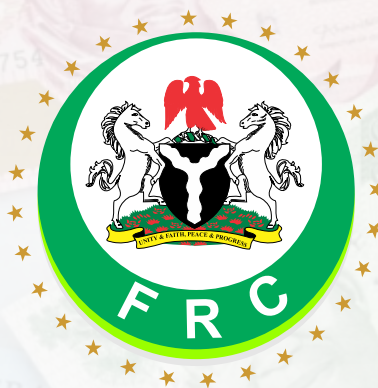
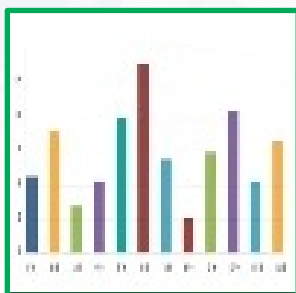




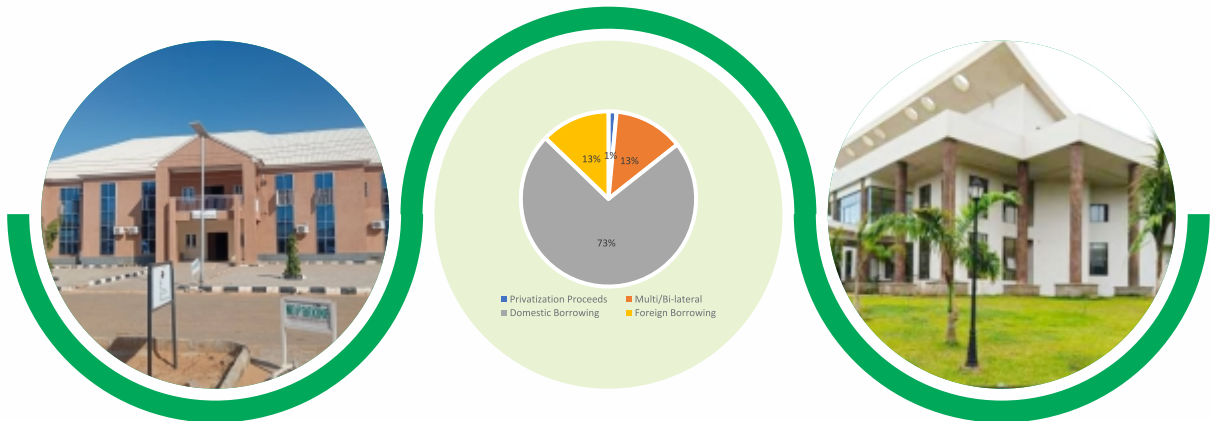
THE PRESIDENCY
FISCAL RESPONSIBILITY COMMISSION
FEDERAL REPUBLIC OF NIGERIA



2024 | ANNUAL FISCAL AND ANALYTICAL REPORT



THE PRESIDENCY
FISCAL RESPONSIBILITY COMMISSION
FEDERAL REPUBLIC OF NIGERIA



2024

ANNUAL FISCAL AND ANALYTICAL REPORT



VISION, MISSION AND VALUES



OUR VISION

A transparent and accountable government financial management framework for Nigeria.



OUR MISSION

To ensure that revenue raising policies, resource allocation decisions and debt management decisions are undertaken in a prudent, transparent and timely fashion.



OUR VALUES

- Integrity
- Truth
- Justice
- Prudence

TABLE OF CONTENT

VISION, MISSION AND VALUES -----	ii
TABLE OF CONTENT-----	iii
LIST OF ACRONYMS-----	iv
LIST OF TABLES-----	vi
CHAIRMAN’S STATEMENT-----	2
CHAPTER 1: THE MANDATE OF THE FISCAL RESPONSIBILITY COMMISSION-	6
CHAPTER 2: MONITORING THE BUDGETARY PROCESS -----	10
CHAPTER 3: BUDGETARY PLANNING OF CORPORATIONS AND OTHER RELATED AGENCIES-----	66
CHAPTER 4: BUDGETARY EXECUTION AND EXPENDITURE CONTROL OF FEDERAL GOVERNMENT PROJECTS-----	76
CHAPTER 5: DEBT, INDEBTEDNESS AND BORROWING-----	88
CHAPTER 6: RESEARCH AND STUDIES-----	112
CHAPTER 7: FISCAL POLICY MONITORING-----	124

