxes (VAT) collections and squeeze corporate profitability, undermining Company Income Tax (CIT) receipts over time. Taken together, this means that even if oil revenues rise, broader macroeconomic strains could blunt non-oil revenue performance and weaken the overall credibility of the 2026 budget's revenue projections. What strategies is the Nigerian government putting in place to keep Nigeria at an advantage in times like this?

### **3.2 Expenditure Analysis**

With expenditure valued at N68.32tn, the 2026 Appropriation was created to reflect a strong expansionary expenditure framework designed to support infrastructure delivery, macroeconomic stabilization, and security operations, but it also highlights continued fiscal rigidity driven by debt obligations and statutory commitments. The expenditure

structure shows N32.2tn allocated to capital expenditure (47.13% of the total budget), N15.4tn (22.54%) to recurrent (non-debt) expenditure, N15.81tn (23.14%) to debt servicing, and N4.79tn (7.01%) to statutory transfers. This is the highest capital allocation ever recorded, growing by 34.77% from the N23.96tn allocation of 2025. This growth should signal a deliberate shift toward productivity-enhancing investments. Despite the federal government setting March 31, 2026 to end all overlapping budget cycles through the re-enacted 2025 Appropriation Act<sup>27</sup>, another extension to June 30, 2026 has been approved.<sup>28</sup> A question that begs asking is, at what scale can the federal government implement the 2026 capital appropriation even as they try to restore the January to December budget cycle?.

The multiple overlapping budget has created serious implementation and accountability issues, this is an anomaly that has persisted for years but became more prominent after COVID-19 where multiple capital budgets rolled over. These overlaps are as a result of delayed budget passage, poor revenue performance, and repeated extensions of capital expenditure implementation deadlines approved by the National Assembly. The danger is that it weakens the credibility of Nigeria's budgeting system and turns annual budgets into rolling expenditure plans without clear timelines or measurable outcomes. Over time, this contributes to rising abandoned projects across the country, inflated project costs due to prolonged implementation periods, poor value for money in public spending, and declining public trust in government budgeting and service delivery. It also undermines medium-term fiscal planning

27. National Assembly Library Trust Fund. (2026, January 2). Federal government sets March 2026 deadline to end overlapping budget cycles through re-enactment. <https://naltrf.gov.ng/federal-government-sets-march-2026-deadline-to-end-overlapping-budget-cycles-through-re-enactment/>

28. National Assembly Library Trust Fund. (2026, April 1). NASS extends 2025 capital budget deadline to June 2026. <https://naltrf.gov.ng/nass-extends-2025-capital-budget-deadline-june-2026/>

because government resources become tied to unfinished projects from previous years, reducing the fiscal space available for new development priorities.

Sectorally, the 2026 budget prioritizes defence and security (N6.98tn) as the single largest sectoral allocation, followed by infrastructure (N6.84tn), agriculture (3.64tn), health (N3.55tn), and education (N2.73tn), reflecting government emphasis on stabilizing the security environment, completing major transport corridors such as the Lagos–Calabar Coastal Highway, expanding skills development financing through NELFUND, and strengthening human capital outcomes. The strong allocation to security remains consistent with Nigeria’s fiscal priorities over the past decade, where security expenditure continues to absorb a large share of discretionary spending due to insurgency, banditry, and internal security operations

across multiple regions. At the same time, although education and health allocations are significant in nominal terms, they remain below international benchmarks such as the UNESCO recommendation of 15–20% of public expenditure for education and the Abuja Declaration target of 15% for health.

Debt servicing remains one of the most critical structural pressures within the expenditure framework, accounting for N15.8tn, or roughly 23% of total expenditure, which continues to constrain fiscal space despite some improvements in revenue mobilization efforts. This is as a result of the ever increasing public debt of the country, stemming from sustained deficit financing across several budget cycles. The government needs to take prudent measures in ensuring that borrowings do not end up crowding out development.

Table 9: 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



**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.**



### 3.3 Deficit and Deficit Financing

According to s.12(1) of the FRA 2007, the fiscal deficit should not exceed 3% of the estimated GDP, except when there is a clear and present threat to the national security and sovereignty of Nigeria. Yet with a deficit of N31.45tn, the 2026 appropriation has shot

above this threshold bordering on 7.12% plus of the GDP of N441.54tn.<sup>29</sup> The 2026 budget deficit is expected to be financed by borrowings: N29.19tn from domestic/foreign sources, N2.05tn from multilateral/bilateral project-tied loans, while assets sales/privatisation proceeds are expected to provide N189.15bn.

Table 10: 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

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.<sup>30</sup> The package included \$5bn from First Abu Dhabi Bank through a phased Total Return Swap (TRS) financing structure and \$1bn from UK Export Finance arranged by Citibank London for the rehabilitation of the Lagos Port Complex and Tin Can Island Port, alongside broader infrastructure support and refinancing of existing obligations.<sup>31</sup>

The government needs to understand that without sustained improvements in revenue mobilisation and strengthened expenditure efficiencies, Nigeria’s fiscal position will remain vulnerable to debt sustainability risks in the short, medium and long term. All levels of government urgently need to move towards simultaneously improving the economic structure (to ensure productivity and output increases) and diversifying revenue streams, so as to not only increase available revenue but have sufficient stock for debt servicing (that does not put pressure on revenue).

29. National Bureau of Statistics. (2025). Nigerian gross domestic product report: Q4 2025 . [https://microdata.nigerianstat.gov.ng/index.php/catalog/147/download/1364/Q4\\_2025\\_GDP\\_Report.zip](https://microdata.nigerianstat.gov.ng/index.php/catalog/147/download/1364/Q4_2025_GDP_Report.zip)  
 30. Folorunsho-Francis, A. (2026, March 31). Senate approves Tinubu’s \$6bn loan request. *Punch Newspapers*. <https://punchng.com/just-in-senate-approves-tinubus-6bn-loan-request/>  
 31. Folorunsho-Francis, A. Senate approves Tinubu’s \$6bn loan request. *Punch Newspapers*, op.cit.

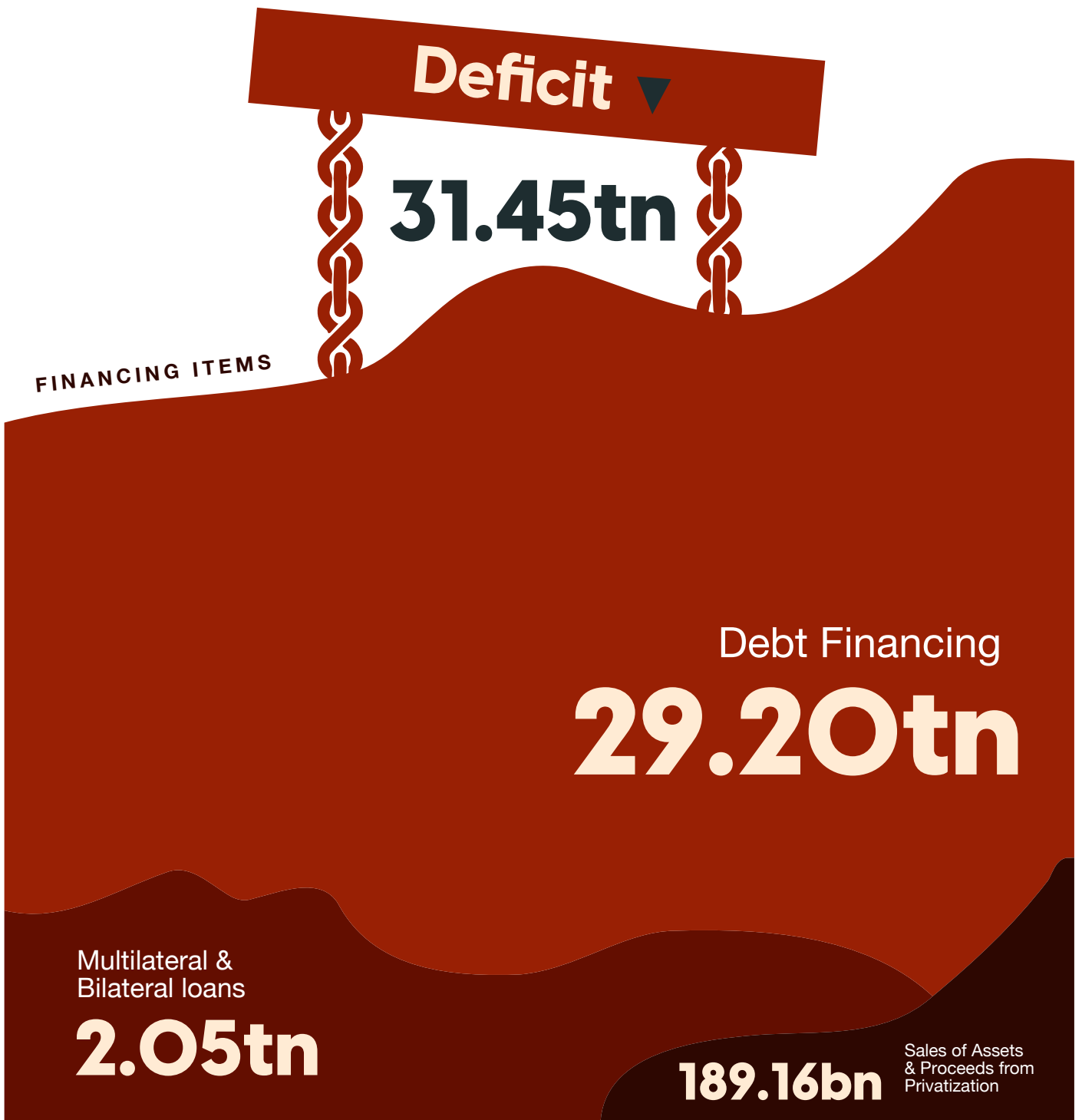




# 2026 FG Approved Budget

## 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

Nigeria's total public debt stock has continued to increase in recent years, as a result of our sustained reliance on borrowing to finance budget deficits and support capital expenditure. 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. The debt stock includes both Federal Government debt and subnational debt (36 states and the FCT), with the Federal Government accounting for the majority (92.14%) of total obligations.

According to the Debt Management Office report,<sup>32</sup> a breakdown of the debt profile

shows that domestic debt accounted for about N84.84tn (53.27%), while external debt stood at approximately N74.43tn (46.73%) as of the end of 2025. In dollar terms, external debt increased from \$45.78bn in December 2024 to about \$51.86bn in December 2025, reflecting both new borrowing and exchange-rate effects. The Federal Government alone accounted for about N80.48tn of domestic debt and N66.27tn of external debt.

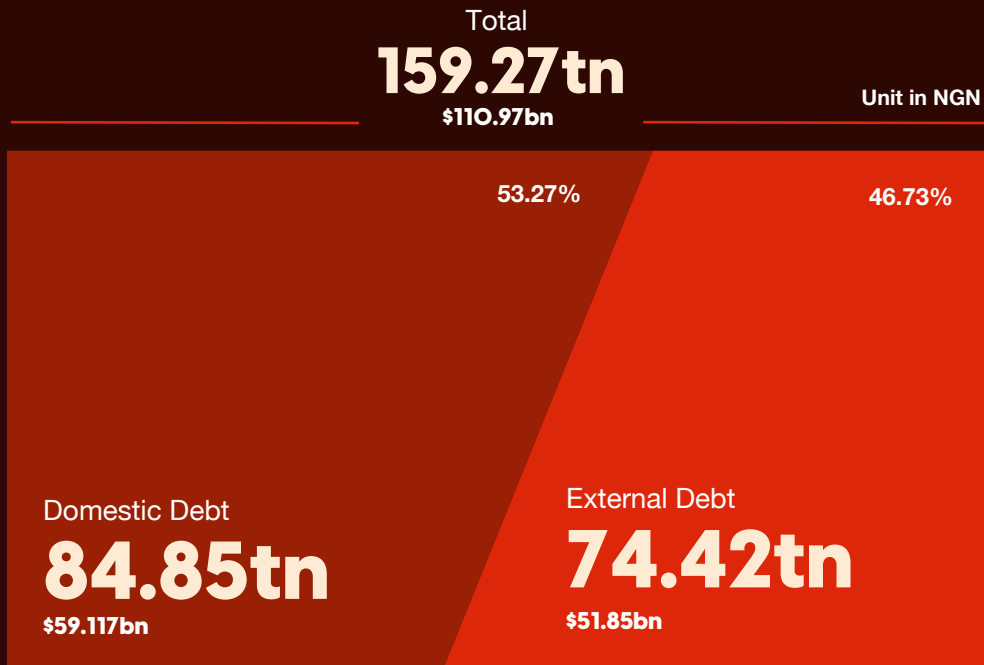
With a N29.19tn projected deficit financing through domestic and foreign borrowings further increasing the total obligations of the country, this will significantly reflect in the coming higher debt servicings for the country. Regarding debt sustainability, Nigeria's debt-to-GDP ratio is moderate by international

32. Debt Management Office, (2026, April 13). Nigeria's total public debt as at December 31, 2025. <https://www.dmo.gov.ng/debt-profile/total-public-debt/5818-nigeria-s-total-public-debt-as-at-december-31-2025/file>

standards, estimated between 40% & 50%. Although this figure remains below critical thresholds, it conceals significant vulnerabilities, particularly weak revenue mobilization. The primary concern for Nigeria's debt health is not the absolute debt-to-GDP

ratio, but rather the country's ability to service its debt. The more important sustainability concern is the debt-service-to-revenue ratio, which remains high with the 2026 projection at 42.88% despite being below the DMO threshold of 50%.

Table 10: 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

Nigeria's domestic debt stock remains the largest component of the country's public debt profile and continues to play a central role in financing fiscal deficits, including those reflected in the 2026 approved budget framework. As of December 2025, total domestic debt stood at approximately N84.85tn, representing about 53.27% of Nigeria's total public debt stock of N159.28tn. The Federal Government alone accounted for about N80.49tn, while the 36 states and the FCT accounted for about N4.36tn, confirming that domestic borrowing is largely driven by federal deficit-financing needs rather than subnational borrowing pressures. Domestic debt increased by about N10.47tn (14.1%) between December 2024 and December 2025, which shows a continued reliance on local financing instruments to support infrastructure spending and macroeconomic stabilisation efforts.

According to the DMO, FGN Bonds accounted for the largest share of domestic debt at an outstanding of N63.63tn (79.06%), followed by Nigerian Treasury Bills valued at about N13.85tn (17.21%), while Promissory Notes stood at about N1.54tn (1.92%)<sup>33</sup>. Other instruments in the domestic debt portfolio include FGN Sukuk, FGN Savings Bonds, and Green Bonds, which are typically used to finance infrastructure and specialised development projects such as roads and climate-related investments.

The slightly higher reliance on domestic debt might suggest an attempt at reducing exposure to exchange-rate risks associated with external debt, especially given the

currency volatility. This will provide a more predictable payment condition, although the constant demand for large funds in the domestic financial market can increase interest rates and crowd out private-sector access to credit, particularly for manufacturing and small- and medium-scale enterprises that depend on bank lending for expansion. Over time, this can weaken investment growth and slow broader economic activity, which indirectly affects revenue performance from sources such as Company Income Tax and VAT.

#### 4.3 Foreign Debt

As of December 31, 2025, Nigeria's total external debt stood at approximately \$51.86bn (about N74.43tn), representing about 46.7% of the total public debt stock of N159.28tn. The Federal Government accounted for about \$43.62bn, while the 36 states and the FCT accounted for about \$8.24bn. A breakdown of the external debt by creditor category shows that multilateral creditors accounted for the largest share at about \$23.49bn, followed by commercial creditors at about \$17.32bn, and bilateral creditors at about \$11.05bn. Within the multilateral category, the World Bank's International Development Association (IDA) remains Nigeria's largest single external creditor with approximately \$17.32bn, followed by the African Development Bank Group at about \$2.08bn and the Islamic Development Bank Group at about \$1.36bn. Bilateral loans include obligations to countries such as China (\$5.06bn), France (\$0.59bn), Germany (\$0.21bn), and Japan (\$0.07bn), while the commercial component is dominated by Eurobonds estimated at about \$17.32bn.

33. Debt Management Office, (2026, April 13), Federal government domestic debt stock by instrument as at December 31, 2025. <https://www.dmo.gov.ng/debt-profile/domestic-debts/debt-stock/5810-federal-government-domestic-debt-stock-by-instrument-as-at-december-31-2025/file>

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

The federal government's introduction of a corporate governance scorecard for Government-Owned Enterprises (GOEs) represents a significant reform within the 2026 fiscal framework.<sup>34</sup> This initiative aims to assess, monitor, and enhance the performance of State-Owned Enterprises (SOEs), while promoting transparency, accountability, and efficient management of public resources. Such measures are especially pertinent given the strategic yet vulnerable role that GOEs play in Nigeria's economy.

GOEs maintain a substantial share of public resources. In 2026, their aggregate expenditure is expected to increase alongside the federal budget's expansion to N68.32tn, underscoring their fiscal significance. These entities frequently receive preferential access to government funding, guarantees, and concessional loans, and they play central roles in providing essential services in sectors including energy and transportation. Nevertheless, persistent concerns regarding weak financial management and inadequate transparency remain.

The expansion of government-backed financing to these entities, whether through direct budgetary allocations, loans, or guarantees, raises concerns regarding contingent liabilities and fiscal sustainability. 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<sup>35</sup> in debt, a significant payment obligation to GENCOs due to persistent tariff shortfalls, inadequate market remittances, and

subsidy-related financing gaps. These unpaid obligations weaken liquidity across the power sector, discourage investment, and increase the government's contingent liabilities. The Transmission Company of Nigeria (TCN) also faces infrastructure financing gaps and operational constraints, while the Nigerian National Petroleum Company (NNPC) remains linked to concerns over unremitted revenues, opaque subsidy accounting, and intra-group liabilities.<sup>36</sup>

Similarly, entities like the Nigerian Railway Corporation (NRC), despite sustained government support, depend heavily on public financing due to low operational cost recovery and maintenance challenges.<sup>37</sup> Development finance institutions such as the Bank of Industry (BOI) and Development Bank of Nigeria (DBN) maintain expanding loan portfolios that require stronger risk management frameworks and transparent reporting to reduce potential fiscal exposure.<sup>38</sup>

The increasing reliance on GOEs to drive infrastructure development and economic growth highlights the need for stronger financial oversight and governance reforms. Many SOEs still fail to publish timely and comprehensive financial statements, limiting public scrutiny and weakening accountability.<sup>39</sup> Without adequate transparency, the full scale of government exposure to contingent liabilities is difficult to assess.

As public financing to GOEs expands through loans, guarantees, and direct interventions, implementing robust corporate governance standards, mandatory financial disclosures, performance-based funding mechanisms, and stricter monitoring of liabilities, especially in the power sector, will be essential to safeguard fiscal sustainability and ensure greater public value from government-owned enterprises.

34. (2025, April 7). FG Launches MOFI Corporate Governance Scorecard. Ministry of Finance Incorporated. Retrieved April 29, 2026, from <https://mofi.com.ng/fg-launches-mofi-corporate-governance-scorecard/>

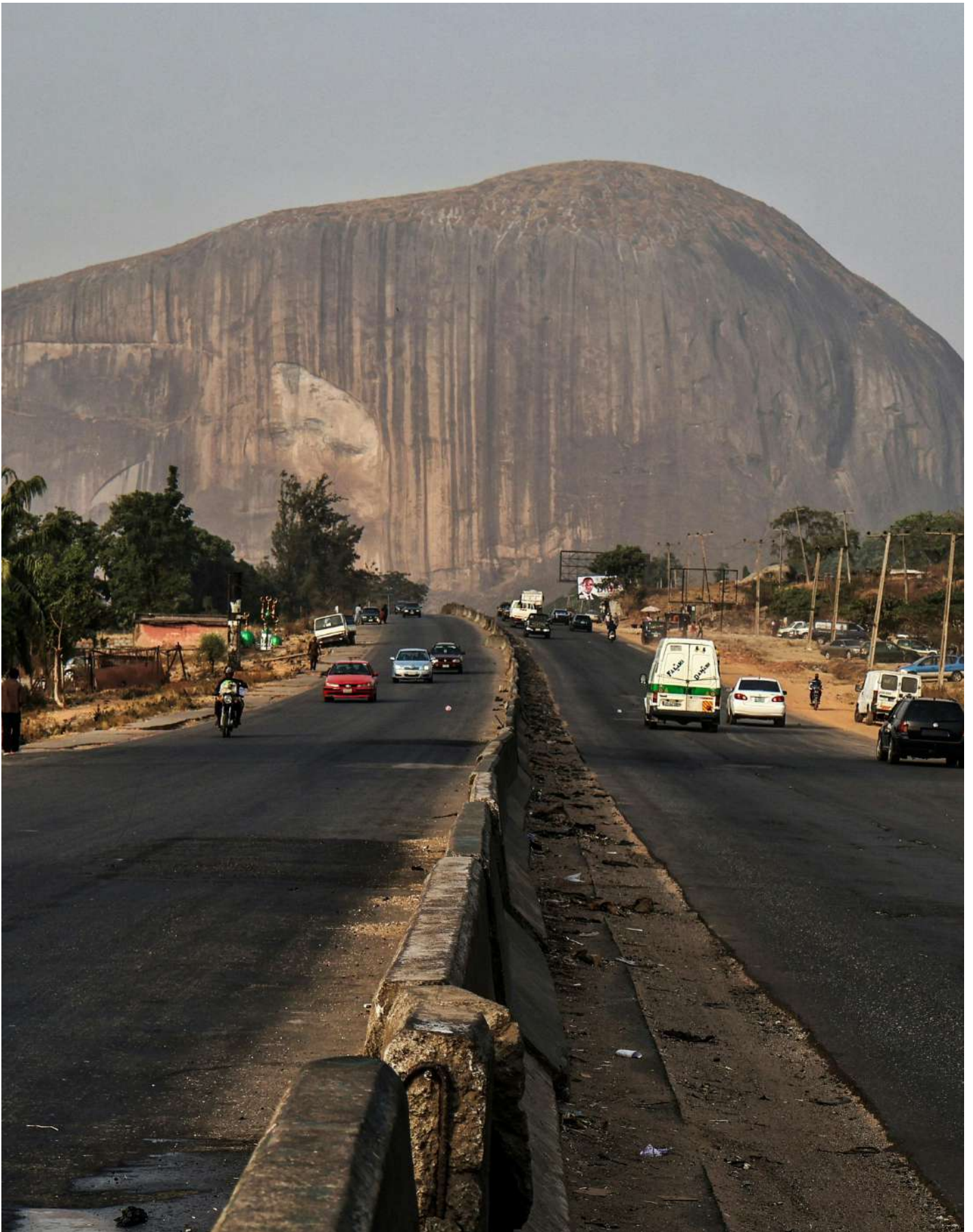
35. Ibrahim, Y. (2026, February 19). Nigeria's Power Ministry starved as GenCos' debt hits N6.6tn. *EconomyPost*. Retrieved May 7, 2026, from <https://economypost.ng/business/energy-and-power/nigerias-power-ministry-starved-as-genocos-debt-hits-n6-6tn/2026/02/19/>

36. Nyiekaa, T. (December 17, 2025). TCN Blames Funding Gaps, Insecurity For Power Project Delays. *Independent Newspaper Nigeria*. <https://independent.ng/tcn-blames-funding-gaps-insecurity-for-power-project-delays/>

37. Babalola, Y. (March 9, 2026). Funding, Vandalism, Revenue Leakages Biggest Challenges Facing NRC – Opeifa. *Leadership News*. <https://leadership.ng/funding-vandalism-revenue-leakages-biggest-challenges-facing-nrc-opeifa/>

38. (2026). Bank of Industry – Transforming Nigeria's Industrial Sector. Bank of Industry. <https://www.boi.ng/>

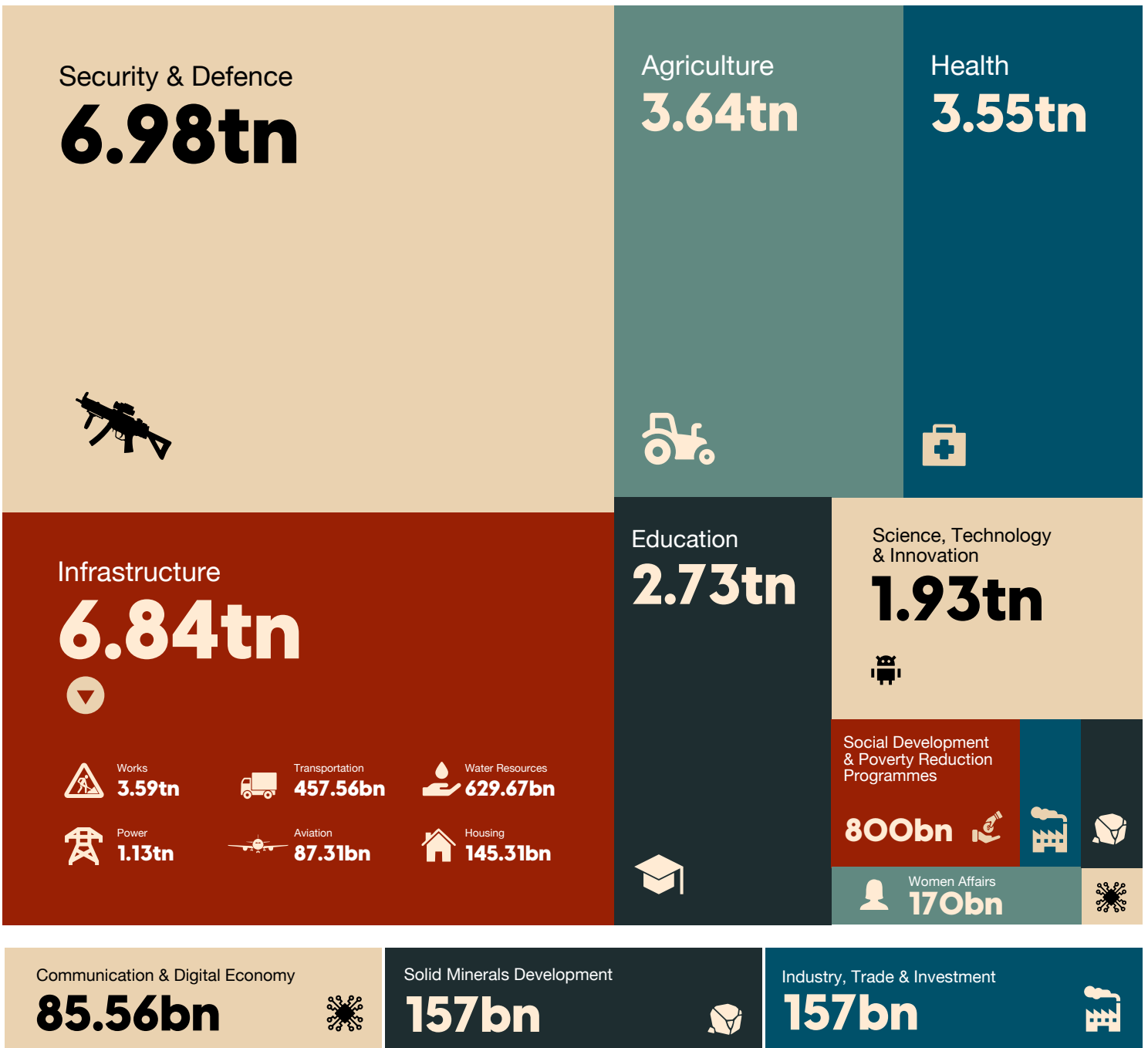
39. Salawu, M. K., Dokai, J. O. & Olaleye, J. A. (2024). Evaluation of the Challenges Confronting Preparation of Financial Report of Selected State Governments in Nigeria. *International Journal of Finance & Banking Studies* 14(1). <https://doi.org/10.20525/ijfbs.v14i1.3733>



# 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'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.<sup>40</sup> This anomaly is often attributed to the extension of capital budget implementation to March 31, 2026, yet it underscores deeper structural weaknesses in fiscal governance. Despite incremental

40. Vanguard. (2026, February 9). Why 2025 capital budget was not implemented – Minister Pate. Vanguard News. <https://www.vanguardngr.com/2026/02/why-2025-capital-budget-was-not-implemented-minister-pate/>

budgetary increases and reform rhetoric aimed at universal health coverage, the sector continues to grapple with chronic underfunding and poor execution.<sup>41</sup>

In 2026, health allocations hover at just 5.20% of the national budget at N3.55tn; far below the 15% benchmark set by the Abuja

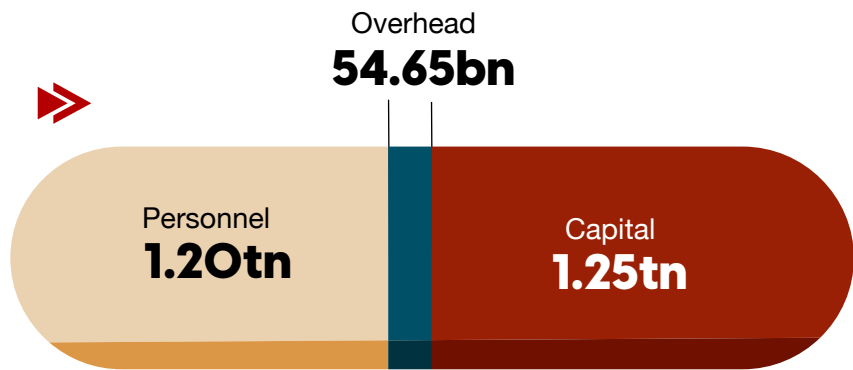
Declaration. The consequence is a system heavily reliant on out-of-pocket spending, which accounts for 76% of health expenditure,<sup>42</sup> despite the National Health Insurance Scheme (NHIS) covering 21.7 million people (about 13% of the population) as of late 2025, leaving households vulnerable to financial shocks.