LIST OF ACRONYMS

BPE	Bureau of Public Enterprises
CAC	Corporate Affairs Commission
CBN	Central Bank of Nigeria
CCB	Code of Conduct Bureau
CSOs	Civil Society Organizations
DFID	Department for International Development
DMO	Debt Management Office
EFCC	Economic and Financial Crimes Commission
DSA	Debt Sustainability Analysis
ECA	Excess Crude Account
ERGP	Economic Recovery and Growth Plan
FAAC	Federation Account Allocation Committee
FAAN	Federal Airport Authority of Nigeria
FCT	Federal Capital Territory
FEC	Federal Executive Council
FG	Federal Government
FIRS	Federal Inland Revenue Service
FGN	Federal Government of Nigeria
FMF	Federal Ministry of Finance
FOI	Freedom of Information Act
FRA	Fiscal Responsibility Act
FRC	Fiscal Responsibility Commission
GDP	Gross Domestic Product
GOE	Government Owned Enterprise
ICPC	Independent Corrupt Practices and Other Related Offences Commission
ICT	Information and Communications Technology
IGR	Internally Generated Revenue
IMF	International Monetary Fund
MDAs	Ministries Departments and Agencies
MTEF	Medium Term Expenditure Framework

NAC	National Automotive Council
NAFDAC	National Agency for Food & Drug Administration and Control
NAMA	Nigerian Airspace Management Agency
NASENI	National Agency for Science and Engineering Infrastructure
NASS	National Assembly
NBS	National Bureau of Statistics
NCAA	Nigerian Civil Aviation Authority
NCC	Nigerian Communications Commission
NCS	Nigeria Customs Service
NDIC	Nigeria Deposit Insurance Corporation
NIMASA	Nigerian Maritime Administration and Safety Agency
NIP	National Implementation Plan
NIRP	National Industrial Revolution Plan
NIS	Nigeria Immigration Service
NITDA	National Information Technology Development Agency
NNPC	Nigerian National Petroleum Corporation
NPA	Nigerian Ports Authority
NPC	National Planning Commission
NPS	Nigerian Postal Service
NSC	Nigerian Shippers Council
NSDC	National Sugar Development Council
NSITF	Nigeria Social Insurance Trust Fund
NTDC	Nigeria Tourism Development Commission
OAGF	Office of the Accountant General for the Federation
OPEC	Organization of Petroleum Exporting Countries
OSGF	Office of the Secretary to the Government of the Federation
RMRDC	Raw Materials Research and Development Council
SEC	Securities and Exchange Commission
SMEs	Small and Medium Scale Enterprises

LIST OF TABLES

Table 2.1	Key Parameters and Other Macroeconomic Projections:	13
Table 2.2	Federation Account – Main Pool, VAT and EMTL Revenue 2023 (2020 - 2026):... ..	15
Table 2.3	Overview of the Revenue Framework:	16
Table 2.4	Overview of the Expenditure Framework:... ..	17
Table 2.5	Deficit, Financing and Critical Ratios:	18
Table 2.6	Major Components of 2024 Budget in Comparison with 2023: ...	21
Table 2.7	Time of Submission and Approval of Budgets 2017 - 2025:... ..	22
Table 2.8	Highlight of 2024 Budget and 2024-2026 MTEF:	23
Table 2.9	Comparison of 2024 - 2026 MTEF with 2024 Annual Budget and the 2023 - 2025 MTEF with the 2023 Annual Budget:	25
Table 2.10	Comparison and Analysis of Fiscal Deficit and Deficit Financing Items:... ..	29
Table 2.11	Budget Deficit and Deficit Financing Items for 2023:... ..	30
Table 2.12	FGN Revenue Performance for the Half Year 2024 :	35
Table 2.13	Comparison and Analysis of Fiscal Deficit and Deficit Financing Items of the 2024 – 2025 MTEF and Approved Budget:	38
Table 2.14	Compare Projected vs Actual Fiscal Deficits for the Half of 2024: ...	39
Table 2.15	2023 MTEF vs Budget Expenditure Projections:... ..	44
Table 2.16	Comparison of 2023 MTEF With Approval 2023 Budget:	45
Table 2.17	2023 FGN Budget vs Actual Expenditure Performance General Overview: 47	
Table 2.18	Comparison of 2023 Approve Budget with Actual Expenditure: ...	48
Table 2.19	Comparison of Actual Expenditure/Approved 2023 Budget:	50
Table 2.20	2024 MTEF vs 2024 Budget Expenditure Projections:	51
Table 2.21	Summary of Recurrent Expenditure:(page 63):	52
Table 2.22	2024 FGN Half-Year Budget vs Actual Expenditure Performance General Overview:	54
Table 2.24	Capital Budget Utilization by MDAs as at December 31, 2023: ...	57
Table 3.1:	Revenue Returns Submitted by MDAs for 2024:	71
Table 3.2:	Summary of Revenue Performance of Some Agencies for 2014 - 2023: 72	
Table 5.1:	Summary of Public Debt Balance s as at December31, From 2020 - 2024: 89	
Table 5.2:	Nigeria's Total Public Debt As Percentage of GDP 2024:	90
Table 5.3:	Total Net Revenue of the 36 States 2024:	92
Table 5.4:	Debt Profile of Federal and State Governments as at December 31, 2024 94	