Table 11: Breakdown of Health Budget

Total Budget

**2.51tn**

MDA  
Federal Ministry of Health And Social Welfare



Unit in NGN

Source: 2026 Appropriation Act, Federal Republic of Nigeria

Table 12: 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

41. News Agency of Nigeria. (2025, December 21). Out-of-pocket health spending in Nigeria fell to 58.3% in 2024: Report. Gazette Nigeria. <https://gazette.ng.com/out-of-pocket-health-spending-in-nigeria-fell-to-58-3-in-2024-report/>

42. David, S., & Enema, P. (2026, January 24). 2026 is the new 2016: Nigeria's health déjà vu and the reforms that must finally stick. Nigeria Health Watch. <https://articles.nigeriahealthwatch.com/2026-is-the-new-2016-nigerias-health-deja-vu-and-the-reforms-that-must-finally-stick/>





**Nigeria's failure to honour the Abuja Declaration is evident in its huge health infrastructure gap, as illustrated by University College Hospital being without reliable electricity for over 100 days following disconnection over a N400mn debt.**

The ministry's capital expenditure ambitions for 2025 were further diluted by political optics, such as the N15bn "Renewed Hope Health Connect" free medical outreach program.<sup>43</sup> While framed as citizen-centered care, such initiatives risk substituting short-term visibility projects for long-term systemic investment.

### Healthcare Service Delivery

Nigeria's health workforce crisis is acute: with a population exceeding 240 million, the country has only about 11,000 resident doctors, yielding a doctor-to-population ratio of roughly 1:9,083.<sup>44</sup> This stark imbalance exposes systemic failures in workforce planning, retention, and investment, and it directly undermines the resilience of service delivery. With teaching hospitals mandated to provide advanced specialized care, conduct medical research, and handle complex cases referred from primary and secondary health centers. Taking a look at the allocation directed towards teaching hospitals, 64 federal teaching hospitals were allocated N1.24tn, this makes 34.95% of the total health budget and 1.81% of the total federal government budget. Nigeria's failure to honour the Abuja Declaration is evident in its huge health infrastructure gap, as illustrated by University College Hospital being without reliable electricity for over 100 days following disconnection over a N400mn debt.<sup>45</sup> Medical centers represent a fundamentally distinct category within the healthcare system. Unlike general hospitals, they often specialize in targeted areas of care, operate under different funding models, and are structured to deliver efficiency in specific domains, with an allocation of N535.41bn, the 38 federal medical centers' allocations make up 15.09% of the total health budget and 0.78% of the total federal government budget. The National

Tertiary Health Institution Strengthening Committee found significant infrastructure issues including outdated buildings, broken equipment, limited space for patients, and inadequate maintenance. There was a noticeable shortage of qualified medical staff, particularly specialists and nurses. In FMCs, this plays out as critical gaps in oncology, nephrology, neurology, and cardiology, specialties that require long training pipelines, and for which FMCs cannot compete.<sup>46</sup>

The Federal Government's launch of the National Health Sector Renewal Investment Initiative (NHSRII) in 2023 can be read as an attempt to confront these challenges.<sup>47</sup> Framed around accelerating universal health coverage (UHC), the initiative emphasizes primary health care, infrastructure development, skilled personnel expansion, and private sector engagement. Yet the persistence of industrial actions by resident doctors raises doubts about the initiative's capacity to stabilize the system. In September 2025, a five-day strike disrupted public hospitals over unpaid residency training funds. This was followed by an indefinite nationwide strike beginning November 1, 2025, supported by the Nigerian Medical Association (NMA), in protest against government inaction. By April 2026, another total strike erupted, triggered by the suspension of the Professional Allowance Table and unmet obligations.<sup>48</sup> With personnel costs taking 33.80% of the total health sector budget, this sets the spotlight on the underfunding challenge of the health sector in the country.

These recurrent strikes highlight the fragility of Nigeria's health sector and the precarious position of citizens who cannot afford interruptions in medical care. They also underscore a deeper contradiction: while

43. Budget Office of the Federation. (2025). *Approved 2025 Appropriation Act*. Federal Government of Nigeria. <https://budgetoffice.gov.ng>

44. Adejoro, L. (2025, October 2). Nigeria's doctor-to-patient ratio hits 1:9,083, NARD says. *Punch Newspapers*. <https://punchng.com/one-doctor-attends-to-9083-nigerians-nard-laments/>

45. Mustapha, M. J., Adeboye, V. A., Mustapha, F. B., & Ferni-Lawal, V. (2025). 100 days without electricity at a Nigerian teaching hospital. *The Lancet*, 405(10483), 975–976. [https://doi.org/10.1016/S0140-6736\(25\)00370-8](https://doi.org/10.1016/S0140-6736(25)00370-8)

46. Vanguard News. (2025, February 10). Japa, underfunding, inefficiency undermining Nigeria's public hospitals. *Vanguard*. <https://www.vanguardngr.com/2025/02/japa-underfunding-inefficiency-undermining-nigerias-public-hospitals/>

47. Chiejina, A., & Ogunuo, E. (2024, December 31). Nigeria's health sector in 2024: Policies, investments, partnerships, and milestones. *Nigeria Health Watch*. <https://articles.nigeriahealthwatch.com/nigerias-health-sector-in-2024-policies-investments-partnerships-and-milestones/>

48. Erunke, J. (2026, April 4). Resident doctors declare total strike over pay dispute. *Vanguard News*. Available at: <https://www.vanguardngr.com/2026/04/resident-doctors-declare-total-strike-over-pay-dispute/>

reforms like NHSRII promise systemic renewal, unresolved labor disputes and chronic underfunding continue to erode trust and compromise access. The pattern raises a fundamental question about the value placed on the lives of ailing citizens, whose health outcomes remain hostage to governance inertia.

When reviewing the prioritised allocations within the Ministry of Health, the narrative shows a clear emphasis on cancer care and broad public health initiatives. The largest allocation, N90.30bn, is directed to the design, construction, furnishing, equipping,

supervision, and commissioning of the National Cancer Institute (NICRAT) permanent site. The second-highest allocation, N44.52bn, is committed to the completion of procurement of cancer equipment, infrastructure, and training in collaboration with NSIA across six teaching hospitals. The third-highest allocation, N42.18bn, is targeted at drugs, consumables, equipment, lab reagents, and test kits for 10 million vulnerable Nigerians. The fourth allocation, N32.31bn, goes to the construction of a Presidential Wing at the National Hospital for high-profile patients and clients.

Table 13: Top 10 Allocations in the 2026 Approved Budget for the Ministry of Health

Implementing MDA	ERGP Code	Project Name	Amount (N)
FEDERAL MINISTRY OF HEALTH AND SOCIAL WELFARE HQTRS	ERGP25237142	DESIGNING, CONSTRUCTION, FURNISHING, EQUIPPING, SUPERVISION AND COMMISSION OF THE NATIONAL CANCER INSTITUTE NICRAT PERMANENT SITE IN NATIONAL INST. FOR CANCER RESEARCH AND TREATMENT (NICRAT)	90,304,263,331
FEDERAL MINISTRY OF HEALTH AND SOCIAL WELFARE HQTRS	ERGP25212109	COMPLETION OF PROCUREMENT OF CANCER EQUIPMENT, INFRASTRUCTURE AND TRAINING IN COLLABORATION WITH NSIA IN 6 TEACHING HOSPITALS (UBTH BENIN, UNTH, ENUGU, ABUTH, ZARIA, FETH, KATSINA, LUTH, LAGOS AND JUTH, JOS	44,523,387,752
FEDERAL MINISTRY OF HEALTH AND SOCIAL WELFARE HQTRS	ERGP25233649	DRUGS, CONSUMABLES, EQUIPMENT, LAB REAGENTS, TEST KITS: TARGETING 10 MILLION VULNERABLE NIGERIANS	42,175,897,021
NATIONAL HOSPITAL	ERGP25202652	CONSTRUCTION OF PRESIDENTIAL WING FOR HIGH PROFILE PATIENTS/CLIENTS	32,308,118,586
FEDERAL MINISTRY OF HEALTH AND SOCIAL WELFARE HQTRS	ERGP25234153	MULTILATERAL/BILATERAL TIED LOAN - LIVES AND LIVELIHOOD FUND (LLF) IN SUPPORT OF MALARIA ELIMINATION	25,896,462,000
NATIONAL HOSPITAL	ERGP25238964	CONSTRUCTION AND FURNISHING OF NEURO SCIENCE [SIC] INSTITUTES IN NATIONAL HOSPITAL, ABUJA	23,210,809,400
FEDERAL MINISTRY OF HEALTH AND SOCIAL WELFARE HQTRS	ERGP25237756	RENEWED HOPE NATIONAL BLOOD PROGRAMME ACROSS FEDERATION	14,000,000,000
NATIONAL HOSPITAL	ERGP25238977	CONSTRUCTION, FURNISHING AND EQUIPPING OF A MODULAR THEATRE IN NATIONAL HOSPITAL, ABUJA	12,405,830,824
NATIONAL HOSPITAL	ERGP25238970	CONSTRUCTION AND FURNISHING OF A MODULAR CLINICS IN NATIONAL HOSPITAL, ABUJA	11,895,688,713
FEDERAL MINISTRY OF HEALTH AND SOCIAL WELFARE HQTRS	ERGP25242215	RENEWED HOPE HEALTH CONNECT: FREE MEDICAL OUTREACH	10,500,000,000

Source: 2026 Appropriation Act, Federal Republic of Nigeria



### How Can the Sector Be Improved?

Nigeria's health sector requires urgent reforms to address underfunding, workforce shortages, and weak governance. Transparent and timely release of funds, alongside ring-fenced allocations, is essential to ensure resources reach frontline services. Workforce stability is equally critical, Nigeria faces a severe doctor-to-population imbalance. Infrastructure investment should prioritize primary health care, ensuring accessible services at the community level. Digital health systems (which need significant technical foundations), such as telemedicine and electronic records, can improve efficiency and coverage.<sup>49</sup>

Governance reforms must enforce accountability by creating platforms where feedback on health services is not only mandatory but forms part of the process of implementation, as well as rewarding MDAs that demonstrate the efficient and effective use of funds and the meeting of targets. In the

main, these successes can be tied to funding of measurable outcomes, while public-private partnerships can mobilize additional resources. Integrating health with broader social protection schemes, such as subsidies and cash transfers, will shield vulnerable households from shocks. Nigeria's health budget tells a troubling story. Teaching hospitals, consuming more than a third of the allocation, still struggle with basic infrastructure, as seen in University College Hospital's hundred days without electricity. Medical centers, though designed for specialized care, receive far less funding and cannot compete in critical fields like oncology and cardiology. To change this trajectory, resources must be rebalanced, infrastructure stabilized, and specialist training pipelines strengthened. Without these reforms, both teaching hospitals and medical centers will remain trapped in inefficiency, undermining Nigeria's broader health system.



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

## 5.2 Education

Education remains a foundational pillar of development, and Nigeria operates Africa's largest education system. With over 33 million pupils enrolled at the primary level alone, and an estimated 45–55 million learners across all tiers:<sup>50</sup> from pre-primary to tertiary and non-formal education, the sheer scale is unmatched on the continent. Yet this breadth masks deep structural weaknesses. As of 2024, Nigeria's adult literacy rate stood at 70.4%, ranking 131st out of 162 countries globally,<sup>51</sup> reflecting both progress and persistent deficits.

Despite the system's size, inefficiencies, regional disparities, and chronic underfunding undermine its effectiveness. A critical gap persists between the skills imparted in classrooms and those demanded by a modern, competitive economy. Attrition rates at secondary and tertiary levels are particularly alarming, leaving millions of young Nigerians excluded from pathways to productive employment. This disconnect not only weakens human capital formation but also constrains Nigeria's broader development trajectory, as the education system struggles to translate enrollment numbers into meaningful learning outcomes and economic participation.

49. Cole, O.K., Abubakar, M.M., Isah, A., Sule, S.H., and Ukoha-Kalu, B.O. (July, 2025). Barriers and facilitators of provision of telemedicine in Nigeria: A systematic review. *PLOS Digit Health*. 10;4(7):e0000934. doi: 50. World Bank. (2023). World Development Indicators. World Bank. <https://databank.worldbank.org/source/world-development-indicators>

51. World Bank. (2025). Literacy rate in Nigeria (1991–2024). World View Data. Available at: <https://www.worldviewdata.com/countries/nigeria/literacy-rate>

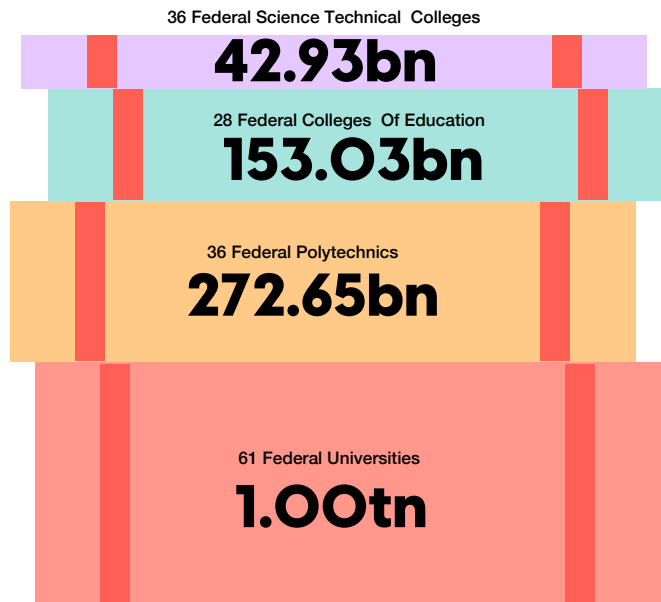
In 2026, education allocation stands at N2.73tn out of a total budget of N68.30tn, representing roughly 4.00% of overall government expenditure, well below global standards. Nigeria’s education spending accounts for only 0.46% of GDP, underscoring the chronic underinvestment that has long constrained the sector’s capacity to deliver quality outcomes. This funding gap has direct consequences: overcrowded classrooms, inadequate infrastructure, and insufficient teacher training, all of which weaken learning achievement and limit the system’s ability to prepare students for the demands of a modern economy.

Unsurprisingly, the private school market has expanded rapidly, driven by widespread dissatisfaction with public school quality. Affordable private school chains targeting the middle-income segment have emerged as a scalable model, particularly in peri-urban areas where the middle class is growing.<sup>52</sup> Reliance on household income to secure better education reinforces inequality, leaving poorer families trapped in underperforming public

systems. The Nigerian Education Loan Fund (NELFUND) was set up as an economic stimulus to address financial inequality and sector-wide challenges, such as dropout rates due to financial challenges. With an overview of the intention of establishment and impact, NELFUND systemic challenges persist, such as disbursement delays, IT glitches, institutional mismatches forcing pre-payments and non-refunds, corruption probes, and a limited scope.<sup>53</sup> This leaves the middle class and low-income families in the hands of fate.

TETFUND’s year-on-year budget grew nominally from N700bn in 2024 to reach N990bn in 2025. **In 2026, no direct funds were allocated towards TETFUND except, REFUND OF BORROWED FUNDS FROM THE EDUCATION TAX POOL (TETFUND) at N12.90bn and MONITORING OF TETFUND PROJECTS AND UBEC INTERVENTIONS IN BENEFICIARY INSTITUTIONS AND STATES NATIONWIDE N100M at N45.50mn.**

Table 14: 2026 Allocation to Universities, Polytechnics, Colleges of Education, and Technical Colleges



Unit in NGN

Source: 2026 Appropriation Act, Federal Republic of Nigeria

52. Kareem, T. (2023, October). Why parents are abandoning public schools in Nigeria. Edugist. <https://edugist.org/why-parents-are-abandoning-public-schools-in-nigeria/>  
 53. See the Independent Corrupt Practices Commission (ICPC). (May 1st 2025). ICPC Launches Comprehensive Investigation into Discrepancies in Student Loan Disbursement. Federal Government of Nigeria. Available at: <https://icpc.gov.ng/icpc-launches-comprehensive-investigation-into-discrepancies-in-student-loan-disbursement/>



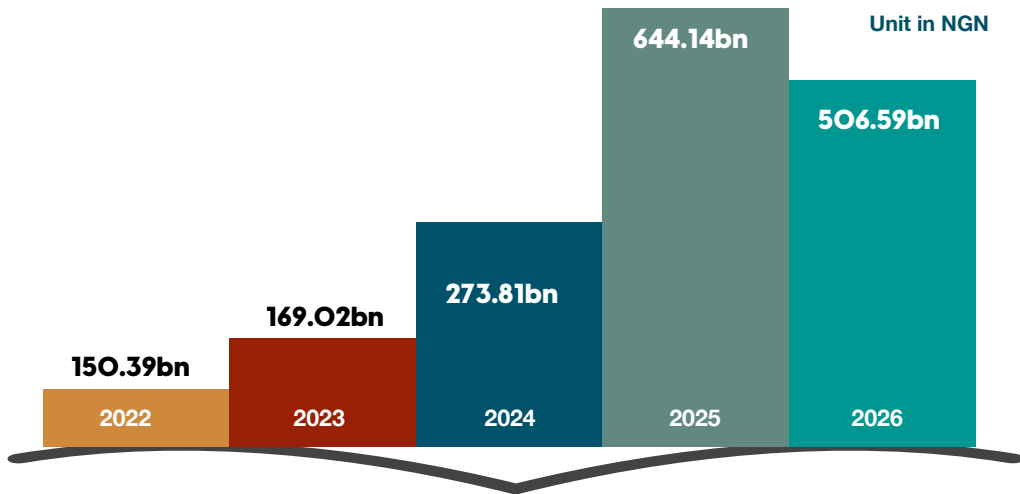
The Ministry of Education and its 268 departments, agencies, and parastatals received an allocation of N2.56tn, of which capex had a lump sum of N686.47bn which is 25.15% of total allocation to education sector (26.85% lower than 2025), and recurrent obligations gulped N1.87tn (68.57%).

**Universal Basic Education Programme**

Nigeria’s basic education system, overseen by the Universal Basic Education Commission (UBEC), continues to face severe structural challenges despite the legal mandate for free and compulsory primary and junior secondary schooling under the 2004 UBE Act.<sup>54</sup> The scale of these challenges is evident; in 2024, UNICEF reported 18.3 million out-of-school children in Nigeria: the highest figure globally.<sup>55</sup>

This staggering number reflects the combined impact of insecurity, chronic underfunding, inadequate infrastructure, and widespread poverty, all of which undermine the system’s ability to deliver on its statutory obligations. In 2026, UBEC received an allocation of N441.92bn, which is N202.22bn lower-nominally-than its 2025 allocation. This represents a 31.4% reduction in funding year-on-year. A budget cut of this magnitude undermines UBEC’s statutory mandate under the Universal Basic Education Act and signals a weakening of political commitment to foundational learning. In practical terms, reduced resources mean constrained teacher recruitment, stalled infrastructure projects, and limited interventions to address the 18.3 million out-of-school children recorded in 2024.

Table 15: Allocations to UBEC (2022-2026)



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

Looking at the prioritised allocations in the education sector, the largest allocation, N42bn is directed to the School Nutrition Feeding Primary School programme. The second-highest allocation, N35bn, is committed to the Support for Out-of-School Children Project and the retooling of 100,000 science, technical, vocational, and

mathematics teachers, alongside monitoring donor-funded projects and organizing annual innovation workshops. The third-highest allocation, N30.64bn, goes to the SPESSE Project for the construction of a modern library in the Federal College, overseen by the National Universities Commission Secretariat.

54. Universal Basic Education Commission. (2025). Universal Basic Education Commission (UBEC) official website. Federal Government of Nigeria. Available at: <https://ubec.gov.ng/>  
 55. Vanguard News. (2024, May 6). Nigeria’s out-of-school children now 18.3m — UNICEF. Vanguard News. Available at: <https://www.vanguardngr.com/2024/05/nigerias-out-of-school-children-now-18-3m-unicef/>



Table 16: Top 10 Allocations in the 2026 Approved Budget for the Ministry of Education

Implementing MDA	ERGP Code	Project Name	Amount (N)
FEDERAL MINISTRY OF EDUCATION	ERGP24225836	SCHOOL NUTRITION FEEDING PRIMARY SCHOOL	42,000,000,000
FEDERAL MINISTRY OF EDUCATION	ERGP24225846	SUPPORT FOR OUT OF SCHOOL CHILDREN PROJECT RETOOLING OF 100,000 SCIENCE, TECHNICAL, VOCATIONAL AND MATHEMATICS TEACHERS, LABORATORY/WORKSHOP TECHNOLOGISTS, AND ATTENDANTS ON USING MODERN EQUIPMENT AND NEW APPROACHES TO TEACHING SCIENCE, MATHEMATICS, TECHNICAL AND VOCATIONAL SUBJECTS (150M); II. MONITORING OF DONOR FUNDED PROJECTS ,VEIS, SMASE, SEA-HUB, SCIENCE LABORATORIES AND WORKSHOP OF FSTCS, STATES & PRIVATE TCS TO INCREASE ACCESS AND IMPROVE QUALITY(100M); III. ORGANIZING ANNUAL WORKSHOPS FOR SCHOOLS -EMERGING INNOVATIONS	35,000,000,000
NATIONAL UNIVERSITIES COMMISSION SECRETARIAT	ERGP23234159	PROCUREMENT, ENVIRONMENTAL AND SOCIAL STANDARD ENHANCEMENT (SPESSE) PROJECT CONSTRUCTION OF MODERN LIBRARY IN THE FEDERAL COLLEGE	30,644,312,730
FEDERAL MINISTRY OF EDUCATION	ERGP23225815	TECHNICAL AND VOCATIONAL EDUCATION [SIC] INTIATIVE STABILIZATION FUND FOR AGENCIES REMOVED FROM FEDERAL	28,000,000,000
FEDERAL MINISTRY OF EDUCATION	ERGP23226297	REHABILITATION OF CLASSROOMS AND HOSTELS IN FUCS NATIONAL BASIC EDUCATION BOOTCAMP/SUMMIT; IDENTIFICATION AND ENROLMENT OF SCHOOL AGE CHILDREN; NATIONAL LAUNCH AND SENSITIZATION/AWARENESS CAMPAIGN	28,000,000,000
FEDERAL MINISTRY OF EDUCATION	ERGP27247521	LIBRARY OF NIGERIA ACROSS SIX GEO-POLITICAL ZONES AUTOMATION OF OPERATIONAL PROCESSES IN THE	24,000,000,000
FEDERAL MINISTRY OF EDUCATION	ERGP23225783	COLLEGES : PERIMETER FENCING, PROVISION OF SECURITY INFRASTRUCTURE IN 118 UNITY	14,000,000,000
FEDERAL MINISTRY OF EDUCATION	ERGP23225803	COLLEGES SOLAR [SIC] ELECTRICTY	14,000,000,000
FEDERAL MINISTRY OF EDUCATION	ERGP3225830	INFRASTRUCTURE IN EDUCATIONAL INSTITUTION EROSION CONTROL/ LANDSCAPING, FLOODING, UPGRADING	14,000,000,000
FEDERAL MINISTRY OF EDUCATION	ERGP23225903	FOR JSS AND SSS ASSESSMENT, CONSTRUCTION, UPGRADING, REHABILITATION	7,000,000,000

Source: 2026 Appropriation Act, Federal Republic of Nigeria



### **How Can the Sector Be Improved?**

Nigeria's education system must urgently shift from scale to quality. Despite being Africa's largest, with over 33 million pupils in primary schools and up to 55 million learners across all tiers, outcomes remain weak due to chronic underfunding, poor infrastructure, and inadequate teacher training. Nigeria should scale up financing toward UNESCO's 4–6% of GDP benchmark by the National Assembly and State Houses of Assembly appropriating more funds for education (in addition to ensuring value for money), ensure transparent and timely disbursement by implementing digital financial management systems, mandating real time reporting of expenditures and creating platforms for Civil Society oversight. This is in addition to adopting

performance-based funding tied to measurable outcomes. Teacher recruitment, training, and retention must be prioritized, with incentives for service in underserved areas. Curriculum reforms should emphasize STEM, digital literacy, and vocational pathways to align education with economic needs. Infrastructure investment should also focus on primary and secondary levels, while ICT integration can expand access and improve learning. Strengthening NELFUND through transparency and efficiency will reduce dropout rates, while regulating private schools ensures quality and equity. By combining financing, workforce development, infrastructure, and accountability, Nigeria can transform its vast system into one that delivers meaningful learning outcomes and supports 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 and defence architecture is marked by overlapping threats, high expenditure with limited returns, and a reform process that remains incomplete. The country is no longer confronting a single insurgency but a multidimensional security environment spanning the North-East, North-West, North Central, and parts of the South-East. Despite allocating a large share of the national budget to defence and internal security, outcomes remain uneven. Much of the spending is absorbed by recurrent costs such as salaries, allowances, and overheads, while capital investments in equipment, logistics, and infrastructure are constrained by delayed releases and procurement inefficiencies.

Kidnapping has emerged as one of the most severe security challenges, escalating from isolated high-profile incidents into a nationwide epidemic. The phenomenon is particularly acute in northern regions, where abductions are now driven by banditry, ransom

economies, and weak governance structures. This shift reflects a broader transformation of Nigeria's insecurity, from insurgency-focused conflict to a complex web of criminal and political violence that undermines state authority and erodes public trust. Limited security and uncertainty of safety impede productivity, as citizens are more likely to focus on keeping safe.

A total of N6.98tn, representing 10.21% of the 2026 budget, has been allotted to the Security and Defence sector for the current fiscal year. The majority of the security and defence budget in 2026 will be spent on personnel costs, which comprise employee salaries, wages, and benefits, accounting for 45.79% (N4.41tn), followed by capital expenditure at 9.36% (N875.94bn) and overhead costs at 6.08% (N585.94bn). A disaggregated look at the security and defence budget shows that 4.63%, representing N3.16tn of the security budget will be spent on defence; 5.47% (N3.72tn) on the police force, 1.06% (N724bn) on the Interior (Immigration, Civil Defence,



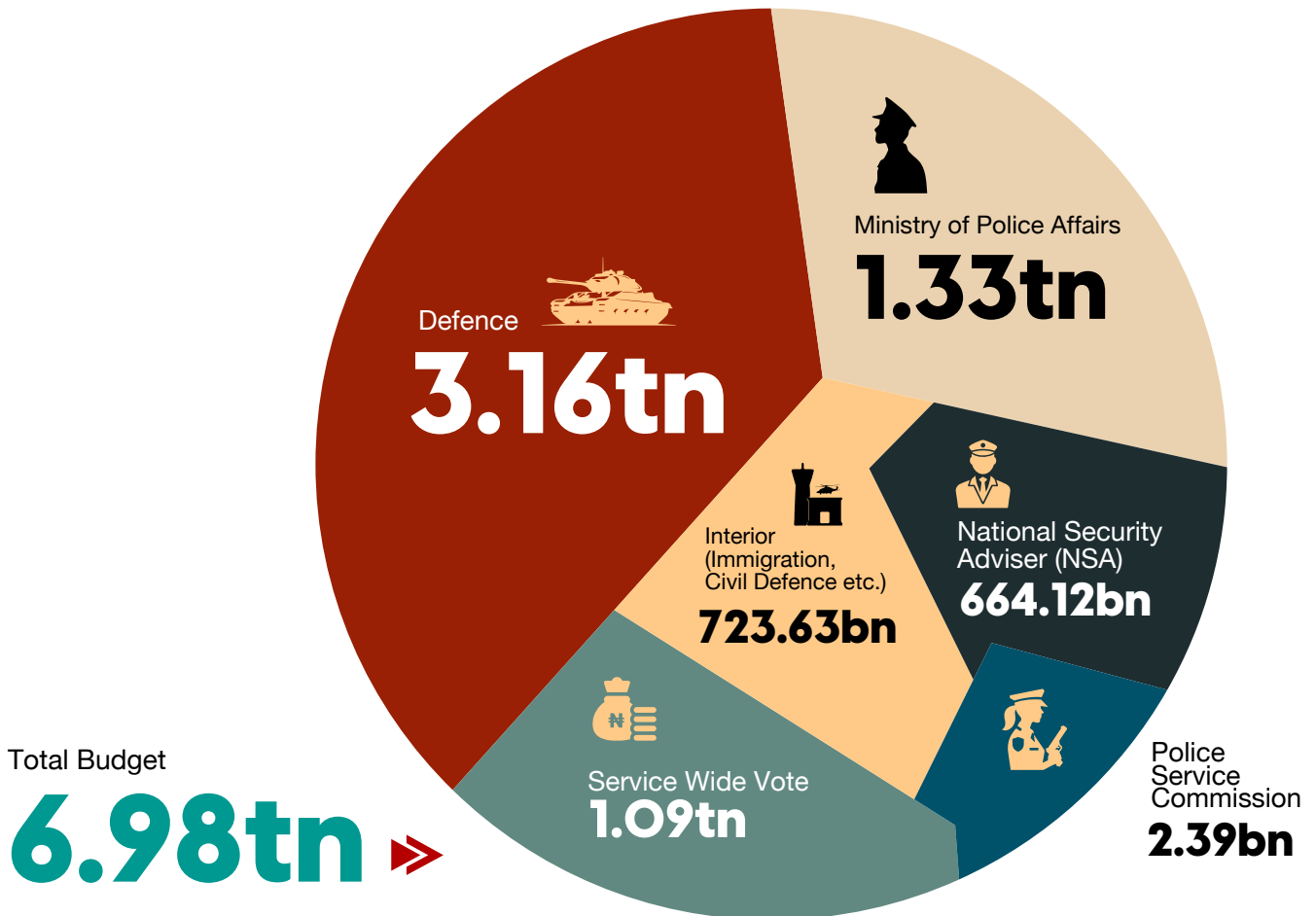
Nigeria Correctional Service, and Nigeria Fire Service), and 0.97% (N664.12bn) on the National Security Adviser (NSA, DSS, NIA,

Presidential Airfleet, Centre for the Control of Small Arms and the Counter Terrorism Centre).

Table 17: 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



Taking account of the prioritised allocations, the highest allocation is N44.20bn, allocated to Officers and soldiers across Nigerian Army barracks. It is concerning that the largest allocation is also seemingly the most vaguely worded: such appearances do not demonstrate the government is inclined to be fully transparent. The second-highest allocation is N27.62bn, allocated to the T-129

attack helicopters, weapons and spares; construction of Phase 3, Nigerian Air Force School. The third-highest allocation is N27.01bn, allocated to the Ongoing construction/upgrading of medical centre under the National Security Adviser. The fourth-highest allocation is N21 bn, allocated to the Procurement of special equipment for the agency under the National Security Adviser.

Table 18: Top 10 Allocations in the 2026 Approved Budget for the Defense and Security Sector

Implementing MDA	ERGP Code	Project Name	Amount (N)
MINISTRY OF DEFENCE - MOD HQTRS	ERGP27232400	OFFICERS AND SOLDIERS ACROSS NIGERIAN ARMY BARRACKS	44,203,698,000
NIGERIAN AIRFORCE	ERGP14194490	T - 129 ATTACK HELICOPTERS, WEAPONS AND SPARES CONSTRUCTION OF PHASE 3, NIGERIAN AIR FORCE SCHOOL	27,622,700,947
NATIONAL SECURITY ADVISER	ERGP14130566	ONGOING CONSTRUCTION/ UPGRADING OF MEDICAL CENTRE	27,013,530,170
NATIONAL SECURITY ADVISER	ERGP14237380	PROCUREMENT OF [SIC] SEPECIAL EQUIPMENTS FOR THE AGENCY	21,000,000,000
NIGERIA IMMIGRATION SERVICE	ERGP20269723	SPECIAL INTERVENTION FUND, TOWARD COMBATING INSECURITY AT THE BORDERS TO ENSURE BORDER SECURITY AND MANAGEMENT IN BOTH LAND, AIR AND MARINE AND ALSO ADDRESSES TRANS-BORDER CRIMES (MULTIPLE LOTS)	20,000,000,000
MINISTRY OF DEFENCE - MOD HQTRS	ERGP14232422	PROCUREMENT OF ARMS (ALL TYPES)	16,450,624,289
MINISTRY OF DEFENCE - MOD HQTRS	ERGP14232423	PROCUREMENT OF AMMUNITIONS (ALL TYPES)	15,532,034,866
MINISTRY OF DEFENCE - MOD HQTRS	ERGP14232398	STATIONS PROVISION OF MEDICAL FACILITIES, EQUIPMENT AND	13,437,113,948
MINISTRY OF DEFENCE - MOD HQTRS	ERGP14232419	(INCLUDING RECOVERY VEHICLES AND TANK TRANSPORTERS) PROCUREMENT OF UTILITY VEHICLES (TCVS AND WATER	12,058,308,770
NIGERIAN AIRFORCE	ERGP14247485	AVIONICS UPGRADE ON QUANTITY 3 X L-39ZA AIRCRAFT REPAIR OF QUANTITY 2 X UNSERVICEABLE AW109EM	10,728,305,330

Source: 2026 Appropriation Act, Federal Republic of Nigeria



### How Can the Sector Be Improved?

Nigeria's security sector demands deep reform to move beyond high spending with poor outcomes. Oversight must be strengthened, with transparent budgets and empowered watchdogs, such as coalitions of the Office of the Auditor General of the Federation, the Ministry of Finance and Civil Society groups to tackle corruption and abuse. Institutions need rationalisation to eliminate duplication and improve coordination across military, police, and paramilitary agencies, supported by joint intelligence and unified command structures. Technology and prevention-oriented approaches, such as early-warning systems, drones, and data analytics, should be

mainstreamed, while training must emphasize rights-respecting operations. Reform must also address the root causes of violence, integrating community actors into formal strategies under clear legal frameworks to build trust.

Ultimately, change must be anchored in law through a comprehensive security-sector governance act aligned with national strategies, with progress measured by reductions in violence and improved public confidence. The goal is not to spend more on force, but a leaner, smarter, accountable security sector that protects lives and creates the stability needed for development.



**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 cornerstone of the non-oil economy, contributing significantly to GDP and employment. With about 34 million hectares of arable land,<sup>56</sup> the country sustains major crops such as cassava, maize, yam, and sorghum, largely cultivated by smallholder farmers who account for roughly two-thirds of cultivated land. Agriculture consistently contributes between 20–24% of GDP and employs 35–50% of the workforce, underscoring its central role in livelihoods and national development. Historically, exports of cocoa and groundnuts reinforced its foundational importance before oil dominance.<sup>57</sup>

In 2025, the sector recorded notable growth, with agricultural GDP rising sharply from N13.4tn in Q2 to N17.8tn in Q3, lifting its share of total GDP from 21% to 26.8%.<sup>58</sup> This rebound was driven by increased production of staple crops, supported by expanded cultivation, gradual

improvements in farming practices, and the resilience of farmers across multiple states. Despite this momentum, agriculture continues to face structural challenges. Insecurity and displacement disrupt farming communities, while post-harvest losses, climate vulnerability, limited access to finance, and infrastructure deficits constrain productivity and competitiveness. These persistent obstacles highlight the paradox of a sector with immense potential yet hampered by systemic weaknesses, making reform and investment critical to unlocking its full contribution to Nigeria's development.

Nigeria's recent agricultural interventions, such as the National Agricultural Growth Scheme–Agro Pocket (NAGS-AP), the National Agricultural Development Fund (NADF), and the Renewed Hope Fertiliser Support Programme (RH-FSP), illustrate government recognition of the sector's importance and their impact has been positive. These initiatives were designed to expand access to inputs, provide financing, and stabilize

56. International Trade Administration. (2025, September 8). Nigeria – Agriculture sector. U.S. Department of Commerce. Available at: <https://www.trade.gov/country-commercial-guides/nigeria-agriculture-sector>  
57. Statista & National Bureau of Statistics (NBS). (2024). Contribution of agriculture to GDP in Nigeria. Statista. Available at: <https://www.statista.com/topics/6729/agriculture-in-nigeria/>  
58. National Bureau of Statistics. (2025). Gross Domestic Product (GDP) reports, Q1–Q3 2025. Abuja: National Bureau of Statistics. Available at: <https://www.nigerianstat.gov.ng>

productivity and in practice, they have done fairly well, with stakeholders commending the government for the interventions<sup>59</sup>. However, claims of excessive attention to fertiliser sourcing-to the detriment of other important components of the agriculture value chain-have recently emerged regarding the NADF's funding of the Renewed Hope Fertiliser Support Programme (RH-FSP).<sup>60</sup>

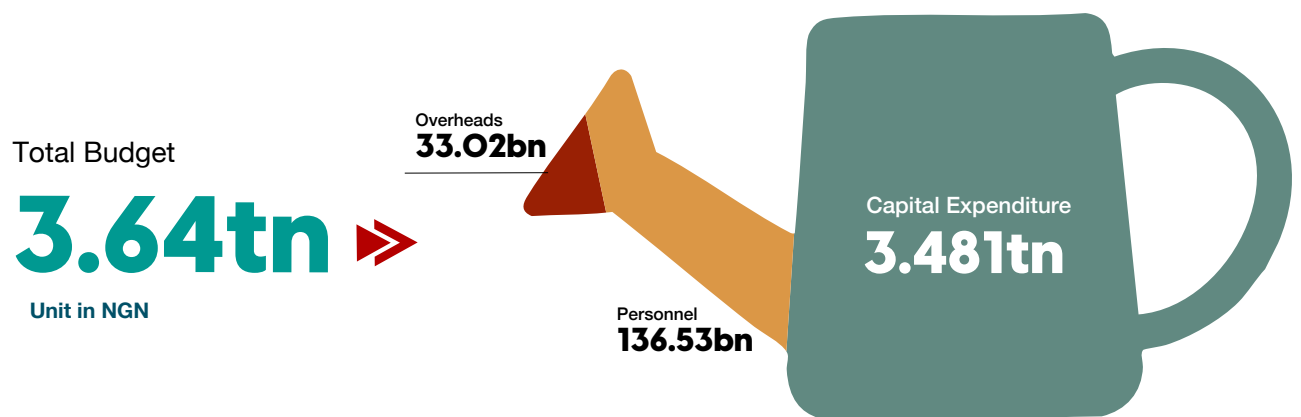
Nigeria's agricultural export sector has rapidly evolved into the strongest driver of non-oil exports. In 2024, non-oil exports grew by 20.79% to \$5.456bn, and by 2025 the value surged further to N12.36tn from N9tn the previous year. Agricultural products accounted for 41.04% of this total, underscoring their central role in diversifying Nigeria's trade profile away from oil dependence.<sup>61</sup> Nigeria's agricultural export sector in 2025 was dominated by cocoa, which accounted for 24.61% of total non-oil exports. In Q1 alone, agricultural exports reached N1.7tn (about \$1.079bn), representing a sharp 64.65% increase compared with Q1 2024. Cocoa was the clear driver of this surge, generating over N1.2tn in export earnings, largely from shipments of standard and superior quality beans to key European destinations such as the Netherlands and Belgium.<sup>62</sup>

Taking a comparative view, Nigeria's agricultural performance still lags behind regional peers. Ethiopia provides a useful benchmark for budgetary commitment. By consistently allocating about 10% of its national budget to agriculture in

line with the Malabo Declaration, Ethiopia has been able to expand irrigated wheat production, reduce import dependence, and save significant foreign exchange.<sup>63</sup> While countries like Ghana, Egypt, and South Africa have leveraged stronger value-added strategies, Nigeria continues to rely heavily on raw commodity exports, particularly cocoa. Côte d'Ivoire and Ghana together supply more than 60% of global cocoa, yet Nigeria's limited processing capacity means it misses out on higher margins from chocolate, butter, and other derivatives. This underlines the structural weakness of exporting bulk commodities without sufficient investment in processing and value-addition.<sup>64</sup>

Despite persistent shortcomings, Nigeria retains a significant structural advantage in agriculture. The country's vast arable land, fertile soils, and Africa's largest population provide a foundation for scaling production. Projections suggest that with the right reforms, Nigeria could raise agricultural output from 311 million metric tonnes in 2025 to 438 million metric tonnes by 2043, cementing its position as the continent's leading producer.<sup>65</sup>

The Agricultural sector allocation stands at N3.64tn in 2026. The budget to the sector is only but a 5.33% component of the total budget. The federal ministry of agriculture and food security and its 37 departments, agencies and parastatals received N3.57tn which is a 82.96% of the allocation to the sector, with the ministry's capex gulping 96.08% of it and 3.82% for recurrent obligations.



59. Musa, N. (November 15 2025). FG launches dry season farming, targets 125,000ha wheat production. In the Guardian (Online) Newspapers. Available at: <https://guardian.ng/news/nigeria/national/fg-launches-dry-season-farming-targets-125000ha-wheat-production/>; Ewepu, G. (March 23 2026). Farmers pass vote of confidence in NADF boss, Ibrahim. In the Vanguard (Online) Newspapers. Available at: <https://www.vanguardngr.com/2026/03/farmers-pass-vote-of-confidence-on-nadf-boss-ibrahim/>

60. Falju, J. (March 11 2026). Farmers fault 94.7% NADF vote for fertiliser scheme. In the Guardian (Online) Newspapers. Available at: <https://guardian.ng/news/farmers-fault-94-7-nadf-vote-for-fertiliser-scheme/>

61. Nairametrics. (2025, March 23). Cocoa, cashew dominate Nigeria's agricultural exports in 2025. Nairametrics. Available at: <https://nairametrics.com>

62. Intelpoint. (2025). Cocoa led Nigeria's agricultural exports by value in Q1 2025. Intelpoint. Available at: <https://intelpoint.com>

63. Efa, K., Fana, D.M., Nigussie, M. et al. (2025). The irrigated wheat initiative of Ethiopia: a new paradigm emulating Asia's green revolution in Africa. *Environ Dev Sustain* 27, 2161–2186. Available at: <https://doi.org/10.1007/s10668-023-03961-z>

64. FurtherAfrica. (2025, December 29). The state of African agriculture in 2025. FurtherAfrica. Available at: <https://furtherafrica.com>

65. Institute for Security Studies (ISS). (2025, November 5). Africa agriculture futures. ISS Africa Futures. Available at: <https://issafrica.org>

Table 19: 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
<b>TOTAL</b>	<b>N136.53bn</b>	<b>N33.02bn</b>	<b>N3.481tn</b>	<b>N3.64tn</b>

Source: 2026 Appropriation Act, Federal Republic of Nigeria

Table 20: 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



The largest allocation, N126.02bn, goes to the Industrial Processing Zones (SAPZ) under a multilateral/bilateral tied loan arrangement. Another major investment of about N89.09bn, supports the Renewed Hope Fertilizer Support Program (RH-FSP), aimed at improving access

to affordable fertilizer and enhancing crop yields nationwide. The third largest allocation, Value Chain Development Program (VCDP) receives N37.50bn for the purchase and distribution of tailoring machines.

Table 21: Top 10 Allocations in the 2026 Approved Budget for the Ministry of Agriculture and Food Security

Implementing MDA	ERGP Code	Project Name	Amount (N)
FEDERAL MINISTRY OF AGRICULTURE AND FOOD SECURITY - HQTRS	ERGP5234138	INDUSTRIAL PROCESSING ZONES (SAPZ) MULTILATERAL/BILATERAL TIED LOAN - VALUE CHAIN	126,019,673,910
FEDERAL MINISTRY OF AGRICULTURE AND FOOD SECURITY - HQTRS	ERGP5234081	RENEWED HOPE FERTILIZER SUPPORT PROGRAM (RH-FSP)	89,090,909,091
FEDERAL MINISTRY OF AGRICULTURE AND FOOD SECURITY - HQTRS	ERGP5234139	DEVELOPMENT PROJECT (VCDP) PURCHASE AND DISTRIBUTION OF TAILORING MACHINES,	37,500,000,000
FEDERAL MINISTRY OF AGRICULTURE AND FOOD SECURITY - HQTRS	ERGP20271908	IN SUPPORT OF SMALL BUSINESSES, ARTISANS & FARMERS IN SELECTED COMMUNITIES IN NIGERIA (MULTIPLE LOTS) PROVISIONS OF ECONOMIC EMPOWERMENT FINANCIAL	14,000,000,000
FEDERAL MINISTRY OF AGRICULTURE AND FOOD SECURITY - HQTRS	ERGP20272620	BENEFICIARIES IN SELECTED COMMUNITIES IN NIGERIA (MULTIPLE LOT) CONSTRUCTION OF LECTURE HALL AND THEATER, FACULTY	14,000,000,000
FEDERAL MINISTRY OF AGRICULTURE AND FOOD SECURITY - HQTRS	ERGP20270504	MEDICAL AND HEALTH SCIENCES BENDE, ABIA STATE (MULTIPLE LOTS) CONSTRUCTION OF PERIMETER FENCING, ACCESS ROADS	8,666,666,667
FEDERAL MINISTRY OF AGRICULTURE AND FOOD SECURITY - HQTRS	ERGP20270710	SOLUTIONS AND SOLAR STREET LIGHTS IN SELECTED LOCATIONS IN NIGERIA (MULTIPLE LOTS) CONSTRUCTION OF RECREATIONAL/ENTERTAINMENT CENTRES	8,000,000,000
FEDERAL MINISTRY OF AGRICULTURE AND FOOD SECURITY - HQTRS	ERGP20270711	IN SUPPORT OF YOUTH DEVELOPMENT IN SELECTED COMMUNITIES IN NIGERIA SUPPLY OF VARIOUS EQUIPMENTS TO ALLEVIATE POVERTY IN	8,000,000,000
FEDERAL MINISTRY OF AGRICULTURE AND FOOD SECURITY - HQTRS	ERGP20270955	SOME SELECTED INSTITUTIONS OF HIGHER LEARNING IN NIGERIA (MULTIPLE LOTS) [SIC] TRAINNING AND EMPOWERMENT OF YOUTHS AND WOMEN IN	8,000,000,000
FEDERAL MINISTRY OF AGRICULTURE AND FOOD SECURITY - HQTRS	ERGP20271344	FACILITIES IN A SOUTH SOUTH STATE OF NIGERIA (LOT 1- 10) PROVISION OF ULTRA MODERN INFRASTRUCTURE FACILITIES	8,000,000,000

Source: 2026 Appropriation Act, Federal Republic of Nigeria



### **How Can the Sector Be Improved?**

Nigeria's agricultural sector requires a more strategic policy shift to unlock its full potential. Budget allocations must be progressively raised toward the Malabo Declaration target of 10%, with intermediate steps of 4–5% in the next three cycles, and funds ring-fenced to avoid underspending. Security must be treated as an economic priority, ensuring farmers can access fields through a stronger military presence in food-belt states and institutionalised community conflict resolution. Credit infrastructure also needs restructuring: the NADF should be properly capitalised with governance safeguards, while credit guarantee schemes and digital collateral platforms expand access for smallholders. Finally, post-harvest infrastructure must be scaled up through public-private investment in cold chains, storage, and processing facilities, reducing loss rate and multiplying effective

food supply. Together, these measures would shift agriculture from incremental gains to transformative growth. The Federal Ministry of Agriculture and Food Security must be elevated into a central driver of economic reform, serving as the vocal lead ministry in easing the burdens faced by Nigerian farmers. Current challenges, ranging from unaffordable technological tools to poor transport infrastructure for moving produce from farm to market, demand a proactive institutional response. The ministry should move beyond its reputation as a channel for budgetary insertions and instead operate within its founding mandate: ensuring food security, supporting productivity, and stabilizing rural livelihoods. By aligning resources with farmer needs, strengthening logistics, and embedding accountability, the ministry can transform from a passive budgetary actor into a strategic institution that mitigates reform pains and anchors sustainable agricultural growth.



**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 remains a cornerstone of the country's economic development strategy, serving as the backbone for mobility, trade, and regional integration through the planning, construction, and maintenance of critical road infrastructure such as highways, bridges, and federal road networks that connect major economic hubs and rural communities. Efficient transport systems help reduce the cost of doing business and improve access to markets, education, and healthcare services. However, despite continued budgetary attention, the sector faces persistent challenges, which include inadequate funding, project delays, maintenance backlogs, and a

significant infrastructure deficit, with many roads in poor condition. These constraints increase transportation costs, cause delays in the movement of goods, heighten accident risks, and negatively impact businesses, particularly in agriculture and trade (by limiting market access and increasing post-harvest losses). For citizens, this translates into longer travel times, higher transport fares, and safety concerns.

Currently, the construction of the Sokoto-Badagry Super Highway is ongoing, this project is progressing unevenly despite significant financial commitments. On the Lagos axis, construction is currently concentrated within Ogun State, spanning



from Diya Gate, OPIC Estate, Agbara to Iyana Idoye, Lusada, with only sparse activity observed at Odugbe in Lusada, Ado-Odo/Ota Local Government Area, where the project currently terminates at Phase 4, Atan, and only one carriageway is under construction by Hitech Construction Company Limited. At the Sokoto axis, particularly in Illela LGA, ongoing activities include bush clearing, sand filling, and site preparation, while sections towards Katami in Silame Local Government Area and parts of Kebbi State have recorded relatively more progress, including completed concrete paving and installed solar lighting. While the sum of N2.36tn was approved by the Federal Executive Council (FEC) for this project in 2024, actual funding disbursement remains limited.<sup>66</sup> In April, the Senate approved an additional loan of N516.3mn from Deutsche Bank.<sup>67</sup>

From the breakdown of line items of the Ministry of Works in the 2026 approved budget, the first 100 road projects identified amounted to a total of N471.33bn. One notorious thing that has always plagued our

budget document is the vague description of line items, this is common in many MDAs. Several projects under the Ministry of Works were not explicitly described, for example, under the Federal Road Maintenance Agency, there exists a line item with code ERGP12230455, simply described as Project Management Program 2025 with an allocation of N66.5mn. This can hinder monitoring and evaluation in the long run.