Table 5.5:	Proportion of Total Debt to Net Statutory Revenue of the 36 States in 2024	96
Table 5.6.1:	South-East Geo-political Zone: „	97
Table 5.6.2:	South-west Geo-political Zone:	98
Table 5.6.3:	South-south Geo-political Zone:	98
Table 5.6.4:	North-central Geo-political Zone:	99
Table 5.6.5:	North-east Geo-political Zone:	100
Table 5.6.6:	North-west Geo-Political Zone:	101
Table 5.6.7:	Analysis of Total Indebtedness and Total Net Revenue Allocation by Geo-Political Zones:	102
Table 6.1:	Budgetary Appropriation to Some Key Sectors of the Economy From 2021 to 2024:	114
Table 7.1:	Macroeconomic Fiscal Parameters – Budget and Actual From 2011 to 2021:	136
Table 7.2:	Forecast Errors Measured As Relative Change From Actuals:	136
Table 7.3:	Forecast Errors Measured in Percentage of GDP:	137



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Head Secretariat

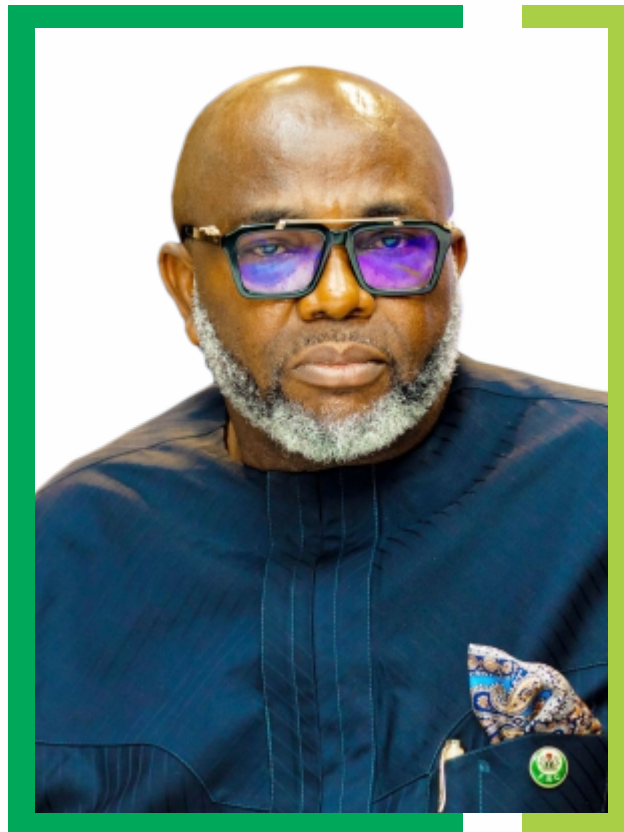


CHRIS UWADOKA
Special Adviser to the Chairman



**EXECUTIVE
CHAIRMAN'S
STATEMENT**

EXECUTIVE CHAIRMAN'S STATEMENT



It is my distinct privilege and honour to present the Fiscal Responsibility Commission's Fiscal and Analytical Report for the year ended 31 December 2024. This document reviews Nigeria's macroeconomic landscape and evaluates our nation's fiscal stewardship against international best practices, offering critical insights for sustainable economic governance.

The year 2024 witnessed Nigeria navigating complex global headwinds and domestic challenges with measured resilience. Despite persistent inflationary pressures and currency volatility, early signs of stabilization emerged through targeted policy interventions. Our economy maintained cautiously optimistic GDP growth, driven by renewed momentum in non-oil sectors including agriculture and services. The government's implementation of bold fiscal reforms in the previous year - notably fuel subsidy removal and exchange rate harmonization - signaled a steadfast commitment to long-term macroeconomic rebalancing. These foundations strengthened revenue efficiency, enhanced investor confidence, and positioned Nigeria for more sustainable resource management.

Against this backdrop, the Commission observed significant strides in fiscal governance. Enhanced non-oil revenue mobilisation was targeted through tax administration reforms and digitalisation initiatives. Transparency milestones were notably advanced, with improved compliance to the Fiscal Responsibility Act (2007). Furthermore, our physical verification exercises validated strategic alignment of capital expenditure with national development priorities.