In the 2026 budget, the federal government allocated N3.59tn to works, which is 5.26% of the total budget. A breakdown of this sum has the largest chunk of the allocation going to the Federal Ministry of Works headquarters, at N3.31bn (92.21%) of the total. The Council for the Regulation of Engineering in Nigeria (COREN) has been moved to the Ministry of Works, 0.04% of the ministry's total allocation was earmarked to this agency. The Federal Road Maintenance Agency and the Regional Centre for Training in Aerospace Survey had an allocation of N277.96bn (7.74%) and N357.06mn (0.01%) respectively.

Table 22: 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

66. Obiowo, C. (2025, August 1). FEC approves N2 trillion for Sokoto-Badagry highway sections, N1.65 trillion for Lagos-Calabar coastal road. *Nairametrics*. Retrieved May 12, 2026, from <https://nairametrics.com/2025/08/01/fec-approves-n2-trillion-for-sokoto-badagry-highway-sections-n1-65-trillion-for-lagos-calabar-coastal-road>

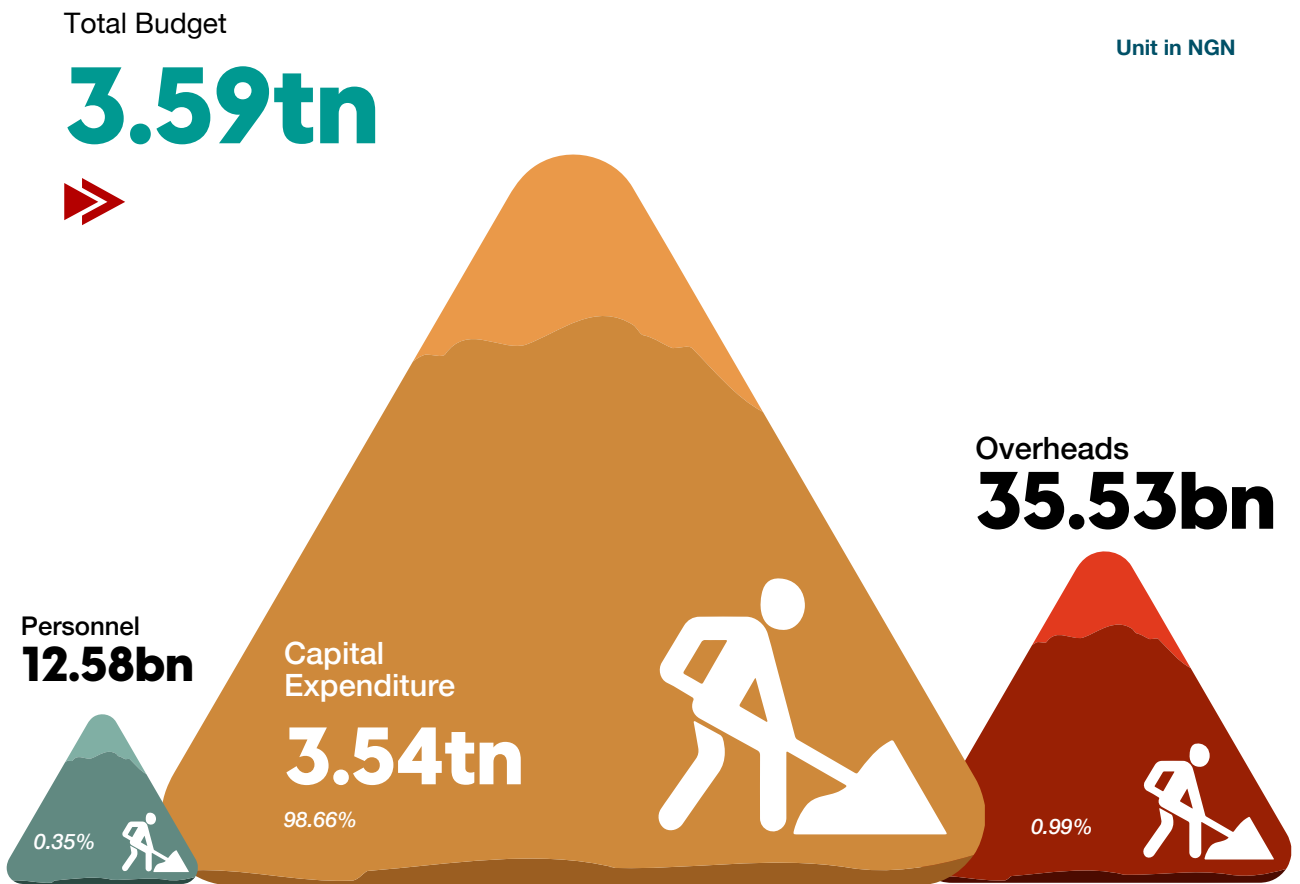
67. Omolayo, S., & Akubo, J. (2026, April 29). Reps approve Tinubu's \$516.3 million loan for Sokoto-Badagry Highway. *The Guardian*. Retrieved May 12, 2026, from <https://guardian.ng/news/rep-approve-tinubu-516-3-million-loan-for-sokoto-badagry-highway/>



The Ministry has allocated 98.66% (N3.54tn) of its budget for capital expenditure, 0.99% (N35.53bn) for overheads, and 0.35% (N12.58bn) for personnel costs. This breakdown indicates that the sector prioritises capital investment over recurrent expenses.

The MDA with the highest capital expenditure allocation is the Ministry of Works Headquarters, which is to take N3.30tn; this is closely followed by the Federal Road Maintenance Agency, taking N239.43bn.

Table 23: Breakdown of Works' Budget



Source: 2026 Appropriation Act, Federal Republic of Nigeria

An overview of the Ministry's top ten (10) capital projects is listed below. The Federal Ministry of Works headquarters will implement these top 10 projects. A further breakdown of the 2026 expenditure shows that the highest allocation in the Ministry of Works, N367.9bn, went to "Multilateral/Bilateral Tied Loan - Construction Of Lafia Road And The Dualization of 9th Mile (Enugu)

Otukpo-Makurdi (Keffi Phase II) Road Project". The second-highest allocation in the ministry's budget, N65bn, went to the "Dualization Of Kano-Katsina Road In Kano/Katsina States Phase II (Km 74+100 - Km 152+655) In Kano/Katsina States Border-Katsina Steel Rolling Mills Round About C/No.6632".



Table 24: Top 10 Allocations in the 2026 Approved Budget for the Ministry of Works

Implementing MDA	ERGP Code	Project Name	Amount (N)
FEDERAL MINISTRY OF WORKS	ERGP12234171	MULTILATERAL/BILATERAL TIED LOAN - CONSTRUCTION OF LAFIA ROAD AND THE DUALIZATION OF 9TH MILE (ENUGU) OTUKPO-MAKURDI (KEFFI PHASE II)ROADPROJECT	367.90 bn
	ERGP12154115	DUALIZATION OF KANO-KATSINA ROAD IN KANO/KATSINA STATES PHASE II (KM 74+100 - KM 152+655) IN KANO/KATSINA STATES BORDER-KATSINA STEEL ROLLING MILLS ROUND ABOUT C/NO.6632	65.00 bn
	ERGP12208975	MULTINATIONAL COUNTERPART FUNDING FOR THE CONSTRUCTION OF LAFIA BYPASS AND 9TH MILE (ENUGU) - OTUKPO - MAKURDI ROAD IN ENUGU AND BENUE STATE	47.00 bn
	ERGP12231824	CONTINGENCY FUND	40.51 bn
	ERGP20276858	CONSTRUCTION OF KANO-DAYI ROAD	37.00 bn
	ERGP12154304	DUALIZATION OF KANO-KATSINA ROAD PHASE 1: KANO TOWN AT DAWANAU ROUNDABOUT TO KATSINA STATE BORDER IN KANO STATE C/NO.6213	35.80 bn
	ERGP12153869	RECONSTRUCTION OF ABUJA - LOKOJA ROAD (SECTION I&II): ZUBA -ABAJI ROAD	32.90 bn
	ERGP12231258	REHABILITATION OF UGEP IN CROSS RIVER TO ABAOMEGE TO OKPOSI IN EBONYI STATE	29.80 bn
	ERGP12209802	CONSTRUCTION OF KANO NORTHERN BYPASS ROAD IN KANO STATE	29.00 bn
	ERGP12209196	EMERGENCY COMPREHENSIVE REPAIRWORKS OF THE EKO BRIDGE (4.1KM) IN LAGOS STATE (FROM ALAKA, SURULERE- APONGBON INCLUDING ALL RAMPS)	27.00 bn
	ERGP12209121	REHABILITATION OF KATSINA ALA-TAKUM ROAD IN BENUE/TARABA STATES	25.50 bn

Source: 2026 Appropriation Act, Federal Republic of Nigeria



### **What Measures Can Be Taken To Improve the Sector?**

To improve the performance of the Federal Ministry of Works, there needs to be a shift from input-based spending to outcome-driven infrastructure delivery. One of the major priorities of the ministry should be strengthening project selection, planning, prioritization and execution efficiency. Rather than spreading limited resources thinly across numerous road projects, the ministry should adopt a transparent, data-driven approach that focuses on high-impact projects, especially those that support trade, agriculture, and regional connectivity. This means aligning capital projects with economic value chains (e.g., farm-to-market roads, industrial corridors) and completing ongoing projects before initiating new ones. A publicly accessible project pipeline, with clear timelines and cost estimates, would enhance accountability and reduce politically motivated project fragmentation.

Equally important is improving budget execution and financial efficiency. Historically, the works sector has suffered from low capital budget implementation due to delayed releases, cost overruns, and weak contractor management. Introducing performance-based contracting, where payments are tied to milestones and quality standards, can significantly improve delivery outcomes. The ministry should enforce open, competitive procurement processes, strengthen due diligence, and blacklist non-performing contractors. Contractors should be selected based on technical competence, rather than political considerations and connections. In addition, independent monitoring by civil society organisations and professional bodies

can help track project progress, flag delays, enhance transparency and reduce corruption risks in project execution.

One of the most critical areas for improvement is sustainable and diversified infrastructure financing. Budgetary allocations to the Ministry of Works are consistently insufficient relative to the scale of infrastructure deficits. For instance, allocations in recent budgets have been described as inadequate to address the backlog of projects and deteriorating road networks.<sup>68</sup> In 2024, the Minister of Works stated that the current administration inherited thousands of ongoing projects valued at over N13tn<sup>69</sup> from the previous administration, far exceeding available fiscal resources. To address this, the government should expand the use of Public-Private Partnerships (PPPs) and infrastructure bonds, while ensuring transparency in concession agreements. However, these must be designed with strong regulatory oversight to protect the public interest. Leveraging private capital can accelerate project completion and reduce pressure on public finances, especially for economically viable highways.

Another important reform that should be considered is the improvement of institutional capacity and governance. The ministry should strengthen its technical and project management capabilities by investing in staff training, adopting modern engineering standards, and reducing reliance on politically influenced decision-making. There should also be a clear delineation of responsibilities between the federal and state governments to avoid duplication, inefficiencies, and gaps in coverage. Enhanced collaboration with security agencies is also necessary to protect road assets from vandalism and ensure safe



***In 2024, the Minister of Works stated that the current administration inherited thousands of ongoing projects valued at over N13tn from the previous administration, far exceeding available fiscal resources.***

68. Obiwole, C. (2023, December 12). Ministry of Works currently handling 2,097 road projects nationwide – Umahi. Nairametrics. Retrieved April 30, 2026, from <https://nairametrics.com/2023/12/12/ministry-of-works-currently-handling-2097-road-projects-nationwide-umahi/>

69. Federal Ministry of Works (2024, June 11). Lastest Press. Retrieved April 11, 2026, from <https://www.fmw.gov.ng/read/3181>

highways, as already highlighted by initiatives like “Operation Safeguard the Road (OSGR)”<sup>70</sup>, which was launched by the Federal Roads Maintenance Agency (FERMA) towards the end of 2025.

Lastly, maintenance culture must be elevated to the same level of importance as new construction. A significant proportion of

Nigeria’s road network deteriorates rapidly due to the inadequate/absence of routine maintenance, which eventually leads to higher long-term rehabilitation costs. The ministry should strengthen institutions such as the Federal Roads Maintenance Agency (FERMA), institutionalize routine and periodic maintenance schedules, supported by dedicated funding. This can help to extend asset lifespan and reduce long-term 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

Nigeria’s security and defence architecture is The power sector is currently undergoing leadership changes following the resignation of former Minister of Power, Chief Adebayo Adelaye, Joseph Olasunkanmi Tegbe has been nominated by the President as the new Minister of Power, pending Senate confirmation.<sup>71</sup> The power sector is central to Nigeria’s economic transformation, given its direct impact on industrialization, productivity, and quality of life. Reliable and affordable electricity supply remains a longstanding challenge, with issues spanning generation, transmission, and distribution. The power sector operates through the Nigerian Electricity Supply Industry (NESI), which is structured across three key segments: generation, transmission, and distribution, following the unbundling and partial privatization of the former state monopoly in 2013. While generation and distribution assets are largely privatized, transmission remains under government control, reflecting its strategic importance as a natural monopoly and national grid operator. 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.<sup>72</sup>

Despite over a decade of reforms, Nigeria continues to face a significant electricity supply deficit relative to demand. Installed generation capacity stands at over 13,000 megawatts,<sup>73</sup> yet actual available capacity fluctuates around 5,000–5,600 MW due to constraints such as gas supply issues, maintenance challenges, and limited plant efficiency. This gap between installed and delivered power highlights systemic inefficiencies and reinforces the need for sustained public investment, particularly in enabling infrastructure and sector coordination.

Additionally, Nigeria is among the top three countries in Africa with the highest rate of electricity loss, losing about 28% of generated electricity, following Cameroon and Togo with a loss of 34.2% and 45.1% respectively.<sup>74</sup> This energy loss can be attributed to technical and non-technical factors, which indicate deep inefficiencies across the value chain. Likewise, financial sustainability remains another major concern shaping the sector’s policy context. The accumulation of over N4tn<sup>75</sup> in debt owed to generation and distribution companies by

70. This Day (n.d.). FERMA Launches Operation Safeguard Nigerian Roads. Retrieved April 11, 2026, from <https://www.thisdaylive.com/2025/09/30/ferma-launches-operation-safeguard-nigerian-roads/>  
71. Omolu, P. (2026, April 30). Tinubu nominates Joseph Tegbe as new power minister. Pulse. Retrieved May 7, 2026, from <https://www.pulse.ng/story/tinubu-nominates-joseph-tegbe-as-new-power-minister-2026043018271739383>  
72. Ibrahim, Y. (2026, February 19). Nigeria’s Power Ministry starved as GenCos’ debt hits N6.6tn. EconomyPost. Retrieved May 7, 2026, from <https://economypost.ng/business/energy-and-power/nigerias-power-ministry-starved-as-gencos-debt-hits-n6-6tn/2026/02/19/>  
73. (2025). Energy and Natural Resources Report. Tope Adebayo L.P. <https://www.mondaq.com/pdf/2025-Mid-Year-Power-Sector-Report.pdf>  
74. Wahab, A. (2025, April 29). How Nigeria loses 28% of generated electricity – Adoghe, CU don. Retrieved April 12, 2026, from <https://www.vanguardngr.com/2025/04/how-nigeria-loses-28-of-generated-electricity-adoghe-cu-don/>  
75. (2025). Energy and Natural Resources Report. Tope Adebayo L.P. <https://www.mondaq.com/pdf/2025-Mid-Year-Power-Sector-Report.pdf>

the federal government has created liquidity constraints, threatening the viability of power sector operators and discouraging private investment. Tariff reforms and subsidy adjustments have been introduced to improve cost recovery and attract investment, but these measures remain politically sensitive due to affordability concerns.

In the 2026 budget, the federal government allocated N1.13tn to the power sector, which

is 1.65% of the total budget. Compared to the 2025 budget at N1.89tn, the power budget decreased by 40.21% in 2026. A breakdown of this sum has the largest chunk of the allocation going to the National Rural Electrification Agency, at N523.13bn (46.22%) of the total. The second allocation of N418.87bn (37.01%), goes to the Federal Ministry of Power headquarters and the third highest allocation of N160.12bn (14.15%) goes to the Transmission Company of Nigeria.

Table 25: 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 Ministry has allocated 99.08% (N1.12tn) of its budget for capital expenditure, 0.37% (N4.21bn) for overheads, and 0.54% (N6.17bn) for personnel costs. Breaking the capital component of the ministry down shows that the MDA with the highest capital expenditure allocation is the National Rural Electrification Agency, which is to take N520.57bn (46.42%); this is closely followed by the Ministry of Power Headquarters, taking N416.75bn (37.16%) and the Transmission

Company of Nigeria, which had an allocation of N160.12bn (14.28%). In terms of personnel costs, the ministry has allocated the National Electricity Management Services Agency (NEMSA) Headquarters 35.82% (N2.21bn) for its personnel spending and this is the largest allocation for the personnel line in the entire sector. This is closely followed by the National Rural Electrification Agency taking 21.56% (N1.33bn) for its personnel costs.

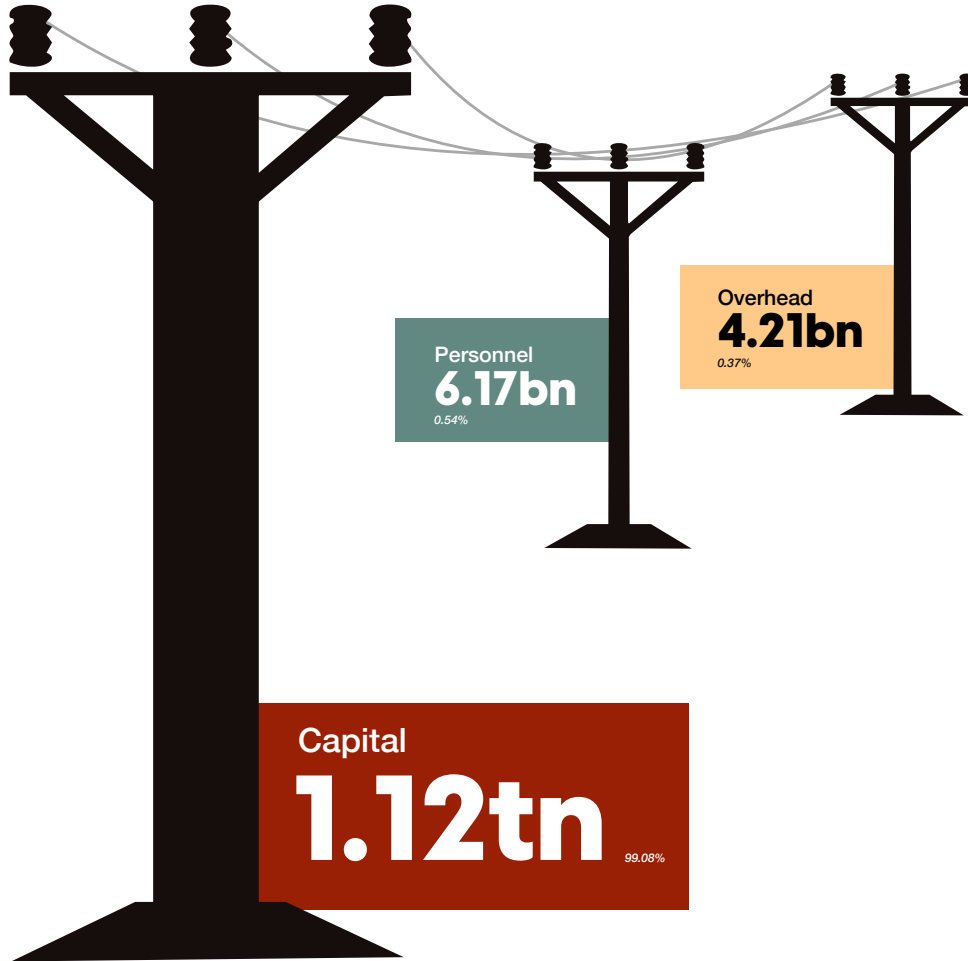


Table 26: Breakdown of Power Budget

Total Budget

Unit in NGN

**1.13tn** ▼



Source: 2026 Appropriation Act, Federal Republic of Nigeria

An overview of the Ministry’s top ten (10) capital projects is listed below. Upon a closer examination of the prioritised projects, the Ministry of Power allocates the highest amount of N375bn, specifically targeted at the “Multilateral/Bilateral Tied Loan - Distribution Access Through Renewable Energy Scale-Up (DARES)”. The second-highest allocation is

N150bn targeted at the “Multilateral/Bilateral Tied Loan - Nigeria Distribution Sector Recovery Program (DISREP)”. This is followed by the N147.78 billion targeted at the “Multilateral/Bilateral Tied Loan - Northern Corridor Transmission Project”.



Table 27: Top 10 Allocations in the 2026 Approved Budget for the Ministry of Power

Implementing MDA	ERGP Code	Project Name	Amount (N)
NATIONAL RURAL ELECTRIFICATION AGENCY	ERGP10234163	MULTILATERAL/BILATERAL TIED LOAN - DISTRIBUTION ACCESS THROUGH RENEWABLE ENERGY SCALE-UP (DARES)	375.00 bn
FEDERAL MINISTRY OF POWER -HQTRS	ERGP3234161	MULTILATERAL/BILATERAL TIED LOAN - NIGERIA DISTRIBUTION SECTOR RECOVERY PROGRAM (DISREP)	150.00 bn
TRANSMISSION COMPANY OF NIGERIA	ERGP10234165	MULTILATERAL/BILATERAL TIED LOAN - NORTHERN CORRIDOR TRANSMISSION PROJECT	147.78 bn
FEDERAL MINISTRY OF POWER -HQTRS	ERGP10234211	FUNDING FOR PPI TRANSMISSION PROJECTS (TRANSFER TO FGN POWER)	105.00 bn
NATIONAL RURAL ELECTRIFICATION AGENCY	ERGP10233939	NATIONAL PUBLIC SECTOR SOLARIZATION INITIATIVE	70.00 bn
	ERGP10131589	COUNTERPART FUNDING OF EARMARKED TRANSMISSION LINES AND SUBSTATIONS PROJECTS UNDER DONOR AGENCIES & ZUNGERU TRANSMISSION LINE PROJECT (WORLD BANK, AFDB, AFD, JICA AND CHINA EXIM BANK)	25.38 bn
FEDERAL MINISTRY OF POWER -HQTRS	ERGP10234204	DISTRIBUTION SEGMENT INTERVENTION FOR TRANSFORMERS. CABLING/POLLING REPLACEMENT ACROSS 6 GEO-POLITICAL ZONES - DOMICILED IN FMP	21.00 bn
	ERGP10234203	FEDERAL MINISTRY INTERVENTION FOR [SIC] COMPETITION OF TCN UNCOMPLETED PRIORITY PROJECTS - DOMICILED IN FMP	17.50 bn
	ERGP10234210	PROVISION OF SOLAR STREET LIGHTS FOR MAJOR HIGHWAYS ACROSS THE 6 GEO-POLITICAL ZONES UNDER RENEWED HOPE LIGHT UP OUR HIGHWAYS PROJECT DOMICILED IN FEDERAL MINISTRY OF POWER	17.32 bn
	ERGP10234206	DISTRIBUTION OF SOLAR HOMES SYSTEMS AND RURAL STREET LIGHTING ACROSS THE 6 GEO-POLITICAL ZONES UNDER THE RENEWED HOPE LIGHT UP RURAL AREAS	16.80 bn

Source: 2026 Appropriation Act, Federal Republic of Nigeria



### How Can the Sector Be Improved?

A major constraint in Nigeria's power sector is the weak and overstretched transmission network, which prevents generated electricity from reaching consumers efficiently. Even when generation improves, the grid often collapses or cannot evacuate power due to outdated infrastructure.<sup>76</sup> Hence, the need for the government to strengthen transmission infrastructure. It is therefore important to prioritise large-scale investment in grid expansion, modernisation, and redundancy systems. Initiatives such as new transmission corridors and grid asset optimisation (for example, the proposed Grid Asset Management Company-GAMCO)<sup>77</sup>, can unlock stranded capacity and improve reliability. Beyond investing in new infrastructure, Nigeria should optimise existing assets. The government can prioritise rehabilitating existing plants and improving operational efficiency rather than focusing solely on new capacity. This will be more cost-effective and deliver quicker gains in available electricity supply.

There are inefficiencies such as poor infrastructure, energy theft, and inadequate metering at the distribution level, which limit

revenue and service quality. To enhance the distribution efficiency and metering, performance-based regulation can be enforced for distribution companies, mandate universal metering, and invest in upgrading distribution networks. Improved metering has the potential to better billing transparency, reduce losses, and build consumer trust, which is essential for tariff reforms and the sustainability of the sector.<sup>78</sup>

There is also a need to accelerate decentralization and state-level electricity markets. Recent reforms that allow states to generate and regulate electricity create an opportunity to decentralise power supply and tailor solutions to local needs.<sup>79</sup> This approach can reduce pressure on the national grid and promote innovation, particularly through embedded generation and mini-grid solutions. However, success depends on strong coordination between federal and state actors to avoid regulatory fragmentation. Proper implementation of decentralised systems can expand access, especially in rural and underserved areas, while supporting economic activities such as agriculture, healthcare, and education.



***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

The housing sector is vital for social welfare, urban development, and economic stability, as it directly relates to the provision of safe, affordable, and adequate shelter for Nigeria's growing population. Rapid urbanization, population growth, and rising construction

costs have contributed to a significant housing deficit, particularly affecting low- and middle-income households. Beyond its social importance, the sector also has strong linkages to job creation through construction activities and the supply chain for building materials. However, challenges such as limited access to mortgage financing, high land

76. Kareem, A. (2026, March 18). Energy economist warns Nigeria's electricity system collapsing under its own weight. Retrieved April 11, 2026, from <https://guardian.ng/energy/energy-economist-warns-nigerias-electricity-system-collapsing-under-its-own-weight>

77. Presidential Villa State House (2026, March 6). Towards Optimising the Power Sector, President Tinubu Inaugurates Committee on Grid Asset Management Company (GAMCO). Retrieved April 11, 2026, from <https://statehouse.gov.ng/towards-optimising-the-power-sector-president-tinubu-inaugurates-committee-on-grid-asset-management-company-gamco/>

78. Kareem, A. (2026, March 18). Energy economist warns Nigeria's electricity system collapsing under its own weight. Retrieved April 11, 2026, from <https://guardian.ng/energy/energy-economist-warns-nigerias-electricity-system-collapsing-under-its-own-weight>

acquisition costs, and regulatory bottlenecks continue to constrain growth, making strategic public investment and policy reforms essential to drive sustainable housing development.

Estimates from recent national housing data suggest that Nigeria faces a housing gap of approximately 28 million units,<sup>80</sup> (depending on methodology), reflecting both outright shortages and a large stock of structurally inadequate housing nationwide. In December 2025, the Federal Ministry of Housing and Urban Development (FMHUD) reported that the housing deficit stood at about 15.2 million<sup>81</sup> housing units in 2025. A major constraint shaping the housing sector is Nigeria’s fragmented land administration and weak housing finance system. Less than 5% of land parcels are formally titled, limiting access to mortgage credit and restricting large-scale private investment in housing development.<sup>82</sup> This creates significant “dead capital,” where land and property cannot be fully leveraged for economic use, thereby slowing down housing supply and urban infrastructure expansion. In addition, high construction costs, limited infrastructure provision, and inconsistent urban planning standards further compound the affordability

and delivery challenges across cities. Urban development in Nigeria is also shaped by rapid rural–urban migration and the expansion of informal settlements, which place increasing pressure on infrastructure, land use planning, and service delivery in major cities such as Abuja, Lagos, Kano, and Port Harcourt. As a result, the ministry’s mandate extends beyond housing construction to include urban renewal, slum upgrading, and sustainable city planning.

In the 2026 budget, the federal government allocated N145.31bn to housing and urban development, which is 0.21% of the total budget. It is significant to note that this budgetary allotment is 31.18% less than the N211.16bn allotted for the sector the previous year. A breakdown of this sum shows that the Federal Ministry of Housing and Urban Development headquarters got the largest chunk of the allocation, at N118.98bn (81.88%) of the total budget. The Office of the Surveyor General of the Federation and the Federal School of Survey, Oyo got an allocation of N23.06bn (15.87%) and N2.41bn (1.66%) respectively, while the Survey Council of Nigeria got the least allocation of N861.28mn.

Table 28: 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

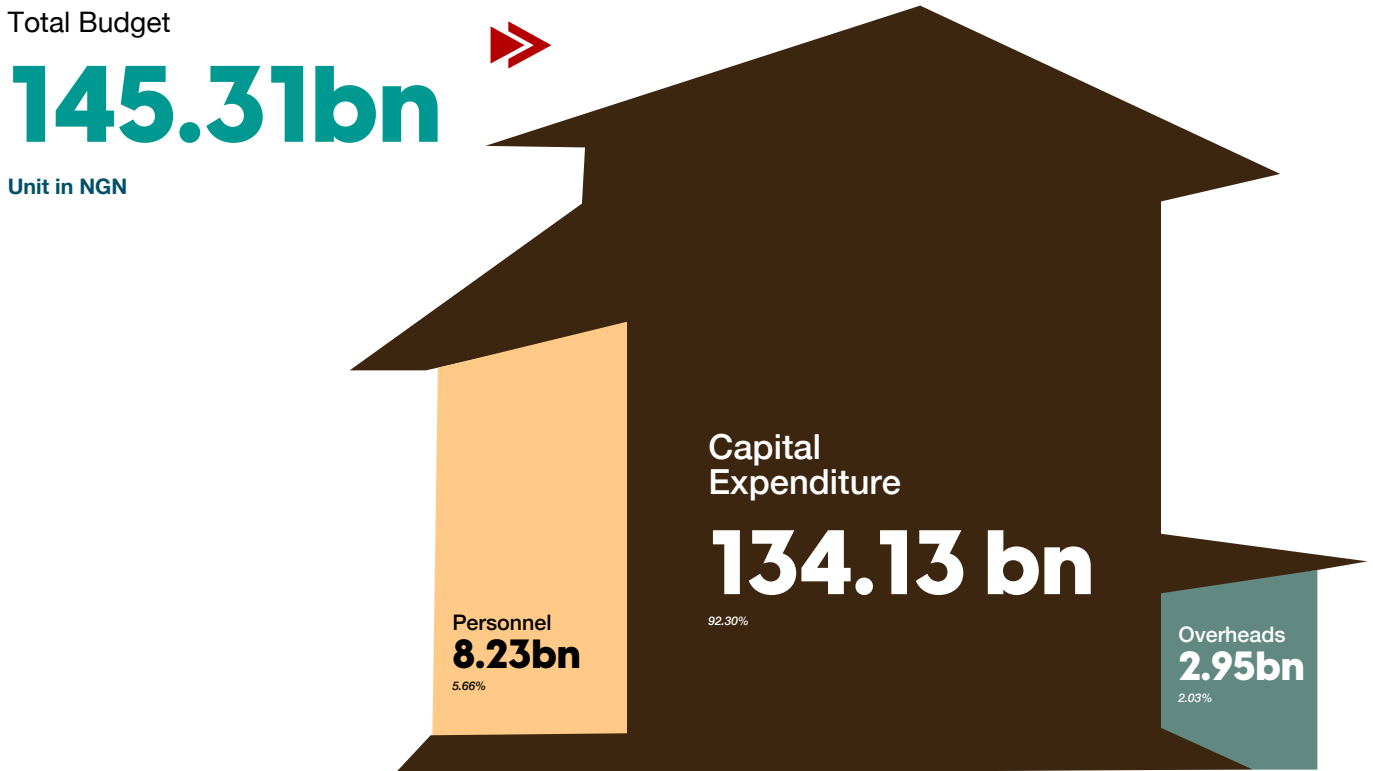
79. The Cable (2026, February 4). *Beyond the grid: What the new Electricity Act really changes*. Retrieved April 11, 2026, from <https://www.thecable.ng/beyond-the-grid-what-the-new-electricity-act-really-changes>  
 80. Akinpelu, B. (2026, January 22). *Reimagining Nigeria’s Housing Sector: Post-Davos 2026 Strategies for a Fragmented Global Economy*. Nigeria Housing Market. Retrieved April 15, 2026, from <https://www.nigeriahousingmarket.com/interviews-opinions/davos-2026-nigeria-housing-sector-strategy>  
 81. Okeke, A. (2025, December 18). *Structural Deficiencies Affect Over 15 Million Homes, Federal Government Warns*. Nigeria Housing Market. Retrieved April 15, 2026, from <https://www.nigeriahousingmarket.com/news/fg-flags-152-million-structurally-inadequate-homes-signals-shift-to-housing-upgrades>  
 82. Akinpelu, B. (2026, January 22). *Reimagining Nigeria’s Housing Sector: Post-Davos 2026 Strategies for a Fragmented Global Economy*. Nigeria Housing Market. Retrieved April 15, 2026, from <https://www.nigeriahousingmarket.com/interviews-opinions/davos-2026-nigeria-housing-sector-strategy>



The Ministry allocated 92.3% (N134.13bn) of its budget for capital expenditure, 2.03% (N2.95bn) for overheads, and 5.66% (N8.23bn) for personnel costs. The fact that capital expenditures account for 92.3% of the sector's budget suggests that infrastructure

development and investments in housing and urban development projects are given top priority. The MDA with the highest capital expenditure allocation is the Ministry of Housing and Urban Development Headquarters, which is to take N113.68bn.

Table 29: Breakdown of Housing and Urban Development Budget



Source: 2026 Appropriation Act, Federal Republic of Nigeria

An overview of the Ministry's top ten (10) capital projects is listed below, which shows that the Federal Ministry of Housing and Urban Development Headquarters will implement 9 out of these top 10 projects. The project with the highest allocation of N9.87bn is the "Completion Of The Covered Conduit And

Road Along Jakara - Kwarin Gosau, Phases 1, II, & III, Kano, Kano State". This is closely followed by a project named "Renewed Hope Agenda Housing Scheme (Construction Of 20,000 Housing Units)" with an allocation of N8.05bn.



Table 30: Top 10 Allocations in the 2026 Approved Budget for the Ministry of Housing and Urban Development

Implementing MDA	ERGP Code	Project Name	Amount (N)
FEDERAL MINISTRY OF HOUSING AND URBAN DEVELOPMENT- HQTRS	ERGP20277056	COMPLETION OF THE COVERED CONDUIT AND ROAD ALONG JAKARA - KWARIN GOSAU, PHASES 1, II, & III, KANO KANO STATE	9.87bn
	ERGP27225476	RENEWED HOPE AGENDA HOUSING SCHEME (CONSTRUCTION OF 20,000 HOUSING UNITS)	8.05bn
	ERGP27225494	FEDERAL GOVERNMENT NATIONAL HOUSING PROGRAMME NATIONWIDE	3.74bn
	ERGP17244095	ERGP20241404 - PROVISION FOR THE CONSTRUCTION OF COURT OF APPEAL WITH JUDICIAL OFFICERS RESIDENCE IN BENDE (LOTS 1 & 2)	3.50bn
	ERGP1244057	PAYMENT OF MULTIPLE CONTRACTS: AND THE CONSTRUCTION OF NEW INFRASTRUCTURE AND PROVISION AND INSTALLATION OF SOLAR LIGHTING INFRASTRCUTURE (MULTIPLE LOTS)	3.49bn
OFFICE OF THE SURVEYOR GENERAL OF THE FEDERATION	ERGP20277070	CONSTRUCTION OF PHASE 1 OF ENGINEERING WORKSHOP IN THE FEDERAL UNIVERSITY OF TECHNOLOGY AND ENVIRONMENTAL SCIENCES, IYIN EKITI	3.00bn
FEDERAL MINISTRY OF HOUSING AND URBAN DEVELOPMENT - HQTRS	ERGP27244044	CONSTRUCTION OF RENEWED HOPE ONE- AND TWO- BEDROOM LOW-COST HOUSING UNITS IN THE 774 LOCAL GOVERNMENT AREAS (PHASE 1) BY (FEDERAL HOUSING AUTHORITY (FHA))	2.99bn
	ERGP17244097	ERGP20241406 - PROVISION FOR THE CONSTRUCTION OF INDUSTRIAL COURT ABA (MULTIPLE LOTS)	2.80bn
	ERGP25244088	ERGP20241405 - CONSTRUCTION OF GENERAL HOSPITAL IN BENDE FEDERAL CONSTITUENCY, ABIA STATE (MULTIPLE LOTS)	2.80bn
	ERGP27226698	DEVELOPMENT OF ADDITIONAL OFFICE BLOCK AT FEDERAL MINISTRY OF WORKS AND HOUSING (HQ) MABUSHI, ABUJA	2.80bn

Source: 2026 Appropriation Act, Federal Republic of Nigeria



### **How Can the Sector Be Improved?**

One major area for improvement in the housing sector is housing finance and affordability. Limited access to long-term, low-interest mortgage financing remains a key barrier to home ownership in Nigeria, with high interest rates and short tenures discouraging uptake. The Federal Ministry of Housing and Urban Development should prioritize recapitalizing institutions such as the Federal Mortgage Bank of Nigeria, expanding the National Housing Fund, and promoting innovative financing models like rent-to-own schemes and housing cooperatives.<sup>83</sup> The government can also introduce subsidized housing schemes for low-income households to ensure that “affordable housing” policies truly reach underserved populations rather than middle-income earners and high-income earners only.

Another area that needs reform is land administration and regulatory efficiency. The current land acquisition process, largely governed by the Land Use Act, remains cumbersome, costly, and bureaucratic, which

discourages private sector investment in housing delivery. Streamlining land titling, digitizing land registries, and decentralizing approval processes would significantly reduce transaction costs and project delays.<sup>84</sup> Currently, fragmented institutional frameworks weaken effective housing delivery, hence, the need for policy harmonisation across federal, state, and local governments.

Given fiscal constraints, the government cannot singlehandedly close the housing gap. Therefore, leveraging public–private partnership (PPPs) can help the government to mobilize private capital and technical expertise for mass housing projects, which will help to reduce the fiscal burden on the government.<sup>85</sup> At the same time, promoting the use of locally sourced building materials and alternative construction technologies can lower construction costs, create jobs, and improve scalability. However, to attract private investment, the government must ensure policy stability, reduce bureaucratic bottlenecks, and provide incentives such as tax breaks and 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, overwhelmingly dominated by road transport, remains in a precarious state characterized by chronic underfunding and systemic neglect. 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. Most highways across the federation are riddled with deep potholes, lack proper drainage systems, and

suffer from faded or non-existent signage. This deplorable condition directly translates into tragic human and economic consequences.

Nigeria's transportation infrastructure, currently overwhelmed by its heavy reliance on a decaying road network, represents one of the most significant bottlenecks to the nation's industrial and economic expansion. The statistics are sobering: the sector's nominal GDP contribution plummeted from 2.33% in late 2022, to 1.62% in Q4 2023 then a low

83. Fihinfoluwa, A. (2026, April 2). Nigeria's 14.9 Million Housing Deficit Deepens Affordability Crisis. *Nigeria Housing Market*. Retrieved April 18, 2026, from <https://www.nigeriahousingmarket.com/news/nigeria-housing-deficit-14-9m-crisis>

84. Akpeli, B. (2026, April 14). Is the Nigerian Government Doing Enough to Address the Housing Deficit for Low-Income Earners? *Nigeria Housing Market*. Retrieved April 18, 2026, from <https://www.nigeriahousingmarket.com/interviews-opinions/is-the-nigerian-government-doing-enough-to-address-the-housing-deficit-for-low-income-earners>

85. Akogun, D. (2026, January 20). FG opts for PPP to solve housing deficit crisis. *Punch*. Retrieved April 18, 2026, from <https://punchng.com/fg-opts-for-ppp-to-solve-housing-deficit-crisis>

1.30% in Q4 2024 before rising to 1.65% in 2025,<sup>86</sup> reflecting a system struggling under the weight of systemic neglect. Highways across the federation are characterized by chronic disrepair, lack of essential signage, and a terrifying safety record. This was underscored by harrowing data from the Federal Road Safety Corps (FRSC), which 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.<sup>87</sup> Beyond the human toll, the fragmented nature of Nigeria's broader logistics ecosystem marked by inefficient warehousing and poor freight coordination creates a high-cost environment that stifles trade. When the "Ember Months" sensitization campaigns kick off, they do so against a backdrop of a sector that urgently needs to move beyond mere public enlightenment toward fundamental structural overhauls to prevent further economic and physical attrition.

The President Bola Ahmed Tinubu led administration has initiated a series of strategic interventions aimed at fulfilling manifesto promises through integrated intermodal connectivity. A primary focus has been the "road-to-rail" shift, prioritizing the completion and stabilization of critical lines like the Lagos–Ibadan and Itakpe–Warri corridors to remove heavy-duty freight from fragile asphalt surfaces.<sup>88</sup> On the maritime front, the introduction of electronic truck-call-up systems has finally begun to untangle the decades-long gridlock at the Apapa and Tin Can Island ports,<sup>89</sup> while deliberate policy shifts are encouraging the utilization of eastern ports like Onne and Calabar.<sup>90</sup>

### Sector Breakdown

The Federal Ministry of Transport total allocation stands at N457.56bn. The budget is

heavily skewed toward capital expenditure, which receives N423.03bn (92.45%), while personnel costs take N31.99bn (6.99%) and overhead a mere N2.54bn (0.56%). With a budget largely dedicated to capital expenditure, the goal for the government (via the Budget Office of the Federation, Office of the Accountant General and the Ministry of Finance) should be to see to timely releases and for the audit function—whether within the Ministry of Transportation or from the Office of the Auditor General of the Federation—to ensure value for money.

The Federal Ministry of Transport Headquarters dominates the sector, controlling 77.07% (N352.65bn) of the entire budget. This centralization suggests that most major infrastructure projects, likely rail modernization, port rehabilitation, or vessel procurement are managed directly by ministry officials rather than parastatals. The Nigerian Institute of Transport got N50.87bn (11.12%) and Nigerian Railway Corporation N34.24bn (7.48%): the two MDAs being the only other significant recipients. However, the railway corporation's personnel costs of N22.38bn far exceed its capital allocation of N11.65bn, indicating a large workforce with limited new project funds.

Notably, the Federal University of Transportation, Daura will receive only N18.25bn (3.99%), and the Council for the Regulation of Freight Forwarding is set to get a negligible N1.54bn (0.34%). Overall, the budget reflects a capital intensive, headquarters driven transport strategy, with limited resources for institutional development, research, or regulatory bodies. Overhead is severely underfunded, risking operational efficiency despite large infrastructure ambitions.

86. National Bureau of Statistics. (2025). "General Household Survey - Panel Wave 5 (Post-Planting) 2019-2020" [Data set]. NBS Microdata Catalog. <https://microdata.nigerianstat.gov.ng/index.php/catalog/147>  
 87. Ulebor, F. (2025, October 20). 3,433 persons killed in road crashes this year – FRSC. Vanguard. <https://www.vanguardngr.com/2025/10/3433-persons-killed-in-road-crashes-this-year-frsc/>  
 88. Vanguard. (2026, April 11). NRC calls for stronger rail links to ports. <https://www.vanguardngr.com/2026/04/nrc-calls-for-stronger-rail-links-to-ports/>  
 89. Egoie, A., & Akinlotan, O. (2025, September 17). "E-call-up system clears 3.2m trucks, saves Nigeria \$1.7m". The Punch. <https://punchng.com/e-call-up-system-clears-3-2m-trucks-saves-nigeria-1-7m/>  
 90. Maritime Bits. (2025, December 4). NPA steps up revitalization of eastern ports, eyes N1.28tn. <https://maritimebits.com.ng/npa-steps-up-revitalization-of-eastern-ports-eyes-n1-28tn/>

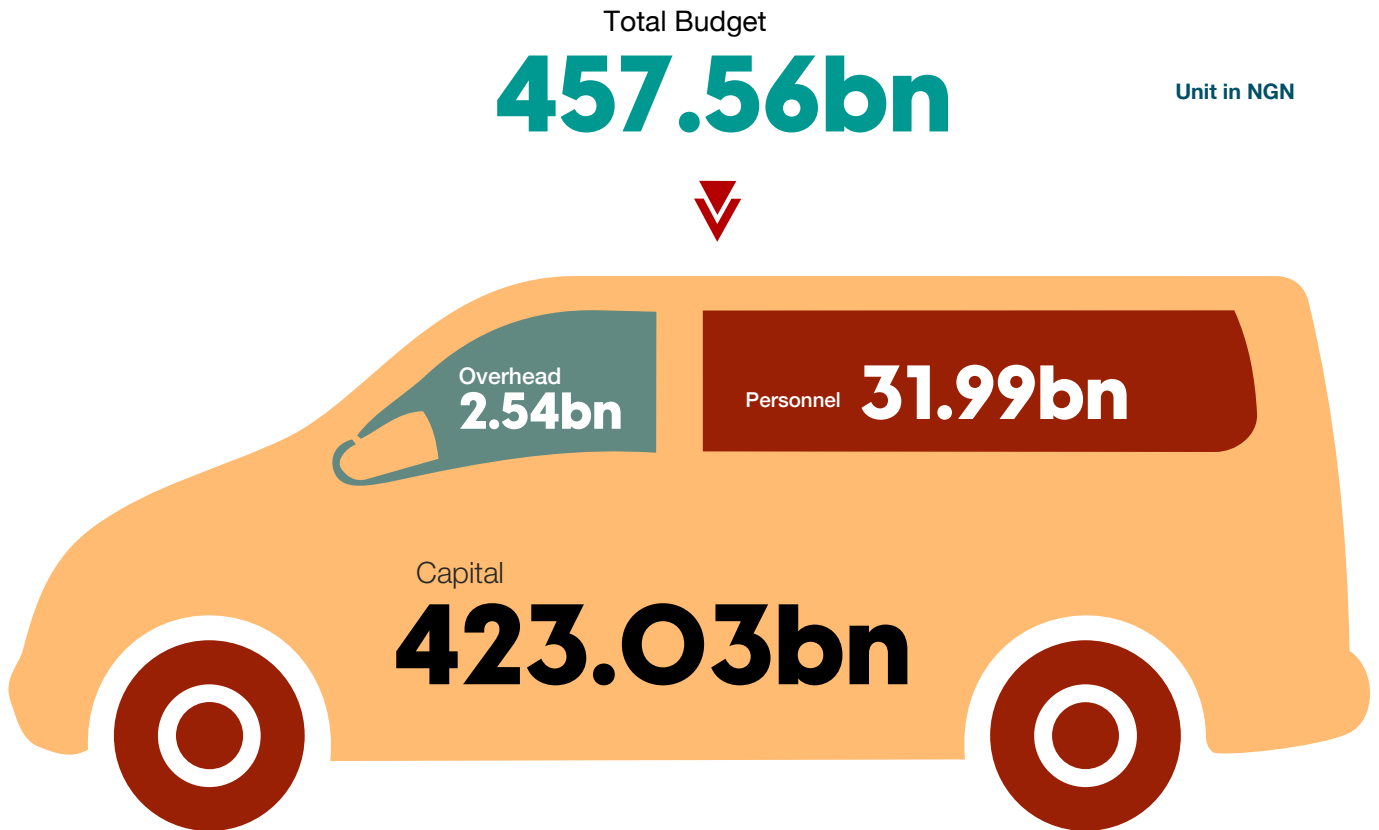


Table 31: Breakdown of Federal Ministry of Transport' Budget by MDA

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 top 10 allocations in the 2026 approved budget for the Federal Ministry of Transport are dominated by large-scale transport infrastructure and rail development priorities. The Federal Ministry of Transport HQTRS accounts for the bulk of funding, led by N142.03bn for the construction of bus terminals and transport facilities across the six geopolitical zones under the national public transport initiative. A second major component is counterpart funding for the Lagos Green Line Metro Rail (Phase 1), receiving N102.30bn, reflecting continued commitment to mass transit modernization in Lagos. Rail expansion and consultancy services are also prominent. Funds of N68.50bn support consultancy for the Lekki-Ijebu

Ode-Ore-Kajola and coastal railway segments, while another N29.0bn targets completion, rehabilitation, modernization, and installation of key rail systems including signaling, telecommunications, and security surveillance for ongoing railway projects. Beyond HQTRS, the Nigerian Institute of Transport Technology receives notable allocations for transportation equipment for youth in selected communities (N10bn) and for rural access and road works in multiple states (N2.1bn each). Smaller but strategic support includes power, water, and protective works along railway corridors, supply of specialized medical equipment, and procurement/rehabilitation of narrow-gauge rolling stock by the Nigerian Railway Corporation.

Table 32: Top 10 Allocations in the 2026 Approved Budget for the Federal Ministry of Transport

Implementing MDA	ERGP Code	Project Name	Amount (N)
FEDERAL MINISTRY OF TRANSPORT - HQTRS	ERGP30247534	CONSTRUCTION OF SIX BUS TERMINALS AND TRANSPORTATION FACILITIES IN THE SIX (6) GEO-POLITICAL ZONES OF THE FEDERATION UNDER NATIONAL PUBLIC TRANSPORTATION	142,028,537,428
FEDERAL MINISTRY OF TRANSPORT - HQTRS	ERGP13234125	COUNTERPART FUNDING FOR LAGOS GREEN LINE METRO RAIL- PHASE 1 (TRANSFER TO MOFI)	102,298,782,299
FEDERAL MINISTRY OF TRANSPORT - HQTRS	ERGP13247529	CONSULTANCY SERVICES FOR THE LEKKI-IJEBU ODE_ORE-KAJOLA RAILWAY AND COASTAL RAILWAY (BADAGRY-APAPA-TINCAN)	68,498,982,720
FEDERAL MINISTRY OF TRANSPORT - HQTRS	ERGP13177707	1. COMPLETION OF ABUJA-KADUNA RAILWAY PROJECT. 2. COMPLETION OF LAGOS - IBADAN AND ITS ASSOCIATED ADDITIONAL WORKS. 3. REHABILITATION OF ITAKPE - AJAOKUTA RAIL LINE AND CONSTRUCTION OF 12 NOS STATION BUILDINGS AND TRACK LAYING WORKS AT RAILWAY ANCILLARY FACILITIES AREAS AGBOR. 4. COMPLETION OF ADDENDUM 2A AND RAILWAY ANCILLARY FACILITIES AREAS AGBOR. 5. DESIGN, MANUFACTURE, SUPPLY AND INSTALLATION OF ROLLING STOCK, SUPPLY OF SPARE PARTS AND MAINTENANCE EQUIPMENTS FOR THE ONGOING RAILWAY MODERNIZATION PROJECT. 6. INSTALLATION OF SIGNAL AND TELECOMMUNICATION SYSTEM ON	29,041,324,278



Table 32: Top 10 Allocations in the 2026 Approved Budget for the Federal Ministry of Transport

Implementing MDA	ERGP Code	Project Name	Amount (N)
		ITAKPE-AJAKUTA-WARRI RAILWAY LINE. 7. INSTALLATION OF ACOUSTAL SENSING SECURITY SURVEILLANCE SYSTEM FOR THE ABUJA (IDU)-KADUNA AND OTHER SECURITY GADGETS. 8. COMPLETION OF FEASIBILITY STUDIES FOR NEW STANDARD GAUGE RAIL LINES. 9. ENGAGEMENT OF TRANSACTION ADVISORS ON [SIC] CONCESSION OF THE 1. CONSTRUCTION OF ABUJA-BARO-ITAKPE AND THE SEGMENT ALADJA-WARRI PORT AND 2. KANO-MARADI.10.PROVISION FOR RAILWAY MODERNISATION PROJECTS.	
NIGERIAN INSTITUTE OF TRANSPORT TECHNOLOGY	ERGP20276621	PROVISION OF TRANSPORTATION EQUIPMENTS IN SUPPORT OF YOUTH IN THE TRANSPORTATION AND LOGISTICS SECTORS IN SELECTED COMMUNITIES IN NIGERIA	10,000,000,000
FEDERAL MINISTRY OF TRANSPORT - HQTRS	ERGP13102578	PROVISION OF ELECTRICAL POWER SUPPLY AND WATER SUPPLY, CONSTRUCTION OF PROTECTIVE FENCES ALONG THE RAILWAY CORRIDORS IN ABRAKA, ORA, ORUWHORUM, FOR ITAKPE- AJAKUTA-ALADJA RAILWAY SYSTEM.	2,824,755,822
NIGERIAN INSTITUTE OF TRANSPORT TECHNOLOGY	ERGP12238958	CONSTRUCTION OF RURAL ACCESS JIGAWA, KATSINA, SOKOTO AND KEBBI STATE(MULTIPLE LOTS)	2,100,000,000
NIGERIAN INSTITUTE OF TRANSPORT TECHNOLOGY	ERGP12238963	CONSTRUCTION OF RURAL ROADS CULVERTS AND DRAINAGES IN SELECTED LOCATIONS IN THE FEDERATION(MULTIPLE LOTS)	2,100,000,000
NIGERIAN INSTITUTE OF TRANSPORT TECHNOLOGY	ERGP25215233	SUPPLY OF SPECIALISED MEDICAL EQUIPMENT TO SELECTED PRIMARY HEALTH CENTRES IN COMMUNITIES IN THE NORTH WEST ZONE OF THE FEDERATION	1,940,750,000
NIGERIAN RAILWAY CORPORATION	ERGP13175570	PROCUREMENT / REHABILITATION OF ROLLING STOCK (NARROW [SIC] GAUGE)	

Source: 2026 Appropriation Act, Federal Republic of Nigeria



### Shifting the Paradigm

Looking ahead, the transformation of Nigeria's transportation landscape into a primary engine of economic growth depends on the successful marriage of private capital and technological innovation. The funding deficit is too vast for the public treasury alone; therefore, Public-Private Partnerships (PPPs) should be positioned as the essential mechanism for financing modern dual-carriage highways, deep-sea port automation, and nationwide railway expansion. Perhaps most transformative is the strategic pivot toward sustainability, specifically the transition to Compressed Natural Gas (CNG) for commercial vehicles and the nascent exploration of electric mobility. These green initiatives promise not only to lower the carbon footprint of the Nigerian logistics chain but also to insulate the economy from the volatility of global fuel prices. Ultimately, if the current momentum of disciplined execution is sustained, the sector can rebound from its recent GDP slump to become a high-performance corridor for regional and continental trade.