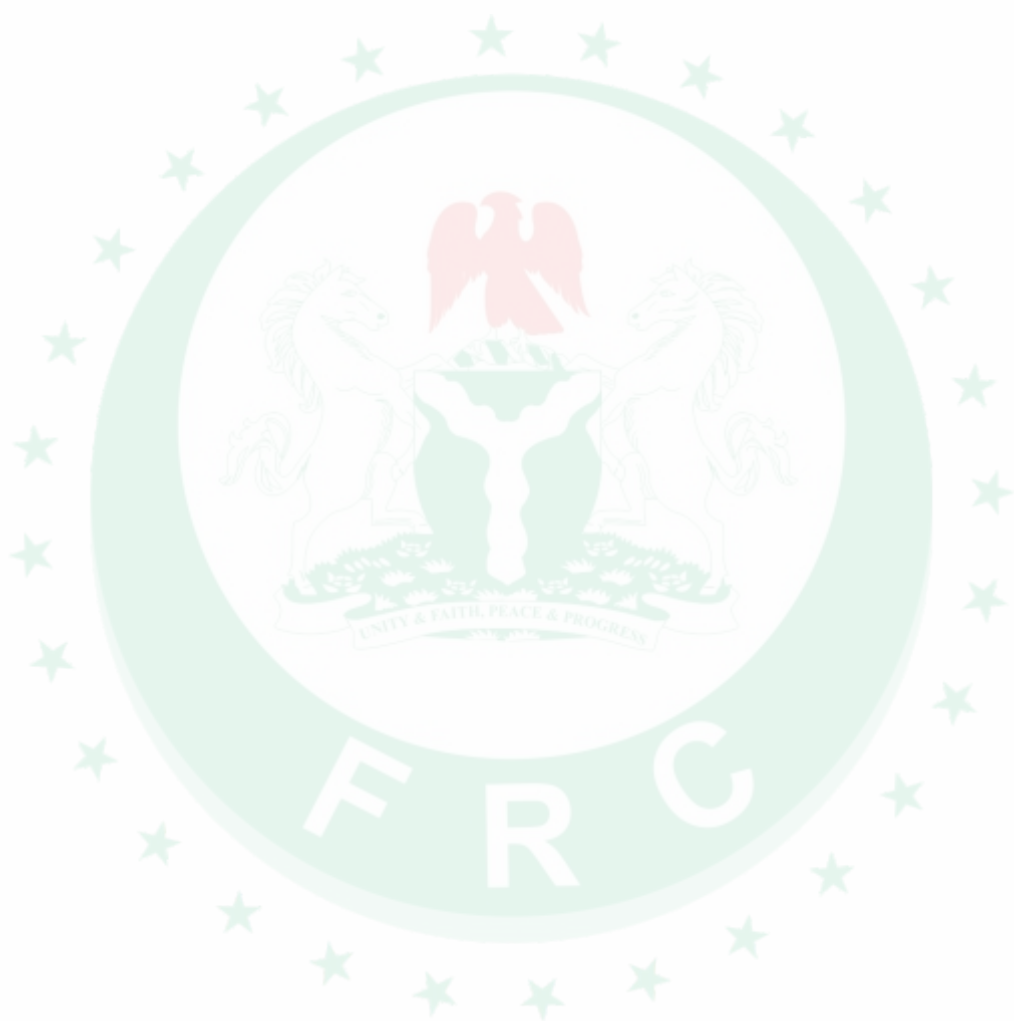
The report itself comprises seven analytically rigorous chapters. Chapter One outlines the Commission's mandate and legal foundations, setting the context for subsequent analysis. Chapter Two benchmarks Nigeria's 2024 fiscal policies against globally recognized standards including the Public Expenditure and Fiscal Accountability framework, the IMF Fiscal Transparency Code, and UNDP expenditure ratios. Building upon this foundation, Chapter Three assesses budgetary compliance of Government Corporations and Agencies under Sections 21–23 of the FRA 2007, with emphasis on revenue-expenditure estimates, operating surplus declarations, and prudential resource management. Chapter Four details findings from the Commission's nationwide capital project verification exercise.

Chapter Five provides a critical evaluation of debt management practices and sustainability safeguards, while Chapter Six presents original research on the efficacy of Nigeria's public sector budgeting against international best practices. Concluding the technical analysis, Chapter Seven examines transportation infrastructure challenges and their profound implications for macroeconomic development.

I extend profound gratitude to our partners across government institutions, civil society, and international organizations for their steadfast collaboration. As Nigeria advances its fiscal consolidation agenda, this report serves as both a testament to progress made and an indispensable resource for reinforcing accountability, transparency, and economic resilience in the years ahead.

Yours in Fiscal Responsibility,

Victor C. Muruako, Esq.,
Executive Chairman



A large green circle with a white border and a white downward-pointing triangle at the top, serving as a background for the chapter title.

CHAPTER

1

THE MANDATE OF THE FISCAL RESPONSIBILITY COMMISSION

CHAPTER

1

THE MANDATE OF THE
FISCAL RESPONSIBILITY
COMMISSION

The Fiscal Responsibility Act, 2007, was enacted “to provide for prudent management of the nation’s resources; ensure long term macroeconomic stability of the national economy; secure greater accountability and transparency in fiscal operations, within a Medium-Term Fiscal Policy Framework; and the establishment of the Fiscal Responsibility Commission to ensure the promotion and enforcement of the nation’s economic objectives, and for related matter”.

1.1 FUNCTIONS OF THE COMMISSION

The mandate of the Fiscal Responsibility Commission is encapsulated in Section 3 of the FRA, 2007, which specifies the functions of the Commission thus:

(1) *The Commission shall:*

- (a) monitor and enforce the provisions of this Act and by so doing, promote the economic objectives contained in Section 16 of the Constitution;
- (b) disseminate standard practices including international good practice that will result in greater efficiency in the allocation and management of public expenditure, revenue collection, debt control and transparency in fiscal matters;
- (c) undertake fiscal and financial studies, analysis and diagnosis and disseminate the result to the general public;
- (d) make rules for carrying out its functions under the Act; and
- (e) Perform any other function consistent with the promotion of the objectives of this Act.

(2) *The Commission shall be independent in the performance of its functions.*

According to the breakdown of the economic objectives contained in Section 16 of the Constitution of the Federal Republic of Nigeria the Commission is expected to promote the following:

- (i) Harness the resources of the nation and promote national prosperity and an efficient, dynamic and self-reliant economy;
- (ii) Control the national economy in such a manner as to secure the maximum welfare, freedom and happiness of every citizen on the basis of social justice and equality of status and opportunity;
- (iii) Manage or operate the major sectors of the economy as well as protect the right of every

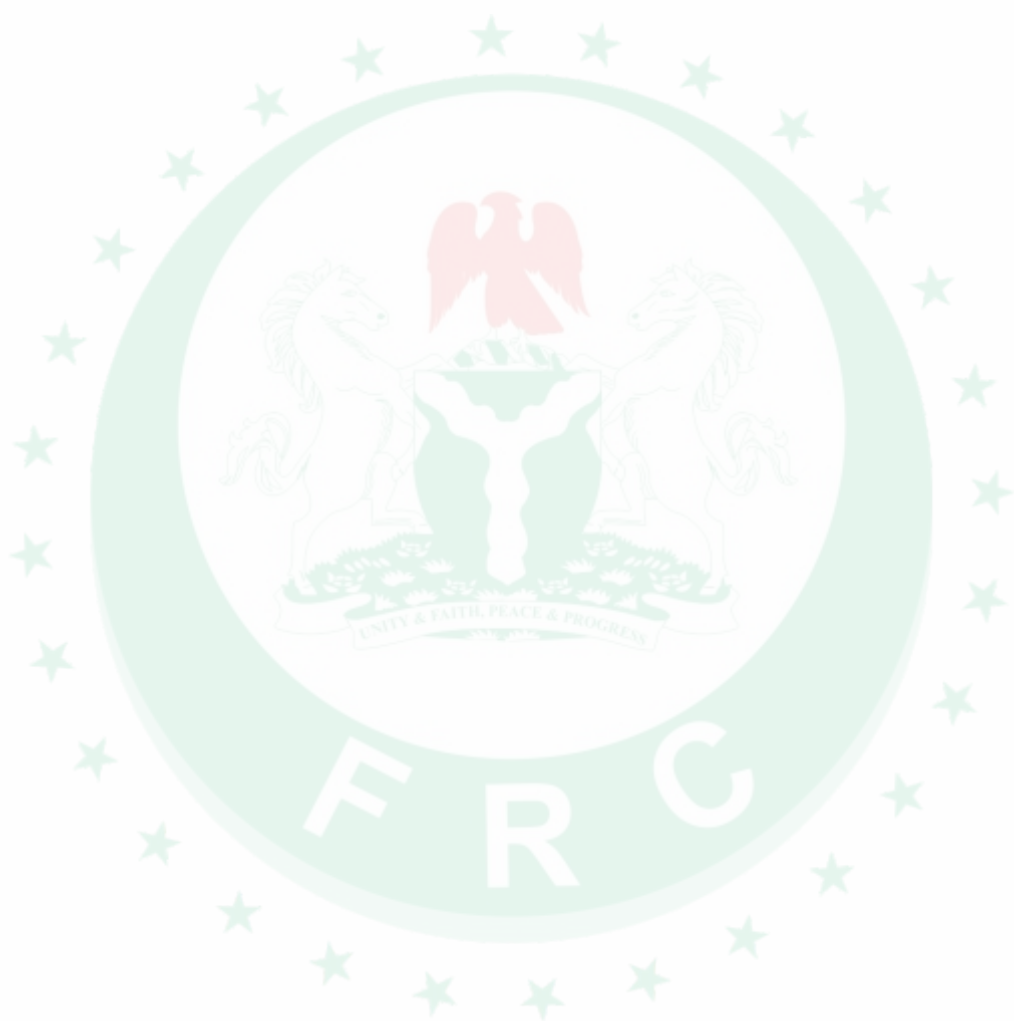
- citizen to engage in any economic activities outside the major sectors of the economy;
- (iv) Promote a planned and balanced economic development; and
 - (v) Ensure that the material resources of the nation are harnessed and distributed as best as possible to serve the common good.