Accelerating the road-to-rail shift must remain a priority. The Lagos-Ibadan and Itakpe-Warri

corridors are promising, but the railway corporation's personnel costs far exceed its capital allocation, indicating an urgent need to rebalance spending toward infrastructure and rolling stock. Completing the Lagos Green Line Metro and coastal railway segments will reduce freight pressure on fragile roads. Also, improving road safety demands more than sensitization campaigns. With thousands of lives lost annually, enforcement of speed limits, mandatory but transparently implemented vehicle roadworthiness checks, driver licensing reforms, and installation of crash barriers on high-risk routes are critical. The FRSC requires better funding for surveillance technology and emergency response capabilities.

Decongesting port access through electronic truck-call-up systems has shown results at Apapa and Tin Can Island<sup>91</sup>, but must be sustained and expanded to eastern ports like Onne and Calabar. This requires coordinated action between port authorities, terminal operators, and state governments. The Nigerian Institute of Transport and the Federal University of Transportation, Daura, need enhanced research and training capacity to develop local expertise. Overhead is severely underfunded, risking operational efficiency across all agencies.



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

### 5.9 Aviation

Civil aviation is a vital pillar of Nigeria's transportation system and a key driver of its economy. As Africa's most populous nation, Nigeria serves as a major destination for over 22 foreign carriers, supported by Bilateral Air Services Agreements (BASAs) with numerous countries.<sup>92</sup> From Nigeria, travelers can fly

directly to global business hubs such as London, Paris, Frankfurt, New York, Johannesburg, Atlanta, Amsterdam, Dubai, and Jeddah (Nigerian Civil Aviation Authority [NCAA], 2025).

In recent years, domestic and international passenger traffic has grown steadily at an average annual rate of 10%.<sup>93</sup> Murtała

91. Elebeke, E. (2021, October 11). Truckers say e-call up ended years of port access extortion. *Businessday NG*. <https://businessday.ng/transport/article/truckers-say-e-call-up-ended-years-of-port-access-extortion/>

92. Nigerian Civil Aviation Authority. (n.d.). Home. Retrieved April 15, 2026, from <https://ncaa.gov.ng/>

93. The Sun Nigeria. (2026, April 15). Nigeria's international passenger, cargo traffic rise, domestic travel falls. <https://thesun.ng/nigerias-international-passenger-cargo-traffic-rise-domestic-travel-falls/>

Muhammed International Airport (MMIA) in Lagos the country's primary gateway accounts for over 60% of total passenger and aircraft movement (Federal Airports Authority of Nigeria [FAAN], 2024). This consistent growth has stimulated a thriving airport service industry, driven not only by private-sector profitability but also by innovation and strong customer focus. The Federal Government is actively repositioning MMIA as a regional aviation hub, complemented by the Nigerian Airspace Management Agency (NAMA), which has invested heavily in modern navigational facilities, including new radar systems and advanced landing aids.<sup>94</sup>

Passenger traffic is projected to rise from 15.8 million in 2023 to 25.7 million by 2029, a growth trajectory attributed to ongoing strategic reforms (NCAA, 2025).<sup>95</sup> Nigeria's international airports particularly in Abuja, Calabar, Kano, Lagos, and Port Harcourt are also leading cargo centers.<sup>96</sup> The air-freight segment is sustained by a network of shippers, airlines, courier firms (e.g., UPS, DHL), and handling companies (e.g., NAHCO, SAHCOL). Together, all stakeholders airlines, passengers, crew, and service providers operate in synergy to deliver a safe, economically sound air transport system that meets national and international standards.

Despite this positive outlook, the sector faces significant challenges. High operating costs, weak infrastructure, and inflationary pressures persist. Notably, approximately 40% of an airline ticket's value in Nigeria is attributed to taxes and charges.<sup>97</sup> It was learnt that on each ticket sold to passengers, airlines are made to pay 5% ticket sales charge, 5% cargo sales charge, 5% value-added tax, passenger service charge, charter sales charge, aircraft inspection fees, simulator inspection fees, landing charges and parking charges. Other include terminal navigational charge, enroute charge, fuel surcharge, airport space rent, electricity charges, apron pass, ramp access charges, overhead charges (ODC) and a newly imposed registration fee, all of which are paid

to government agencies.<sup>98</sup> Commendably, Nigeria has recorded fewer than 1,500 aviation fatalities in 100 years. Compared to other transport modes, this strong safety record should inspire public confidence in the sector.<sup>99</sup>

Nevertheless, Nigeria's aviation industry is poised for a major overhaul. Ongoing reforms and infrastructure upgrades are expected to position the country as a continental aviation leader. The government's commitment to workforce development and inter-institutional partnerships aims to ensure that skilled talent keeps pace with sector growth.<sup>100</sup> Overall, Nigerian aviation stands at a critical juncture, with substantial potential for transformation and expansion in the coming years.

In 2026, the Federal Ministry of Aviation received an allocation of N87.31bn, which is N25.88bn (29.64%) nominally less than its N113.19bn allocation in 2025. The Federal Ministry of Aviation and Aerospace is the dominant spender, with a total budget of N50.65bn, representing 58.01% of the sector budget. Its spending is heavily influenced by a very large capital expenditure of N48.55bn, while personnel N1.35bn and overhead N745,744mn are relatively small. This suggests that the ministry's financial emphasis is more on development projects and infrastructure than on recurring administrative costs. The next highest is the Nigerian Meteorological Agency (NIMET) with N11.85bn (13.56%). Unlike the ministry, NIMET has substantial personnel N9.15bn and moderate overhead N393,734mn, while capital expenditure N2.29bn is comparatively lower. This pattern indicates a stronger operational/people-cost orientation, likely driven by continuous weather observation and service delivery requirements. Nigerian College of Aviation Technology, Zaria receives N11.28bn (12.92%), showing a balance between personnel N4.28bn and overhead N464.444mn with capital expenditure N6.54bn also significant. This suggests investment in training capacity and institutional development alongside staff costs.

94. Okeke-Korieocha, I. (2025, September 5). Why contractor building N712bn Lagos airport terminal will 'extend' work by 3 months. *Businessday NG*. <https://businessday.ng/news/article/why-contractor-building-n712bn-lagos-airport-terminal-will-delay-work-for-3-months/>

95. *Nigeria Tribune* (2024, Oct 24). NCAA predicts passengers' traffic to increase to 25.73 million by 2029 NCAA predicts passengers' traffic to increase to 25.73 million by 2029

96. *Manpower Nigeria*. (n.d.). List of cargo airports in Nigeria. Diakses pada 30 April 2026. dari <https://www.manpower.com.ng/lists/cargo-airports>

97. *Punch* (2025, Nov 29). Taxes responsible for over 70% of airline ticket cost -Aircraft owners Taxes Make Up Over 70% of Airline Ticket Costs in Nigeria

98. *Business day* (2022, May 3). *Explainer: How taxes, surcharges drive up airfares in Nigeria* *Explainer: How taxes, surcharges drive up airfares in Nigeria* - *Businessday NG*

99. *Business day* (2022, May 3). *Explainer: How taxes, surcharges drive up airfares in Nigeria* *Explainer: How taxes, surcharges drive up airfares in Nigeria* - *Businessday NG*

100. Agbakwuru, J. (2025, October 30). FG reaffirms commitment to promoting decent jobs. *Vanguard News*. <https://www.vanguardngr.com/2025/10/fg-reaffirms-commitment-to-promoting-decent-jobs/>

Two agencies receive smaller overall allocations but are still meaningful. Nigeria Airspace Management Agency has N6.3bn (7.22%), all largely concentrated in capital expenditure, implying major investment needs (e.g., air navigation infrastructure) with minimal recurring costs. Nigeria Safety Investigation Bureau (NSIB) gets N7.24bn (8.30%), with zero personnel but notable overhead and

capital expenditure, suggesting a lean staffing model with project/operational spending.

Overall, the sector budget totals N87.31bn, and the distribution is skewed toward the federal ministry headquarters (over half of the budget), while other MDAs collectively account for the remaining 42%, reflecting both administrative leadership and targeted service/infrastructure funding.

Table 33: 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

The top 10 allocations in the 2026 Approved Budget for the Federal Ministry of Aviation and Aerospace Development prioritize airport infrastructure, safety, and capacity building, with the largest sums of N5bn each going to the construction of the ministry’s corporate HQ and staff accommodation and to nationwide safety and security critical projects, including airport certification support and disabled aircraft recovery equipment. A further N4bn is earmarked as a refund connected to the construction of an airport in Birnin Kebbi State, while N3.5bn each supports the completion of a runway at the Nigerian College of Aviation Technology, Zaria and the direct procurement for expansion of Jotron extended-range high-power standby/VHF (Very High

Frequency) radio-over-satellite network capabilities. The budget also funds long-term sector development through N3bn for an Aerospace University in Abuja, N2bn for power/energy improvement across Lagos and other airports, N2bn for rehabilitation and development of the Osubi airstrip in Delta State, and N2bn for establishing NCAT (Nigerian College of Aviation Technology) annexes across five geopolitical zones. Additional operational upgrades include N1.4bn for safe tower upgrades and VCCS (Vice-Chancellor of Central Services) at major airports (Lagos, Abuja, Kano, Port Harcourt and Lagos VCCS), reflecting a broad approach to strengthening aviation readiness and service delivery.



Table 34: Top 10 Allocations in the 2026 Approved Budget for the Federal Ministry of Aviation

Implementing MDA	ERGP Code	Project Name	Amount (N)
FEDERAL MINISTRY OF AVIATION AND AEROSPACE DEVELOPMENT - HQTRS	ERGP31141946	CONSTRUCTION OF CORPORATE HQ BUILDING AND STAFF ACCOMMODATION FOR FMA & IT'S AGENCIES	5,000,000,000
FEDERAL MINISTRY OF AVIATION AND AEROSPACE DEVELOPMENT - HQTRS	ERGP31144725	SAFETY AND SECURITY CRITICAL PROJECTS AND AIRPORT CERTIFICATION NATION WIDE/ ETC (CAT 3 AFL, DISABLED AIRCRAFT RECOVERY EQUIPMENT)	5,000,000,000
FEDERAL MINISTRY OF AVIATION AND AEROSPACE DEVELOPMENT - HQTRS	ERGP31141740	REFUND FOR THE CONSTRUCTION OF AIRPORT AT BIRNIN KEBBI STATE (Ref No. SGF.OP/1/5.3/VIII)	4,000,000,000
NIGERIAN COLLEGE OF AVIATION TECHNOLOGY-ZARIA	ERGP31237529	COMPLETION OF RUNAWAY	3,500,000,000
NIGERIAN COLLEGE OF AVIATION TECHNOLOGY-ZARIA	ERGP31233718	DIRECT PROCUREMENT FOR THE EXPANSION OF THE JOTRON EXTENDED RANGE HIGH POWER STAND ALONG VHF RADIO OVER SATELLITE NETWORK IN	3,500,000,000
FEDERAL MINISTRY OF AVIATION AND AEROSPACE DEVELOPMENT - HQTRS	ERGP31157357	DEVELOPMENT OF AEROSPACE UNIVERSITY ABUJA	3,000,000,000
FEDERAL MINISTRY OF AVIATION AND AEROSPACE DEVELOPMENT - HQTRS	ERGP10145419	POWER/ ENERGY IMPROVEMENT AT LAGOS AND OTHER AIRPORTS/IPP ABJ.	2,000,000,000
FEDERAL MINISTRY OF AVIATION AND AEROSPACE DEVELOPMENT - HQTRS	ERGP31206270	REHABILITATION / DEVELOPMENT OF OSUBI AIRSTRIP, DELTA STATE	2,000,000,000
FEDERAL MINISTRY OF AVIATION AND AEROSPACE DEVELOPMENT - HQTRS	ERGP31224058	ESTABLISHMENT OF NIGERIA COLLEGE OF AVIATION TECHNOLOGY ANNEXES IN FIVE GEO POLITICAL ZONES (AKURE, OSUBI, EBONYI, ILORIN AND YOLA)	2,000,000,000
NIGERIA AIRSPACE MANAGEMENT AGENCY	ERGP31233723	SAFE TOWER UPGRADE FOR THE FOUR MAJOR AIRPORTS LAGOS, ABUJA, KANO, PHC AND LAGOS VCCS	1,400,000,000

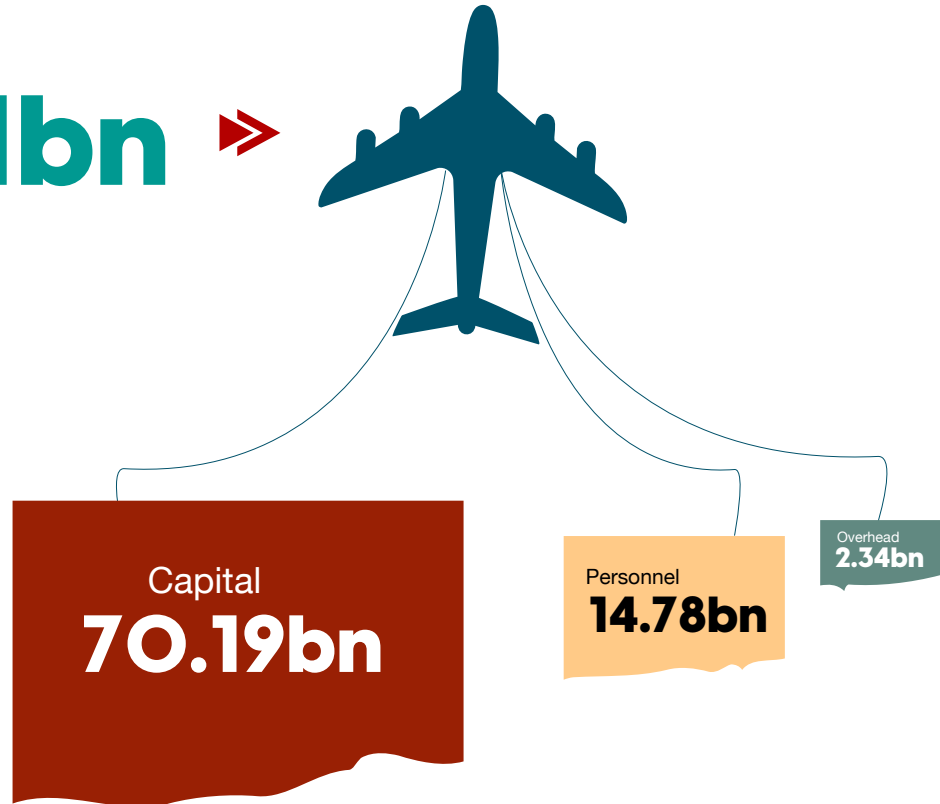
Source: 2026 Appropriation Act, Federal Republic of Nigeria



Total Budget

**87.31bn** ➤

Unit in NGN



### How Can the Sector Be Improved?

Despite Nigeria's position as a major aviation market in Africa, the sector faces structural challenges that require urgent attention. Addressing the high cost of air travel is critical. With approximately 40% of an airline ticket's value consumed by taxes and charges, Nigeria risks pricing itself out of the regional market. A comprehensive review of aeronautical charges, regulatory levies, and multiple taxation layers is needed to enhance affordability without compromising safety or service quality.

Also infrastructure modernization must accelerate. The 2026 budget allocates significant sums for airport certification, runway completion, and air navigation upgrades. However, Murtala Muhammed International Airport still handles over 60% of passenger traffic, creating congestion and inefficiency. Developing secondary airports in Calabar, Kano, and Port Harcourt as viable alternatives would relieve pressure on Lagos while stimulating regional economic activity. The sector's sustained investment in air navigation infrastructure is also essential. The Nigeria Airspace Management Agency's allocation for

safe tower upgrades and VHF radio expansion is positive, but modernizing radar coverage, implementing performance-based navigation, and ensuring redundant systems are needed to meet international safety standards and reduce flight delays.

Workforce development and training capacity must keep pace with projected passenger growth from 15.8 million to 25.7 million by 2029. The Nigerian College of Aviation Technology, Zaria, requires expanded facilities and updated curricula to produce sufficient pilots, engineers, and air traffic controllers. The proposed NCAT (Nigerian College of Aviation Technology) annexes across five geopolitical zones, funded in 2026, is a welcome step but requires timely implementation. Finally, enhancing regional competitiveness requires Nigeria to learn from peers like South Africa, which leads the continent in airport quality. Strengthening public-private partnerships, improving passenger experience, and aggressively pursuing transit passenger traffic can reposition Nigeria as a true West African aviation hub. Without these reforms, the projected growth trajectory may remain unrealized.



**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 remains severely underfunded and inequitably distributed, leaving the majority of citizens without reliable access to safe water. 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.<sup>101</sup> This translates to over 113 million Nigerians lacking safely managed water services, with women and girls disproportionately burdened by the daily struggle to fetch water.<sup>102</sup> Despite decades of national and international interventions, Nigeria's water crisis has intensified, undermining health, education, productivity, and social fairness. The challenges of water availability and affordability remain starkly evident, from remote rural settlements to crowded urban centers. The core problem is not a lack of water resources but a systemic failure to harness them equitably, ensure their safety, and distribute them affordably and sustainably. Consequently, years of chronic underinvestment, weak governance, deteriorating infrastructure, and environmental degradation have created a profound disconnect between the nation's water wealth and its people's access to clean water.

Despite these challenges, Nigeria possesses enormous untapped water resources that could drive agricultural transformation and renewable energy generation. Official data indicates the country has 3.14 million hectares

of irrigable land, yet less than 20% is currently utilized.<sup>103</sup> In response, the Federal Government launched the \$500 million Sustainable Power and Irrigation for Nigeria (SPIN) Project in March 2026, aiming to rehabilitate 40,000 hectares of irrigated land, improve dam safety across over 400 dams, and support hydropower generation.<sup>104</sup> Additionally, the Ikom Multipurpose Dam in Cross River State is being structured under a Public-Private Partnership to generate 250MW of renewable hydropower, while the Balanga Dam in Gombe State is being converted into a renewable-energy and agro-industrial hub supplying 620 kilowatts of clean energy.<sup>105</sup> Realizing this potential requires a fundamental shift from government-dominated funding to structured private sector participation. With the government targeting expansion of irrigated land to 500,000 hectares by 2030,<sup>106</sup> the water sector could become a major driver of food security, energy independence, and economic diversification, if governance reforms and investment flows are sustained.

In 2026, the Federal Ministry of Water Resources and Sanitation sector budget received a total N629.67bn allocation across MDAs, with the budget distribution heavily weighted toward capital expenditure. Across the sector, capital spending totals N606.46bn, far exceeding personnel figures of N19.19bn and overhead N4.01bn. This indicates that the sector is primarily focused on infrastructure, projects, and long-term water resources development rather than routine administrative costs.

101. Chibueze, J. (2026, March 27). Only 249 out of 774 local council areas have pipe-borne water. *The Guardian Nigeria*. "Only 249 out of 774 local council areas have pipe-borne water"

102. World Health Organization. (2023, July 6). *Women and girls bear brunt of water and sanitation crisis – new UNICEF-WHO report* (Joint News Release). World Health Organization. *Women and girls bear brunt of water and sanitation crisis – new UNICEF-WHO report*

103. Oyero, K. (2024, May 14). Only 88,950 out of 3.4 million hectares irrigated, agric outputs suffer. *Punch Newspapers*. <https://punchng.com/only-88950-out-of-3-4-million-hectares-irrigated-agric-outputs-suffer/>

104. Tolu-Kolawole, D. (2026, March 10). FG unveils \$500m SPIN project for irrigation, dam safety. *Punch Newspapers*. <https://punchng.com/fg-unveils-500m-spin-project-for-irrigation-dam-safety/>

105. *Punch*. (2026, March, 12). FG finalises PPP for 250MW Ikom dam hydropower project. *FG finalises PPP for 250MW Ikom dam hydropower project*

106. Onwuika, A. (2026, March 11). SPIN project targets 500,000 hectares for irrigation, hydropower generation – Minister. *Vanguard News*.

<https://www.vanguardngr.com/2026/03/spin-project-targets-500000-hectares-for-irrigation-hydropower-generation-minister/>

At the top beneficiary, Hadejia–Jama’are RBDA receives the largest share of the sector budget: N159.50bn (25.33%), with its funding overwhelmingly tied to capital expenditure (N158.09bn). This suggests that drought control, water development, and large-scale basin projects likely drive spending in this area. The Federal Ministry of Water Resources and Sanitation – HQTRS is the next major recipient at N99.11bn (15.74%), again dominated by capital spending (N94.90bn). This indicates that even the headquarters’ role in the sector is strongly linked to capital programs and policy implementation rather than payroll and operating costs. Among the other RBDAs, Sokoto Rima RBDA stands out with N65.92bn (10.47%) allocation, followed by Benin/Owena RBDA with N53.86bn (8.55%) and Ogun/Osun

RBDA with N45.57bn (7.24%). These allocations show a tiered structure where a few basin authorities capture meaningful portions of the capital envelope.

Smaller shares appear for agencies such as Cross River RBDA which received N10.03bn (1.59%), Lower Niger RBDA N8.07bn (1.28%), Anambra/Imo RBDA N6.77bn (1.08), and Nigeria Integrated Water Management Commission N1.99bn (0.32%) and, indicating narrower or more specialized programme funding. Overall, the distribution is highly concentrated: the largest two allocations (Hadejia–Jama’are and HQTRS) together account for roughly 41% of the sector budget, while most remaining MDAs receive smaller proportions.

Table 35: 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	650,999,872.00	222,561,546.00	44,693,915,754.00	45,567,477,172.00	7.24%



Table 35: Breakdown of Federal Ministry of Water Resources’ Budget by MDA

MDA	Personnel	Overhead	Capital	Total Allocation	% of the Sector Budget
SOKOTO RIMA RBDA	1,108,914,569.00	236,424,579.00	64,576,635,633.00	65,921,974,781.00	10.47%
UPPER BENUE 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%
UPPER NIGER RBDA 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 10 allocations in the 2026 Approved Budget for the Federal Ministry of Water Resources highlight a strong commitment to climate resilience, irrigation development, and access to potable water. The largest item is a multilateral/bilateral tied loan under the programme for integrated development and climate change adaptation (PIDACC) project for integrated development and adaptation to climate change, receiving N16.77bn. This is followed by the construction of the Ingawa/Dallaji Dam with N11.79bn, underscoring continued investment in large-scale water infrastructure. Complementing these major works, the Hadejia–Jama’are River Basin Development Authority (RBDA) is allocated N10bn for water projects in Dutse, Jigawa State through

multiple lots, as well as another N10n for the provision of solar-powered boreholes across six geopolitical zones to deliver portable water. Smaller but strategic research and support activities also appear, including N7.5bn for the National Poverty Water Research Programme by the National Water Resources Institute, Kaduna. The remaining allocations concentrate on regional irrigation and food production schemes under the Renewed Hope Agenda, including dam and irrigation rehabilitation, development of irrigation schemes, and the construction of small and medium earth dams, flood control structures, dikes, and erosion-control facilities across different river basin authorities, each largely funded at N7bn.