For the purpose of performing its functions under Section 2(1) of the Act, the Commission shall have powers to:

- (a) Compel any person or government institution to disclose information relating to public revenues and expenditures; and
- (b) Cause an investigation into whether any person has violated any provision of the Act.

Section 2(2) provides that, if the Commission is satisfied that such a person has committed any punishable offence under the Act or violated any provisions of the Act, the Commission shall forward a report of its investigation to the Attorney-General of the Federation for prosecution.

In exercising its investigative powers under FRA, 2007, the Commission is collaborating with other law enforcement agencies across the Federation to effectively enforce the provisions of FRA 2007.





CHAPTER

2

MONITORING THE BUDGETARY PROCESS

CHAPTER

2

MONITORING THE
BUDGETARY PROCESS**2.0 INTRODUCTION**

The nation faced a complex macroeconomic environment marked by volatile oil prices, exchange rate fluctuations, subsidy burdens, and mounting debt obligations in the year 2024. These challenges underscore the urgent need for stronger public financial management systems and prudent fiscal strategies to safeguard economic resilience. The work of the Fiscal Responsibility Commission (FRC) remained critical to promoting fiscal discipline, transparency, and accountability in the government financial operations.

According to its mandate under the Fiscal Responsibility Act (FRA) 2007, the Commission is tasked with ensuring that revenue generation, resource allocation, and debt management decisions are made in a timely, transparent, and prudent manner. In 2024, the FRC continued to play a pivotal role in monitoring the macroeconomic environment, producing fiscal analyses that supported legislative oversight and informed national economic policy.

A key function of the Commission during the year was the monitoring of the preparation and implementation of the Medium-Term Expenditure Framework (MTEF) and the annual budget. This oversight is aimed at ensuring alignment with Nigeria's fiscal strategy and macroeconomic objectives, and upholding the principles of responsible and sustainable public finance management.

This chapter is anchored on globally recognized standards, including the Public Expenditure and Financial Accountability (PEFA) framework, the IMF Fiscal Transparency Code, and the UNDP benchmark for capital and recurrent expenditure ratios. These frameworks provide an objective basis for evaluating Nigeria's fiscal performance and ensuring that public expenditure practices are comparable with international best practices.

Throughout the year under review, the Commission remained steadfast in its mandate of monitoring and evaluating the annual budget and related fiscal matters, with a focus on promoting efficient use of public resources, strengthening expenditure control, and enhancing the credibility of fiscal governance. The FRC also continued to facilitate intergovernmental collaboration and transparency to support the broader objectives of economic stability and inclusive development.

In this chapter, the following areas are covered:

- Preparation and Approval of 2024 - 2026 Medium-Term Expenditure Framework (MTEF)/FSP;
- Preparation and Approval of 2024 Annual Budget;
- The 2024 Budget;
- 2024 Budget Assumptions;
- Budgetary Execution and Achievement of Targets;
- Annual Cash Plan and Disbursement Schedule;
- Budget Implementation Reports;
- 2023 Budget Performance Highlights –Revenue;
- 2024 Half Year Budget Performance Highlights - Revenue
- Assessment of the 2024 Half-year Revenue Performance using PEFA and FTC standards;
- 2023 Budget Performance Highlights - Expenditure
- 2024 Half Year Budget Performance Highlights - Expenditure;
- Assessment of the 2024 Half-year Expenditure Performance using PEFA and FTC standards;
- Physical Verification of Capital Projects.

2.1 PREPARATION AND APPROVAL OF THE 2024-2026 MEDIUM-TERM EXPENDITURE FRAMEWORK (MTEF)/FISCAL STRATEGY PAPER (FSP)

The Fiscal Responsibility Act (FRA), 2007, particularly Sections 11 to 14, outlines the legal framework for the development and approval of the Medium-Term Expenditure Framework (MTEF). Serving as the foundation for the annual estimates of revenue and expenditure, the MTEF provides a structured basis for the macroeconomic assumptions that guide the formulation of the national budget.

The primary objective of the 2024–2026 MTEF is to offer strategic direction to Federal Government Ministries, Departments, and Agencies (MDAs) in the design of policies and the selection of projects and programs. This guidance ensures alignment with national development goals and reflects the Government’s priorities, thereby promoting sustained economic growth.

Institutionalized by the FRA 2007, the MTEF represents a significant reform in public

financial management by introducing a multi-year budgeting framework. It addresses the limitations of single-year budgeting by translating medium-term economic plans into coherent public expenditure programs. This framework facilitates a more transparent and strategic approach to budget planning and resource allocation, ensuring that limited fiscal resources are directed toward the highest priority areas.

Through the MTEF, the Government aims to align annual budgets with its social and economic objectives, reinforcing its commitment to national reconstruction and sustainable development. The MTEF sets out a rolling three-year expenditure plan, offering a predictable fiscal environment for policy implementation.

In accordance with Section 14 of the FRA, 2007, the Minister of Finance, Budget, and National Planning is required to present the MTEF to the Federal Executive Council (FEC) for consideration and endorsement no later than the end of the second quarter of each fiscal year. Following FEC endorsement, the MTEF must be submitted to the National Assembly for legislative approval not later than four months before the end of the financial year.

Additionally, the FRA mandates extensive consultations during the preparation of the MTEF. The Minister is required to engage with key stakeholders, including relevant MDAs such as the Central Bank of Nigeria and the National Planning Commission, as well as representatives from the organized private sector and civil society organizations. The outcomes of these consultations, along with supporting documentation, are expected to be incorporated into the final MTEF submission, as stipulated in the Act. Legislative scrutiny and approval by the National Assembly, as outlined in Section 11(2) of the FRA, 2007, form the final step in the approval process.

The 2024–2026 MTEF and Fiscal Strategy Paper (FSP) serve as the fiscal and economic blueprint for the 2024 Federal Budget. They detail the Government’s revenue projections, expenditure framework, fiscal policy targets, and strategic spending priorities over the medium term. The underlying macroeconomic assumptions and fiscal parameters set in the MTEF/FSP dictates the formulation of the annual budget and provide the basis for prudent and responsible fiscal management.

The MTEF was submitted to the National Assembly on 31st October 2023. After a thorough debate and analysis, the National Assembly approved the MTEF on 21st November, 2023. The

approved MTEF therefore set the stage for the preparation of the 2024 National Budget.

2.1.1 MEDIUM-TERM MACROECONOMIC FRAMEWORK: PARAMETERS AND TARGETS FOR 2024-2026

Macroeconomic Projections

The key parameters driving the medium-term revenue and expenditure framework are presented in the Table below.

Table 2.1: Key Parameters and other Macroeconomic Projections

Description	2023	2023 Revised Forecast (as at July 2023)	2024	2025	2026
Oil Price Benchmark (US\$/b)	75.0	75.0	73.96	73.76	69.90
Oil Production (mbpd)	1.69	1.72	1.78	1.80	1.81
Exchange Rate (N/\$)	435.57	700.00	700.00	665.61	669.79
Inflation (%)	17.16	17.16	21.40	20.30	18.60
Non-Oil GDP (N'bn)	214,049.5	214,049.5	223,989.2	249,188.0	278,251.7
Oil GDP (N'bn)	11,457.8	11,457.8	12,316.0	13,225.7	14,272.0
Nominal GDP (N'bn)	225,507	225,507	236,305.2	262,413.7	292,523.7
GDP Growth Rate (%)	3.75	3.75	3.76	4.22	4.78
Imports	24,385.6	24,385.6	32,453.5	33,401.3	34,515.4
Nominal Consumption (N'bn)	121,933.1	121,933.1	163,227.8	189,992.8	218,594.2

Source: Ministry of Finance, Budget & National Planning; NNPC; BOF; NBS

According to the Budget Office, the assumptions underlying the 2024-2026 Medium-Term Expenditure Framework indicated that economic growth rate over the next three years would be higher than the modest rates recorded since the end of the recession in 2020. Accordingly, economic growth was projected to increase to 3.76%, 4.22% and 4.78% in 2024, 2025 and 2026, respectively, mainly due to strong political will to take tough decisions and implement necessary reforms. It was projected that most of the growth in real GDP during the period will be driven by the anticipated increase in domestic oil refining capacity, telecommunications, crop production, slight growth in investment and employment, with the bulk of projected growth coming from the non-oil sector. The Renewed Hope Agenda (RHA) of the Tinubu Administration was assessed to significant higher growth targets than the NDP 2021-25. The NDP was therefore undergoing a review to align its growth aspirations with the Renewed Hope Agenda.

Consumption in nominal terms was projected to increase to N163.23 trillion in 2024 and

N218.59 trillion in 2026 substantially due to expected increase in wages and cash transfers to households to mitigate the negative impact on their real income of petrol subsidy removal.

Import of goods was projected to increase to N32.45 trillion in 2024 and gradually to N34.51 billion in 2026 due to the effects of depreciation of the domestic currency and imported inflation. Imports will remain high over the medium term due to the weak import substitution capacity occasioned by inefficient domestic production relative to more efficient foreign producers. The real economy was experiencing sustained inflationary pressures, worsened by high energy costs, and a depreciating Naira.

In the face of persistent inflation, economic growth during the medium term will continue to be adversely impacted because of the effort to keep monetary policy tight to help prevent higher inflation from becoming entrenched. Inflationary pressure was projected to continue at 21.4% in 2024. A slight reduction in inflation pressure was anticipated from 2025 and 2026 due to the lag effect of tight monetary policy on demand for goods and services, expected lower deficit financing and reduction in supply-side constraints occasioned by a drastic reduction in domestic insecurity, improved infrastructure, and generally better operating environment for businesses.