Table 36: Top 10 Allocations in the 2026 Approved Budget for the Federal Ministry of Water Resources

Implementing MDA	ERGP Code	Project Name	Amount (N)
FEDERAL MINISTRY OF WATER RESOURCES AND SANITATION - HQTRS	ERGP28234169	MULTILATERAL/BILATERAL TIED LOAN - NIGERIA PROGRAM FOR INTEGRATED DEVELOPMENT AND ADOPTATION TO CLIMATE CHANGE (PIDACC)	16,768,500,360
FEDERAL MINISTRY OF WATER RESOURCES AND SANITATION - HQTRS	ERGP28110251	CONSTRUCTION OF INGAWA/DALLAJI DAM	11,790,419,142
HADEJIA-JAMA'ARE RBDA	ERGP20277213	WATER PROJECT IN DUTSE, JIGAWA STATE (MULTIPLE LOTS)	10,000,000,000
HADEJIA-JAMA'ARE RBDA	ERGP20277214	PROVISION OF SOLAR POWERED BOREHOLES TO PROVIDE PORTABLE WATER FOR THE COMMUNITIES ACROSS 6 GEOPOLITICAL ZONES (MULTIPLE LOTS)	10,000,000,000
NATIONAL WATER RESOURCES INSTITUTE KADUNA	ERGP20277393	NATIONAL POVERTY WATER RESEARCH PROGRAMME (MULTIPLE LOTS)	7,500,000,000
FEDERAL MINISTRY OF WATER RESOURCES AND SANITATION - HQTRS	ERGP28234167	MULTILATERAL/BILATERAL TIED LOAN - NIGERIA SUSTAINABLE URBAN RURAL WATER AND SANITATION PROJECT	7,350,000,000
BENIN/ OWENA RBDA	ERGP12236277	CONSTRUCTION AND REHABILITATION OF AGRICULTURAL INFRASTRUCTURE (CANALS, RURAL ACCESS ROADS) AND CONSTRUCTION/COMPLETION OF IBONO IBOM DAM AND NKARI DAM, IN AKWA IBOM STATE TO SUPPORT FOOD PRODUCTION AND ACCESS TO MARKET CATCHMENT AREAS OF BENIN/OWENA RIVER BASIN DEVELOPMENT AUTHORITY UNDER THE RENEWED HOPE AGENDA (MULTIPLE LOTS)	7,000,000,000
CHAD BASIN RBDA	ERGP28236632	CONSTRUCTION OF SMALL AND MEDIUM EARTH DAMS IN THE CATCHMENT AREAS OF CHAD BASIN RIVER BASIN DEVELOPMENT AUTHORITY TO SUPPORT IRRIGATION FOR FOOD PRODUCTION TO SUPPORT THE RENEWED HOPE AGENDA (MULTIPLE LOTS)	7,000,000,000
HADEJIA-JAMA'ARE RBDA	ERGP28236877	REHABILITATION OF EXISTING AND DEVELOPMENT OF NEW IRRIGATION SCHEMES IN THE CATCHMENT AREAS OF HADEJIA-JAMA'ARE FOR FOOD SECURITY TO SUPPORT THE RENEWED HOPE AGENDA (MULTIPLE LOTS)	7,000,000,000
OGUN/ OSUN RBDA	ERGP19239262	CONSTRUCTION OF DIKES AND FLOOD /EROSION CONTROL STRUCTURES TO FREE MORE LANDS IN THE CATCHMENT AREAS OF OGUN-OSUN RIVER BASIN DEVELOPMENT AUTHORITY TO SUPPORT IRRIGATION FOR FOOD PRODUCTION TO	7,000,000,000

Source: 2026 Appropriation Act, Federal Republic of Nigeria



### How Can the Sector Be Improved?

Despite significant capital allocation, Nigeria's water sector requires fundamental restructuring to address the crisis where only a fraction of local government areas have pipe-borne water access. First, asset rehabilitation and maintenance culture must be prioritized. With very low functionality rates of existing water facilities, allocating capital for new dams while neglecting existing infrastructure is counterproductive. A dedicated, ring-fenced maintenance fund for each River Basin Development Authority (RBDA) should be established, alongside performance metrics for functionality rates.

Also private sector participation must accelerate. The SPIN Project and Ikom Dam PPP are promising models, but structured concessions, service contracts, and tariff reforms are needed to attract long-term investment. Water pricing that balances

affordability with cost recovery would reduce dependence on volatile government allocations. Irrigation expansion from the current low utilization of irrigable land requires not just dams but also farmer training, efficient water delivery systems like drip irrigation, and market linkages for increased agricultural output. Climate resilience integration across all RBDAs is essential. The PIDACC loan for climate adaptation is a start, but every dam, borehole, and irrigation scheme should embed climate risk assessments.

Finally, community participation and gender-sensitive design can improve sustainability. Women, who bear the brunt of water fetching, must be involved in facility siting, management committees, and maintenance training. Without these reforms, even historic budget increases will fail to deliver water security for the millions of Nigerians currently lacking safely managed services.



**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

Civil aviation is a vital pillar of Nigeria's Nigeria's solid minerals sector remains dramatically underdeveloped despite the nation's endowment with many commercially viable minerals. The solid minerals sector currently contributes less than 4% to Nigeria's Gross Domestic Product<sup>107</sup>, a stark reminder of the economy's continued over-reliance on crude oil revenues. The sector's contribution to export earnings remains far below its huge potential, hindered by informal operators, inadequate documentation, poor financing, failure to meet international standards, and weak governance. Despite illegal mining remaining rampant, the

Federal Government's Mining Marshals arrested over 300 illegal miners between March 2024 and March 2025 during their first year of operation. Close to 150 of those apprehended suspects have been prosecuted. The Marshals' early performance demonstrates some progress, though the persistence of widespread illegal mining suggests that significantly more enforcement capacity and deterrent action are still needed to curb the ongoing crisis.<sup>108</sup>

For 2026, the Federal Ministry of Solid Minerals Development overall ministry allocation across the six MDAs stands at N156.84bn and the distribution shows a strong concentration of funds in the capital

107. National Bureau of Statistics. (2025). "General Household Survey - Panel Wave 5 (Post-Planting) 2019-2020" [Data set]. NBS Microdata Catalog. <https://microdata.nigerianstat.gov.ng/index.php/catalog/147>

108. Guardian. (2025, April 20). Illegal mining: FG arrests 327 suspects, prosecutes 143. The Guardian. <https://guardian.ng/news/illegal-mining-fg-arrests-327-suspects-prosecutes-143/>

expenditure category, indicating that the sector’s main priority is physical development and program delivery rather than mainly administrative costs.

The Federal Ministry of Solid Minerals Development – HQTRS is the largest beneficiary, receiving N49.40bn which is 31.50% of the sector budget. Its spending is overwhelmingly capital-driven N46.04bn with comparatively small amounts for personnel N1.79bn and overhead N1.57bn. This pattern suggests the ministry likely funds major projects, reforms, and infrastructure-related activities. The Geological Survey Agency of Nigeria is the second-highest allocation at N45.42bn (28.96%). Like the HQTRS, it is dominated by capital expenditure N42.69bn although it has a larger personnel component N2.28bn than most other MDAs. This reflects the likely capital-intensity of geological

surveying, mapping, and related technical initiatives. The Solid Minerals Development Fund accounts for N30.76bn (19.62%) with capital expenditure of N30.17bn implying that the fund is primarily used to finance mining-related development activities.

Mid-sized allocations include the Mining Cadastral Office N20.09bn (12.81%) and the Nigerian Institute of Mining and Geosciences N10.58bn, (6.75%). Both still show capital expenditure as the largest component, though personnel is more visible for the institute, indicating a stronger staffing/operations role. Finally, the Council of Mining Engineering and Geosciences receives a relatively small share of N577.53mn (0.37%), with minimal capital and overhead. Overall, the budget breakdown indicates that the sector’s budgeting strategy is dominated by project and capital investments, led by the HQTRS, the geological survey agency, and the development fund.

Table 37: 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 10 allocations in the 2026 Approved Budget for the Federal Ministry of Solid Minerals Development reveal a strategic focus on surveillance, exploration, and capacity building. The largest single item, N7.65bn, is assigned to the Ministry’s headquarters for strengthening the Mines Surveillance Task Force using satellite monitoring. The Solid Minerals Development Fund dominates the next four slots: N6.83bn for preliminary exploration of polymetallic mineralization in the FCT, N6.66bn for barite and phosphate mining extension services in Cross River and Sokoto states, N6.50bn for metal recovery from mining dump sites in Gombe State via gravity separation, and N6.34bn for mineral

processing training for engineers and geologists. The Nigerian Institute of Mining and Geosciences receives N5.89bn for project vehicles, while the Geological Survey Agency gets N5.84bn for similar procurement plus another N3.01bn for international geological collaboration. The Ministry also allocates two additional headquarters items: N3.82bn for logistics support for the mines surveillance taskforce and another N3.82bn for rehabilitating its office buildings. Collectively, these investments signal a determined push to formalize artisanal mining, enhance geoscientific data, strengthen enforcement, and build technical expertise across the solid minerals value chain.

Table 38: Top 10 Allocations in the 2026 Approved Budget for the Federal Ministry of Solid Minerals Development

Implementing MDA	ERGP Code	Project Name	Amount (N)
FEDERAL MINISTRY OF SOLID MINERALS DEVELOPMENT - HQTRS	ERGP3213087	STRENGTHENING OF MINES SURVEILLANCE TASK FORCE IN COLLABORATION WITH RELEVANT AGENCIES (SATELLITE MOTORING)	7,645,953,681
SOLID MINERALS DEVELOPMENT FUND	ERGP30233156	PRELIMINARY EXPLORATION WORKS ON POLYMETALLIC Au-Pb-Zn-Cu MINERALIZATION AT BABBAN TSAUNI AREA, GWAGWALADA AREA COUNCIL FCT.	6,830,876,394
SOLID MINERALS DEVELOPMENT FUND	ERGP30233178	ECONOMIC EMPOWERMENT PROGRAM THROUGH EXTENSION SERVICES TO INDUSTRIAL MINERAL MINERS IN CROSS RIVER (BARYTE MINING) AND SOKOTO STATE (PHOSPHATE MINING)	6,660,429,634
SOLID MINERALS DEVELOPMENT FUND	ERGP30233158	Pb-Zn-Ag METAL RECOVER FROM SMALL-SCALE MINING DUMP SITE IN GOMBE STATE USING GRAVITY SEPARATION METHOD FOR ECONOMIC EMPOWERMENT OF LOCAL MINERS	6,499,566,225
SOLID MINERALS DEVELOPMENT FUND	ERGP30233162	CAPACITY BUILDING IN MINERAL PROCESSING FOR MINERAL ENGINEERS, GEOLOGIST AND MINING ENGINEERS	6,335,964,716
NIGERIAN INSTITUTE OF MINING AND GEOSCIENCES	ERGP3210881	PROCUREMENT OF PROJECT VEHICLES (3NOS OF NEW/FAIRLY USED HILUX VANS)	5,890,959,912
GEOLOGICAL SURVEY AGENCY OF NIGERIA	ERGP1229412	PROCUREMENT OF PROJECTS VEHICLES	5,843,312,851



FEDERAL MINISTRY OF SOLID MINERALS DEVELOPMENT - HQTRS	ERGP3210528	LOGISTICS SUPPORT FOR SPECIAL MINES SURVEILLANCE TASKFORCE	3,822,976,845
FEDERAL MINISTRY OF SOLID MINERALS DEVELOPMENT - HQTRS	ERGP3226523	REHABILITATION / REPAIRS OF SOLID MINERALS DEVELOPMENT HEADQUARTER OFFICE BUILDINGS	3,822,976,845
GEOLOGICAL SURVEY AGENCY OF NIGERIA	ERGP30229325	INTERNATIONAL GEOLOGICAL COLLABORATION FOR GEOSCIENCES	3,005,819,368

Source: 2026 Appropriation Act, Federal Republic of Nigeria

### How Can the Sector Be Improved?

Despite promising budget allocations, Nigeria's solid minerals sector requires sustained, multi pronged reforms to realize its potential. First, enforcement must scale dramatically. While the Mining Marshals' arrest of hundreds of illegal miners in their first year is commendable, rampant illegal mining persists. The government should streamline formalization by reducing bureaucratic and financial barriers that drive miners into the informal sector. By simplifying administrative requirements and lowering licensing costs, the government transforms illegal operators into legitimate contributors. Transitioning from a punitive approach to an incentive-based model offering technical support and simplified registration will encourage compliance. Ultimately, making the legal path more accessible than the informal one ensures that mining remains a productive, regulated industry that benefits both the miners' livelihoods and the national economy.

Second, geological data generation needs acceleration. The allocations for preliminary exploration and the Geological Survey Agency's international collaboration are positive steps, but Nigeria requires a comprehensive, digitized national geodatabase. This would de-risk private investment by providing reliable information on mineral locations, quantities, and grades, reducing speculative exploration costs for investors.

Third, financing mechanisms for artisanal and small-scale miners must be strengthened. The Solid Minerals Development Fund's allocations for metal recovery and extension services are useful,

but formalizing artisanal operators requires accessible credit, cooperative structures, and simplified licensing. The Mining Cadastral Office's budget should prioritize reducing licensing bottlenecks.

Fourth, infrastructure deficits hinder mineral transportation. Many mineral-rich areas lack roads, power, and water. Solid Minerals should collaborate with other ministries on mining corridor development.

Fifth, human capital development through the Nigerian Institute of Mining and Geosciences needs alignment with industry demands. Training programs for mineral engineers and geologists must emphasize modern beneficiation techniques, environmental management, and international standards compliance.

Finally, governance reforms are critical. Transparency in award of exploration licenses, community engagement frameworks, and environmental restoration bonds would attract serious investors. The government or relevant oversight body should investigate why the Council of Mining Engineering and Geosciences does not already enforce professional standards rigorously identifying specific barriers such as funding gaps, political interference, or regulatory ambiguity and then address those root causes directly, rather than simply calling for stricter enforcement without understanding the underlying obstacles. Without addressing these structural issues, even impressive capital investments may yield suboptimal returns.





**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 central to the country's diversification efforts, linking production, commerce, and global markets. Although manufacturing contributes only 8% to 10% to GDP, wholesale and retail trade drive a much larger share of economic activity.<sup>109</sup> Nigeria's large consumer market and strategic location make it a key player in regional trade under the African Continental Free Trade Area, serving as both a major destination and source of goods and services. The country attracts significant foreign direct investment in West Africa, supported by strong domestic demand and a growing entrepreneurial base.<sup>110</sup> However, challenges such as inadequate industrial infrastructure, high production costs, trade bottlenecks, and policy inconsistencies continue to constrain the sector. The 2026 budget offers a critical opportunity to increase targeted investments, enhance the ease of doing business, and strengthen Nigeria's position as a leading industrial and trade hub in Africa.

Nigeria's trade performance in 2025 provides important context for assessing the assumptions and priorities embedded within the 2026 Approved Budget, particularly for the Industry, Trade, and Investment sector. 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.

In Q4 2025, Nigeria's total merchandise trade stood at N36.21tn, a marginal 1.07% decline from N36.60tn in the corresponding quarter of 2024 and an 8.94% decline from Q3 2025. The slowdown in trade performance was largely

driven by a reduction in crude oil exports, which continue to dominate Nigeria's export structure and foreign exchange earnings. Despite a decline in trade volumes, Nigeria maintained a positive merchandise trade balance of N1.71tn in Q4 2025, reflecting continued export strength over imports. Exports accounted for 52.36% of total trade, valued at N18.96tn, a 5.25% decline from Q4 2024 and a sharper 16.88% decline from Q3 2025. This reduction highlights the sensitivity of Nigeria's external sector to fluctuations in global oil prices, production volumes, and foreign exchange market conditions.<sup>111</sup>

Crude oil remained the country's dominant export commodity during the quarter, with exports valued at N9.70tn, accounting for 51.17% of total exports. However, the data also indicate gradual improvements in non-crude exports. Non-crude oil exports stood at N9.26tn, representing 48.83% of total exports, while non-oil exports contributed N3.15trn or 16.59% of total exports. Although crude oil still accounts for the largest share of export earnings, the growing share of non-crude exports suggests modest progress toward export diversification and broader participation by other productive sectors in external trade.

Nevertheless, the relatively low contribution of non-oil exports continues to highlight structural weaknesses within Nigeria's industrial and manufacturing sectors. The economy remains heavily dependent on crude oil exports, while domestic industries continue to face constraints related to inadequate infrastructure, high energy costs, foreign exchange volatility, limited industrial financing, and weak production competitiveness. These challenges continue to limit Nigeria's capacity to expand value-added exports and reduce import dependence.

109. Kolawole, Y. (March 24, 2026). Nigeria: Manufacturing's GDP Contribution Slips to 8.05 Percent Despite Modest Growth. Vanguard News.

<https://www.vanguardngr.com/2026/03/manufacturings-gdp-contribution-slips-to-8-05-despite-modest-growth/>

110. (2025). Nigeria Foreign Direct Investment: % of GDP, 2010 – 2025. CEIC Data. <https://www.ceicdata.com/en/indicator/nigeria/foreign-direct-investment--of-nominal-gdp>

111. Nigeria Bureau of Statistic, L. (December 16, 2025). Foreign Trade in Goods Statistics. <https://microdata.nigerianstat.gov.ng/index.php/catalog/84>

The Federal Ministry of Industry, Trade, and Investment plays a central role in Nigeria’s economic transformation, especially as the country is in the critical phase of diversifying its economy beyond oil. For the 2026 fiscal year, the Ministry’s allocation is approximately

N156.82bn, a small portion of the N68.32tn national budget. Although this is a nominal increase from last year, it remains insufficient given the sector’s importance in industrialisation, export growth, and job creation.

Table 39: 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 (NADDC) 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
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 has demonstrated intentionality in capital expenditure allocations, particularly through targeted interventions such as providing and supplying grains to rural farmers in select South-South communities. These efforts are expected to enhance agricultural output and support both domestic consumption and export potential. Investments in entrepreneurship development training for youths within the Oil and Gas Free Trade Zone further indicate a commitment to strengthening local enterprise capacity and improving economic participation in host

communities. These initiatives are well-aligned and have the potential to drive productivity and inclusive growth. However, the sector remains constrained by expenditures that extend beyond its core mandate, indicating weak prioritization and suboptimal resource allocation. Given limited fiscal space, more rigorous scrutiny of projects is required to ensure that spending aligns with strategic objectives, delivers measurable impact, and avoids dilution through non-essential or poorly targeted interventions.

Table 40: Top 10 Allocations in the 2026 Approved Budget for the Federal Ministry of Industry, Trade and Investment

ERGP Code	Project Name	Status	Amount (NGN)
ERGP20273883	CONSTRUCTION OF MARKETS IN VARIOUS RURAL FARMING COMMUNITIES OF SELECTED SIX GEO POLITICAL ZONE OF NIGERIA(LOT 1-5)	ONGOING	3,500,000,000
ERGP20273874	ENTREPRENUESHIP DEVELOPMENT TRAINING OF YOUTHS IN THE OPERATING COMMUNITIES OF THE OIL AND GAS FREE TRADE ZONE OF A SOUTHERN STATE(LOT 1-10)	ONGOING	5,000,000,000.00
ERGP20273886	PROVISION/SUPPLY OF GRAINS TO RURAL FARMERS IN SELECTED COMMUNITIES OF SOUTH SOUTH STATES(LOT 1-10)	ONGOING	3,500,000,000
ERGP20273887	DEVELOPMENT & EQUIPPING OF SELECTED POLICE STATIONS IN SOUTH SOUTH GEO-POLITICAL ZONE (LOT 1-5)	ONGOING	3,500,000,000
ERGP20273889	PROVISION OF GRAINS TO RURAL FARMING COMMUNITIES OF THE FEDERATION (BATCH 1(A-C))	ONGOING	1,400,000,000
ERGP27168236	COMPLETION OF THE CONSTRUCTION OF ADMINISTRATIVE COMPLEX WITHIN THE TEXTILE AND GARMENT PARK, LEKKI, LAGOS. (PHASE II) ONGOING	ONGOING	700,000,000
ERGP20273894	CONSTRUCTION AND DRAINAGE OF SELECTED ROADS IN VARIOUS COMMUNITIES OF SOUTH WEST GEO POLITICAL ZONE LOT (1-7)	ONGOING	4,200,000,000
ERGP20273875	[SIC] CONSTRUCTON OF ACCOMMODATION FOR SCHOOL TEACHERS AND LECTURERS IN SELECTED SCHOOLS IN THE OPERATING COMMUNITIES OF THE OIL AND GAS FREE TRADE ZONE STATE (LOT 1-5)	ONGOING	5,000,000,00
ERGP20273876	CONSTRUCTION OF SCHOOL HALL IN SELECTED OF A SOUTHERN STATE OF THE OIL AND GAS FREE TRADE ZONE STATE (LOT 1-5)	ONGOING	5,000,000,000
ERGP20273878	CONSTRUCTION AND EQUIPPING OF UNIVERSITY EDUCATION CENTER IN LERE FEDERAL CONSTITUENCY, KADUNA STATE	ONGOING	1,000,000,000
ERGP20273877	CONSTRUCTION, PROVISION OF SOLARIZED BOREHOLE AND EQUIPPING OF BLOCKS OF CLASSROOMS IN VARIOUS SCHOOL COMMUNITIES IN SOUTH WEST ZONE OF NIGERIA (LOT A-J)	ONGOING	10,000,000,000

Source: 2026 Appropriation Act, Federal Republic of Nigeria



### **How Can the Sector Be Improved?**

The industry, trade, and investment sector is essential to Nigeria's long-term economic resilience. It drives value addition, boosts productivity, and increases Nigeria's participation in regional and global value chains. However, limited budget prioritisation restricts the Ministry's ability to implement large-scale industrial policies, support small and medium enterprises (SMEs), and attract sustained foreign investment.

Beyond federal allocations, there is growing recognition of the need for subnational collaboration to boost exports. Strategic partnerships among states particularly through regional economic blocs can unlock comparative advantages in agro-processing, solid minerals, and manufacturing. For instance, coordinated investments in export processing zones, shared logistics infrastructure, and harmonised regulatory frameworks can significantly reduce trade bottlenecks. States like Lagos, Ogun, and

Kano, working collaboratively, can create integrated industrial corridors that improve Nigeria's export competitiveness under frameworks such as the African Continental Free Trade Area (AfCFTA).

At the same time, improving capital importation remains critical and Nigeria must strengthen it. Nigeria can strengthen investor confidence by ensuring policy consistency, stable exchange rates, and regulatory transparency. Key reforms include streamlining business registration, improving contract enforcement, and making profit repatriation easier. Targeted incentives, such as tax holidays for export-oriented industries, special economic zones, and public-private partnerships, can further attract long-term foreign direct investment (FDI). A more deliberate and better-funded strategy is required. Aligning federal and state-level efforts with investor-friendly policies will be key to unlocking the full potential of industry, trade, and investment as engines of sustainable economic growth.



***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 was created to build a Nigerian Society that guarantees equal access to social, economic and wealth creation opportunities to all, irrespective of gender, places premium on protection of the child, the aged and persons with disabilities; focuses attention of key operators in both private and public sectors on mainstreaming the concerns of these groups of people in national development process.<sup>112</sup>

In the 2026 approved budget the ministry was allocated a total sum of N169.39bn which is a 37.8% nominal growth from the N122.92bn approved in 2025. From the total allocation, N134.31bn went to the ministry's headquarters and N35.09bn to the National Centre for Women Development. The lion share of the funding went to capex with N165.47bn (97.68%), personal cost of N2.66bn and overhead cost of N1.25bn made the balance share of 1.57% and 0.7% respectively.

112. Federal Ministry of Women Affairs. (n.d.). Federal Ministry of Women Affairs. <https://womenaffairs.gov.ng>

Total Budget

**169.39bn** ➤

Unit in NGN

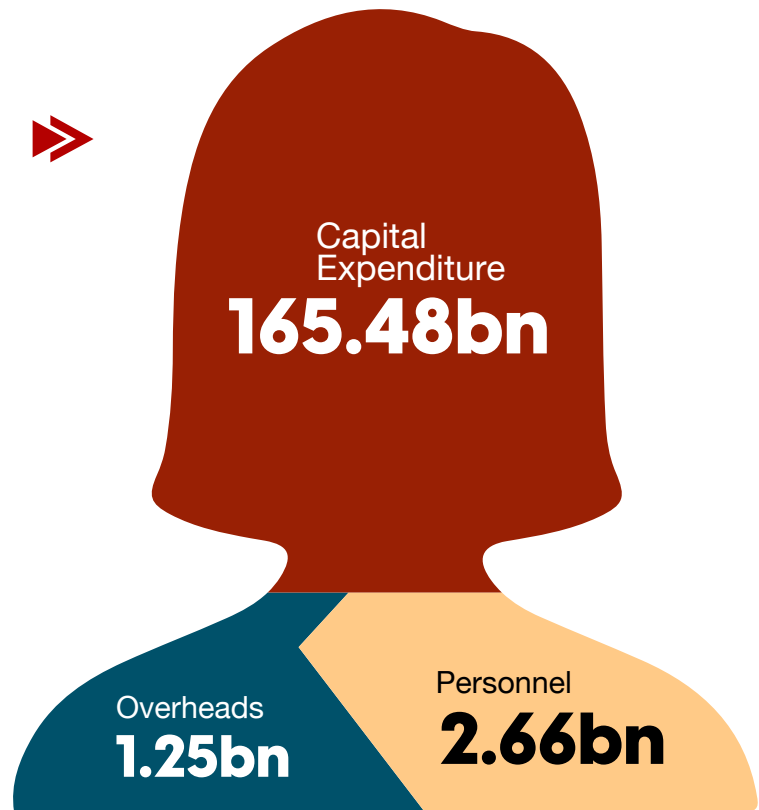


Table 41: Breakdown of Federal Ministry of Women Affairs and Social Development Budget by MDA

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

It is important to note that N107.17bn (63.26%) of the capital project is a Multilateral/Bilateral tied loan for the World Bank Nigeria for Women Project, down from the N122.92bn allocated in the 2025 approved budget. This allocation seems to boost the ministry's budget to seem huge or growing in size but the actual funding without a development partner project is less than

N65bn to serve the mandate of the ministry as well as run its recurrent obligations. The Women's Economic Empowerment (WEE) Policy, also experienced a drop in the allocations from N100mn in 2025 to N70.39mn in 2026, it is important to note that the policy is yet to get into full implementation hence, investment should be prioritized.

Table 42: Top 10 Allocations in the 2026 Approved Budget for the Federal Ministry of Women Affairs and Social Development.

ERGP Code	Project Name	Status	Amount (NGN)
ERGP1229237	WOMEN'S ECONOMIC EMPOWERMENT (WEE) POLICY	ONGOING	70,394,100
ERGP22234170	MULTILATERAL/BILATERAL TIED LOAN - NIGERIA FOR WOMEN PROJECT	ONGOING	107,175,000,000
ERGP22239562	PROVISION OF OPERATIONS FUNDS FOR MANAGEMENT OF EMERGENCY AND EMERGING ISSUES AFFECTING WOMEN, CHILDREN, FAMILIES AND OTHER VULNERABLE GROUPS ACROSS THE NATION (EGRP18229464)	ONGOING	1,050,000,000
ERGP22229449	COORDINATION OF THE HIGH-LEVEL ADVOCACY COUNCIL ON WOMEN'S ECONOMIC EMPOWERMENT (WEE) POLICY AND NATIONAL ACTION PLAN	ONGOING	70,000,000
ERGP22207216	DOMESTICATION OF AFRICAN (AU) UNION INITIATIVE ON STRENGTHENING REGIONAL AND NATIONAL CAPACITY AND ACTION AGAINST ONLINE CHILD SEXUAL EXPLOITATION AND ABUSE IN AFRICA.	ONGOING	160,619,435
ERGP30239459	ACCESS TO FINANCE, GRANTS FOR RURAL WOMEN AND OTHER VULNERABLE GROUPS NATIONWIDE	ONGOING	1,750,000,000
ERGP30239568	RENEWED AND HOPE EVERY HOME A GARDEN: HOME FARMING INITIATIVES FOR WOMEN IN URBAN AND RURAL AREA. (GRANT EQUIPMENT,AGRO INPUTS, TRAINING, SENSITIZATION)	ONGOING	1,750,000,000
ERGP22242668	CONSTRUCTION OF WOMEN DEVELOPMENT CENTRE IN KADUNA STATE (MULTIPLE LOTS)	ONGOING	1,400,000,000
ERGP30247539	NATIONWIDE SUPPLY OF E-MOBILITY EQUIPMENT AND SERVICES FOR WOMEN	NEW	2,000,000,000
ERGP30247576	GRANTS AND SUPPORT SERVICES TO WOMEN COOPERATIVES AND SELF HELP GROUPS	NEW	2,000,000,000
ERGP30239489	EMPOWERMENT OF GRASSROOTS WOMEN N AGRO ECONOMY AND AGRO PROCESSING NATIONWIDE INCULING PROVISION OF STARTUP GRANTS AND EQUIPMENT TO BOOST FOOD PRODUCTION AND INCOME GENERATION	ONGOING	1,750,000,00

Source: 2026 Appropriation Act, Federal Republic of Nigeria



### **How Can the Sector Be Improved?**

The 2026 approved capital expenditure line items under the ministry are mainly administrative projects, for a ministry that champions the Women Economic Empowerment Policy and Action Plan as well as the Gender Policy, one way the ministry can be improved is by shifting from being a largely policy-focused institution to one that delivers measurable outcomes. Implementation systems should be put in place to translate the ministry's goals into impacts. This can be done through strengthening monitoring and evaluation systems, by publishing annual scorecards on key indicators such as women's access to finance, gender-based violence case resolution rates, maternal health outcomes, etc. Availability of such information will improve transparency and make it easier

for citizens to track whether programs are working and yielding results.

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. The first step would be to adopt the costed framework for the policy and then advocate for more funding to the ministry and other relevant MDAs. This will shift line items from mostly administrative based to a more programmatic base which could include targeted business grants for women-led SMEs, financial literacy initiatives and stronger inclusion of women in government contracts and agricultural value chains. These reforms will 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**

The Communications and Digital Economy sector in Nigeria has become one of the most dynamic and resilient components of the national economy, contributing approximately 16% to 18% to GDP in recent years and surpassing traditional sectors such as oil in growth rates.<sup>113</sup> This progress is driven by rapid mobile adoption, the expansion of broadband infrastructure, and a robust fintech and startup ecosystem, positioning Nigeria as a leading digital hub within Africa.<sup>114</sup> With more than 200 million<sup>115</sup> active telecommunications subscriptions and a predominantly youthful, technologically adept population, Nigeria is home to several of the continent's most valuable technology companies and attracts a substantial portion of Africa's venture capital

investments<sup>116</sup>. 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. Nevertheless, despite its considerable scale and potential, the sector continues to face structural challenges such as infrastructure deficits, regulatory ambiguities, and foreign exchange limitations, which constrain its full potential.<sup>117</sup> Therefore, targeted investments and clear policy direction in the 2026 budget are essential to reinforce Nigeria's leadership in the digital economy and to facilitate further sectoral growth.

The Federal Ministry of Communications and Digital Economy's N85.56bn allocation in the 2026 budget, with N51.65bn for capital

113. (September 22, 2025). The Digital Economy contributed 14.4% to Nigeria's GDP growth in Q2 2025. Technext. <https://technext24.com/2025/09/22/digital-economy-contribute-14-nigeria/>  
 114. (July 22, 2025). Nigeria's Digital Economy Contributes 14.19% to Q1 2025 GDP Grows 3.13%. Nigerian Investment Promotion Commission. <https://www.invest.com/news/nigeria-digital-economy-contributes-14-19-q1-2025-gdp-grows-3-13-2507/>  
 115. (February 23, 2024). Active voice subscriptions in Nigeria reached 224.7 million in Q4 2023 - NBS. Nairametrics. <https://nairametrics.com/2024/02/23/active-voice-subscriptions-in-nigeria-reached-224-7-million-in-q4-2023-nbs/>  
 116. (February 23, 2024). Active voice subscriptions in Nigeria reached 224.7 million in Q4 2023 - NBS. Nairametrics. <https://nairametrics.com/2024/02/23/active-voice-subscriptions-in-nigeria-reached-224-7-million-in-q4-2023-nbs/>  
 117. Adio, A. (October 21, 2025). Nigeria's digital economy is losing its way, and its leaders are to blame. Nairametrics. <https://nairametrics.com/2025/10/21/nigerias-digital-economy-is-losing-its-way-and-its-leaders-are-to-blame/>

expenditure, N32.91bn for personnel, and N1bn for overhead, underscores ongoing underfunding in a sector critical to economic growth. While this is marginally higher than the proposed N84.56bn, it marks a significant drop from the N463.62bn approved in 2025, raising concerns about the government's commitment to Nigeria's digital transformation.

This limited funding coincides with significant structural challenges in the sector. A key issue is the widening skills gap. Despite a large youth population and rising interest in technology, available talent does not meet industry needs, especially in areas like artificial intelligence, cybersecurity, and advanced software engineering. Insufficient public investment in digital education, research, and innovation hubs worsens this gap, leaving much of the workforce unprepared for the global digital economy.<sup>118</sup>

Over the past year, the Federal Government of Nigeria has intensified efforts to position the country within the global artificial intelligence (AI) ecosystem through policy development, institutional reforms, and strategic partnerships. A major milestone was the launch of Nigeria's National Artificial Intelligence Strategy (NAIS), led by the Federal Ministry of Communications, Innovation and Digital Economy in collaboration with the National Information Technology Development Agency (NITDA). The strategy seeks to promote ethical and inclusive AI adoption across key sectors, including agriculture, healthcare, education, finance, and public governance, while also supporting job creation, innovation, and digital transformation.<sup>119</sup>

The government also expanded AI initiatives through partnerships with global technology firms and development organizations. In 2025, the Ministry partnered with Meta to launch the Llama Impact Accelerator Programme, supporting Nigerian startups building AI solutions in healthcare, security, and agriculture. Similarly, the Nigeria AI Scaling Hub, backed by the Gates Foundation with up to \$7.5 million over three years, was established to accelerate AI-driven solution deployment across the country.<sup>120</sup>

The government has promoted AI adoption within the public sector. At the Global Government Summit 2025, Nigeria unveiled "Service-Wise GPT," an AI-powered governance initiative to improve public service delivery and administrative efficiency. Institutions like the National Centre for Artificial Intelligence and Robotics (NCAIR) continue to support AI research, local language models, innovation hubs, and digital capacity development. Together, these initiatives reflect Nigeria's growing commitment to leveraging AI for economic growth, governance reform, and digital competitiveness.<sup>121</sup>

The continued dominance of foreign firms in Nigeria's tech ecosystem further complicates these challenges. Although international companies have expanded digital services and investment, their large presence often restricts the growth of local firms, especially in infrastructure ownership, data services, and platform economies.<sup>122</sup> This imbalance affects local value creation and raises concerns about data sovereignty and long-term economic control.

118. Oduwole, J. & Ibrahim, A. (November 11, 2025). How Nigeria's youthful population could help it become a digital talent powerhouse. *World Economic Forum*. <https://www.weforum.org/stories/2025/11/nigeria-youth-wave-skills-powerhouse/>

119. (2024). National Artificial Intelligence Strategy (NAIS) - Nigeria. *Regulations.AI*. <https://regulations.ai/regulations/RAI-NG-NA-NAISNXX-2024>

120. Afor, K. (June 4, 2025). Gates Foundation Backs Nigerian AI Scaling Hub with \$7.5M Boost. *News.ng*. <https://news.ng/gates-foundation-backs-nigerian-ai-scaling-hub-with-7-5m-boost/>

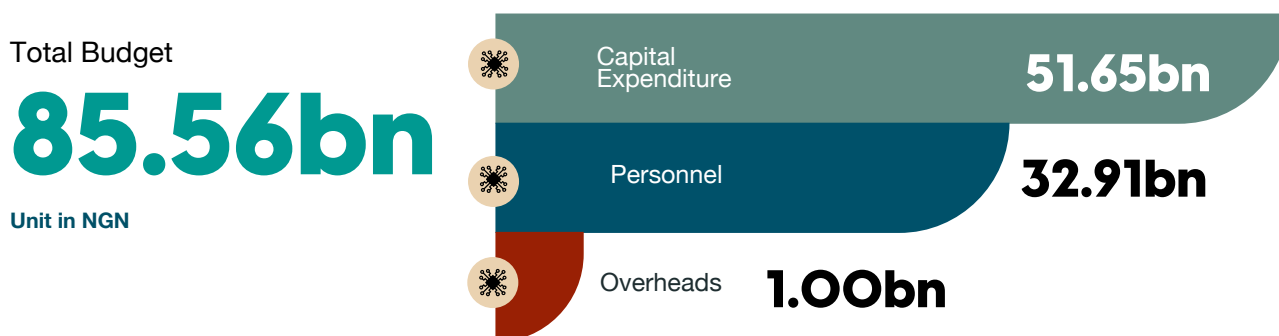
121. (2024). National Centre for Artificial Intelligence and Robotics. NCAIR, Abuja, Nigeria. <https://ncair.nitda.gov.ng/>

122. Ozibo, R. (December 11, 2025). Nigeria losing economic value to foreign markets despite tech push — Analyst. *Nairametrics*. <https://nairametrics.com/2025/12/11/nigeria-losing-economic-value-to-foreign-markets-despite-tech-push-analyst/>

Table 43: 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



Infrastructure deficits are another major constraint. Broadband penetration is improving but remains uneven, with significant gaps between urban and rural areas.<sup>123</sup> High internet costs, unreliable power supply, and limited digital infrastructure hinder innovation and scalability for startups and small businesses. Although capital expenditure is the largest part of the Ministry’s budget, overall funding may still fall short of the investment needed.

An analysis of major capital allocations to the Communications and Digital Economy sector demonstrates alignment with previously identified structural challenges, particularly deficiencies in digital infrastructure and

shortages in human capital and technical skills. Recent policy initiatives reinforce this focus, most notably through the Ministry’s implementation of the 3MTT (Three Million Technical Talent) programme, which directly addresses the shortage of skilled digital professionals.<sup>124</sup> Ongoing funding and expansion of this programme, together with investments in communication and innovation centres across the six geopolitical zones, indicate a more coordinated approach to developing both physical and human infrastructure. If implemented effectively, these interventions could substantially enhance digital capacity, increase productivity, and improve Nigeria’s competitiveness in the global digital economy.

123. Guo, D. & Ogbodo, J. N. (2026). Bridging the digital divide: a comparative study of digital literacy and access in rural communities in China and Nigeria. *Humanities and Social Sciences Communications* 13. <https://doi.org/10.1057/s41599-026-06553-0>

124. Federal Ministry of Communications, Innovation and Digital Economy. (2025). Homepage. Federal Government of Nigeria. Available at: <https://3mtt.nitda.gov.ng/>



Table 44: Top 10 Allocations in the 2026 Approved Budget for the Federal Ministry of Industry, Trade and Investment

ERGP Code	Project Name	Status	Amount(NGN)
ERGP29170033	NIGCOMSAT 2 PROJECT	ONGOING	420,973,718
ERGP1172553	NIGCOMSAT GROUND STATION UPGRADE	ONGOING	433,559,35
ERGP20269732	CONSTRUCTION AND EQUIPPING OF ICT CENTRES IN IKORODU FEDERAL CONSTITUENCY. (NITDA)	ONGOING	500,000,000
ERGP29244232	PROVISION OF FURNITURE, ICT TRAINING EQUIPMENTS AND CBT TOOLS AT THE INNOVATION [SIC] HUBAND DATA PROTECTION CENTRE IN IFESOWAPO COMMUNITY, IREPODUN/IFELODUN LOCAL GOVERNMENT AREA	ONGOING	595,000,000
ERGP30204044	INNOVATION AND COORDINATION OF THE MINISTRY'S POLICY PROGRAMMES	ONGOING	666,452,541
ERGP8204139	DIGITAL LITERACY, SKILLS AND JOB CREATION	ONGOING	749,962,939
ERGP30204129	DIGITAL BACKBONE AND DIGITAL PUBLIC INFRASTRUCTURE	ONGOING	772,026,840
ERGP1233047	KA BAND SERVICE AUTOMATION AND EXPANSION PROJECT	ONGOING	1,344,000,000
ERGP29244238	ONGOING CONSTRUCTION AND ESTABLISHMENT OF TRIPLEDULUXE NIGCOMSAT COMMUNITY INNOVATION DIGITAL HUBS (CEDIH) WITH SOLAR STREETLIGHTS IN	ONGOING	2,100,000,000
ERGP29244237	ESTABLISHMENT OF SIX TECHNOLOGY CENTRES OF EXCELLENCE IN SIX GEO POLITICAL ZONES	ONGOING	7,000,000,000
ERGP29234141	MULTILATERAL/BILATERAL TIED LOAN - NATIONAL INFORMATION COMMUNICATION TECHNOLOGY INFRASTRUCTURE BACKBONE (NICTIB) PHASE II PROJECT	ONGOING	30,000,000,00

Source: 2026 Appropriation Act, Federal Republic of Nigeria



### *How Can the Sector Be Improved?*

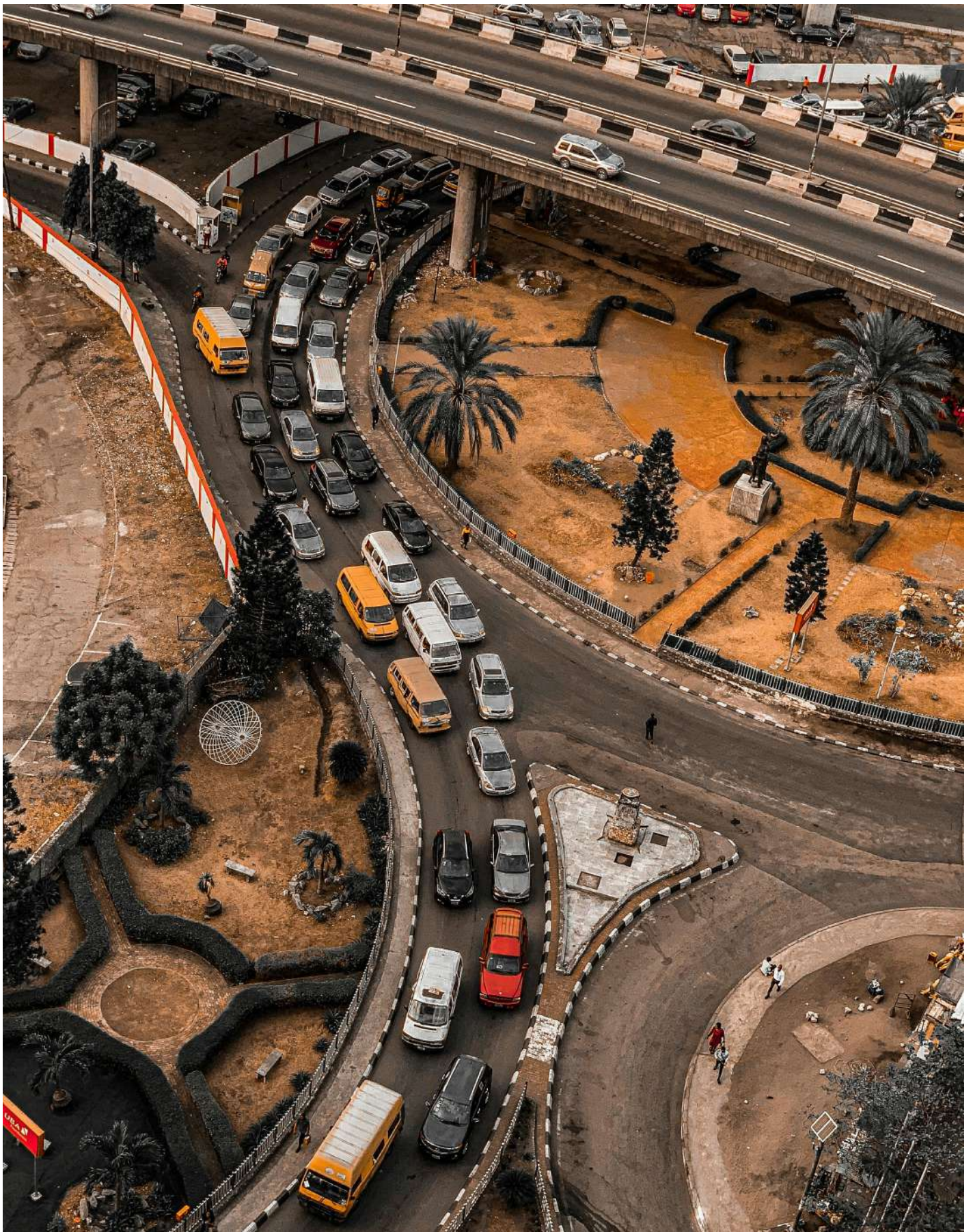
The 2026 capital expenditure for the communications and digital economy sector demonstrates a strategic, though limited, effort to prioritize key growth drivers. Funding is allocated to digital literacy and skills development, digital infrastructure expansion, and the construction and equipping of ICT centres nationwide. These priorities aim to strengthen both the human and physical foundations of a functional digital economy.

However, the sector should focus on building an integrated digital ecosystem. Skills development investments need to align with industry requirements to ensure training leads to employability and innovation. Infrastructure spending should prioritize scalable broadband access, especially in underserved and rural areas where digital exclusion is significant. Well-implemented ICT centres can become hubs for innovation, entrepreneurship, and digital inclusion.

Unlocking the sector's potential will require attracting private investment and strengthening public-private partnerships. Collaborations with telecom operators, technology firms, and development finance institutions can help bridge infrastructure gaps, expand broadband access, and support digital skills development. Encouraging local innovation through targeted grants, tax incentives, and regulatory support will also be essential to nurture homegrown technology leaders.

While the digital economy is one of Nigeria's most promising growth areas, the sharp budget reduction risks slowing progress at a critical time. A more deliberate approach, focused on increased investment, institutional reforms, and strong partnerships, is essential 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”, which is President Tinubu’s third budget, was approved late just like the budgets for the previous years. It is necessary that the National Assembly institutionalize a strict timetable mandating that the MTEF be debated, approved and published before the Appropriation Bill is presented. This will ensure disciplined adherence to the January-December fiscal cycle and prevent overlapping budget periods that cause fiscal confusion.

The 2026 budget, with an expenditure of N68.32tn and revenue of N36.87tn, indicates how ambitious the government is. However, it has been the norm over the years that the budget is unrealistic. It is time that our budget shifts towards evidence-based, accurate and achievable revenue projections that are sustainable. Over the years, revenue performance remains weak in our budgeting system and public trust in governance is fragile, hence, effective budget execution requires not only the publication of allocations but also the timely disclosure of execution reports. In Nigeria, approved budgets do not





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

necessarily translate into performance, as fund releases are opaque and untraceable.

The capital allocation in the 2026 fiscal year budget is N32.28tn, from an initial proposed figure of N23.21tn. While higher capital spending is often presented as evidence of a development-oriented budget, the central question is whether this spending is sufficiently strategic, disciplined, and tied to measurable economic outcomes or merely reflects inflated and recurrent capital line items that offer limited economic returns. Considering the country's historical challenges with budget implementation, project duplication, and weak monitoring, it is important to interrogate whether the proposed allocations are tied to productivity-enhancing investments capable of improving growth and service delivery. Also, 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.

The increasing burden of our debt service continues to deepen the country's fiscal fragility. In recent years, debt servicing costs have risen sharply, largely due to exchange rate volatility, the devaluation of the naira and more acquired loans. The pace of debt growth has outstripped revenue growth, causing debt service to absorb over 50% of revenues in the fiscal year. While borrowing is not the problem, unproductive application of debt is the problem. Persistent borrowing to finance budget deficits, rather than for productive investments, deepens fiscal vulnerability and exposes the country to exchange rate shocks.

## 6.2 Recommendations



### Executive

01

#### Strengthening Fiscal Discipline and Policy Credibility

The executive arm of government must prioritize credible macroeconomic assumptions, strict implementation discipline, and policy consistency to enhance budget effectiveness. A major challenge in Nigeria's budgeting system is over-optimistic revenue projections, particularly oil revenues, which expose the budget to fiscal risks. Therefore, political appointees should ensure that revenue forecasts are evidence-based and conservative to reduce mid-year distortions. When putting budget documents together, there is a need to focus on completing existing projects, which translates into limiting the introduction of new projects. The executive must also enforce zero tolerance for extra-budgetary spending and off-book expenditures, for example, the Lagos to Calabar coastal highway that does not exist in the budget in total allocations, which have historically weakened fiscal credibility. Adherence to the Fiscal Responsibility Act must be strengthened, and the timely publishing of budget implementation reports will improve transparency and trust, especially since gaps in reporting have left citizens unaware of how previous budgets were executed. This should ensure that there are sanctions and penalties for violations.



02

### Strengthening Capital Expenditure Efficiency Through Strategic Prioritization and Fiscal Discipline

Given current fiscal constraints, the government should adopt a Big Push approach to capital spending concentrating limited resources on a few strategically selected sectors capable of driving broad-based economic transformation. Rather than dispersing funds across numerous low-impact projects, priority should be given to critical areas such as infrastructure, education, and healthcare, where coordinated and substantial investment can unlock productivity, stimulate growth, and improve human capital outcomes. Equally important is ensuring that such expenditures are credible: backed by rigorous planning, realistic costing, and clear implementation frameworks. Strengthening procurement systems, eliminating inflated contracts, and resisting politically motivated insertions will be essential to maintaining the integrity of this approach. By focusing deeply rather than broadly, and by aligning spending with verifiable outcomes, the government can maximize impact, enhance efficiency, and rebuild confidence in the budget process.

03

### Adopt Strict Prioritization and Sequencing of Capital Expenditure

Given Nigeria's limited fiscal space and rising debt, the executive should stop spreading resources across too many projects. Instead, it should focus on high-impact, economically catalytic investments in infrastructure, education, healthcare, and the digital economy. Projects should be sequenced to complete ongoing initiatives before starting new ones, reducing abandoned projects and maximizing public spending returns. To address this challenge, the executive should implement a strict prioritization framework that channels limited public resources toward high-impact and economically catalytic projects capable of stimulating productivity, improving service delivery, and supporting long-term economic growth. Priority sectors should include critical infrastructure such as power, roads, rail, water systems, healthcare, education, agriculture, and the digital economy, particularly projects with strong multiplier effects on employment generation, private sector investment, and national competitiveness.



### Ministries, Departments and Agencies (MDAs)

01

### Enhancing Technical Capacity and Implementation Efficiency

One major challenge in Nigeria's budgeting process is weak implementation capacity, where capital projects are delayed, underfunded, or abandoned. In some cases, capital releases are inadequate or poorly executed, which weakens development outcomes. There is a need to strengthen the technical capacity of civil servants in planning, data analytics, project management and monitoring & evaluation. Civil servants need to adopt results-based budgeting and performance management systems that will link funding to measurable outputs and outcomes. MDAs should adopt digital budgeting and reporting systems, building on recent government efforts to digitize public service processes, to reduce inefficiencies, leakages, and delays. Strengthening the budget monitoring and evaluation function within MDAs will improve accountability and align spending with national development priorities. A functioning monitoring and evaluation system within MDAs will ensure that deviations from budget plans are quickly identified and corrected accordingly.



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

It is high time that the National Assembly shifts from a budget-inflating institution to a guardian of fiscal discipline. One of the most critical weaknesses in Nigeria's budgeting process is the insertion of large numbers of "constituency projects," which often distort national priorities and sabotage planning coherence. For instance, thousands of projects worth trillions of naira have been inserted into past budgets, raising concerns about inefficiency and corruption. Lawmakers should instead focus on rigorous scrutiny of budget proposals to ensure that there is alignment with medium-term national development plans and sectoral priorities. They should also strengthen their oversight role by enforcing strict compliance with budget implementation timelines, procurement laws, and audit recommendations. Legislative scrutiny must ensure that funds released for projects are effectively utilized and aligned with national priorities.

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 has a crucial role in bridging the gap between the government and citizens by simplifying complex budget information and promoting public accountability. Many Nigerians lack clarity on how budgets are implemented, which weakens public pressure for performance. Initiatives like those of BudgetIT (Tracka, Govspend) demonstrate how simplified data and visualisations can improve public understanding of government finances. These platforms and civic-tech tools can be leveraged by media organizations to translate budget data into accessible formats, enabling citizens to understand allocations and track implementation.

Citizens' engagement in the budget cycle is important for promoting transparency, accountability, and more inclusive governance. When citizens and CSOs actively participate in pre-budget consultations, legislative



public hearings, town hall meetings, and budget advocacy initiatives, government spending priorities are more likely to reflect the real needs of the people rather than narrow political interests or elite influence. This participatory approach can help draw attention to underfunded but socially critical sectors such as healthcare, quality education, infrastructure, agriculture, and social protection programmes that directly affect livelihoods and national development.

## 01

**Deepen Data-Driven and Investigative Budget Reporting**

The media has a critical role in bridging the information gap between government and citizens. By leveraging data and analytical tools, journalists can go beyond reporting budget figures to tracking actual releases, implementation progress, and project outcomes. This form of reporting helps to highlight discrepancies and keeps public attention focused on government performance.

The media should invest in data journalism and investigative journalism, which should focus on budget allocations, procurement processes, and project execution. By consistently reporting and exposing gaps between budget promises and actual outcomes, cases of corruption, waste, and abandoned projects, the media can deter mismanagement and pressure public officials to improve performance, transparency and accountability. The media can also use their platforms to facilitate citizen engagement and participatory budgeting, which can provide spaces for public discourse on national priorities and ensure that budgets reflect real societal needs rather than political interests.



Access disaggregated data on federal allocations and capital projects

all in one place.



The screenshot shows the budgit dashboard interface. At the top, there is a navigation menu with links for 'About Us', 'Budget Access', 'Focus Area', 'Infographics', 'Publications', 'Updates', 'NG', and a 'Donate' button. Below the navigation is a filter section for 'FEDERAL GOVERNMENT OF NIGERIA APPROVED BUDGET' with dropdown menus for 'Budget Year' (2024), 'Mother Ministry' (All), and 'Ministeries, Departments and Agencies (MDAs)' (All). A 'DOWNLOAD BUDGET' button is visible. The main content area displays five key budget metrics in dark blue boxes:

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

Below these metrics is a 'TOTAL EXPENDITURE BREAKDOWN' section with a horizontal bar chart showing the following categories and values:

Category	Value
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/](https://budgit.org/fg-budget-dashboard/)