2.1.2 2024-2026 MEDIUM-TERM FISCAL FRAMEWORK (MTFF) FEDERATION ACCOUNT REVENUES

It was projected that the fiscal outcomes in the medium term would show improved revenue inflows into the Federation Account, attributable to the removal of petrol subsidy, exchange rate liberalization and increased collection of non-oil taxes.

The net amount accruable to the Federation Account was accordingly projected at N24.54 trillion. Which was 106.9% higher than the 2023 projection. N20.70 trillion was projected to flow into the Main Pool, while N3.66 trillion and N174.24 billion were projected to accrue to the VAT Pool and EMTL, respectively, in 2024. Total oil revenues would be N13.82 trillion, about 56.3% of total Federation Account receipts and 66.8% of Main Pool receipts. Other components of the Federation Account revenues included Corporate Tax of N3.04 trillion, Customs Revenue of N2.65 trillion, Special Levies of N511.88 billion, NLNG Dividend of N667.95 billion, and revenues from Solid Minerals of N9.39 billion.

The 2024 the share of the Federal Government from the Main Federation Account Pool was

projected at N10.90 trillion, while the States and Local governments were projected to get N5.53 trillion and N4.26 trillion, respectively. The revenue shares from the VAT Pool and EMTL were to be N549.46 billion and N26.14 billion, respectively, for the Federal Government, N1.83 trillion and N87.12 billion for the States, and N1.28 trillion and N60.98 billion for the Local governments, respectively.

Table 2.2: Federation Account – Main Pool, VAT and EMTL Revenues 2023 (2024 – 2026)

FISCAL ITEMS	2023 Budget Approved by NASS	2024 Proposal	2025	2026
Budget Oil Production Volume Net Incremental Oil Production for Repayment Arrears (mbpd)	1.69	1.78	1.80	1.81
Projected Budget Benchmark Price (US\$ per barrel)	75.00	73.96	73.76	69.90
Average Exchange Rate (NA\$)	435.57	700.00	665.61	669.79
NET FEDERATION ACCOUNT (MAIN POOL)	9,030,528,378,089	20,802,700,283,521	21,581,041,103,669	22,060,538,437,963
Transfer to Police Trust Fund (0.5% of Fed. Acct.)	45,152,641,890	104,013,501,418	107,905,205,518	110,302,692,190
NET FEDERATION ACCOUNT - MAIN POOL (after 0.5% transfer to Police Trust Fund)	8,985,375,736,198	20,698,686,782,103	21,473,135,898,151	21,950,235,745,773
Net Oil Revenue after Costs, Deductions & Derivation	4,597,197,314,933	13,818,908,074,426	14,085,896,195,516	14,596,522,539,407
Net Solid Minerals Revenue after Derivation	7,514,013,071	9,392,516,339	11,740,645,424	11,740,645,424
NLNG Dividend	153,732,619,872	667,553,460,000	665,529,780,683	56,556,853,267
Net Corporate Tax Distributable	1,924,288,830,489	3,036,242,280,088	3,386,214,588,759	3,789,865,089,597
Net Customs Revenue Distributable	1,957,924,806,341	2,654,709,885,826	2,796,944,689,293	2,951,204,331,322
Net Special Levies Distributable	344,718,151,493	511,880,565,423	526,809,998,476	544,346,286,757
NET FEDERATION ACCOUNT (VAT POOL)				
Net Federation Account - VAT Pool (after CoC and Transfers to NEDC and NPTF)	2,736,375,247,640	3,663,095,695,937	4,263,746,611,082	4,905,607,614,917
FEDERATION ACCOUNT (EMTL)	137,032,655,344	175,111,289,611	195,124,908,924	215,014,086,445
Transfer to Police Trust Fund (0.5% of Fed. Acct.) from EMTL	685,163,277	875,556,448	975,624,545	1,075,070,432
Net Electronic Money Transfer Levy after transfer to NPTF	136,347,492,067	174,235,733,163	194,149,284,379	213,939,016,013
DISTRIBUTION				
Distribution - Federation Account (Main Pool, VAT Pool and EMTL)	11,858,098,475,906	24,536,018,211,203	25,931,031,793,612	27,069,782,376,703
Main Pool	8,985,375,736,198	20,698,686,782,103	21,473,135,898,151	21,950,235,745,773
States' Share of Federation Account (26.72%)	2,400,892,396,712	5,530,689,108,178	5,737,621,911,986	5,865,102,991,271
VAT Pool	2,736,375,247,640	3,663,095,695,937	4,263,746,611,082	4,905,607,614,917
States' Share of VAT Pool Account (50%)	1,368,187,623,820	1,831,547,847,968	2,131,873,305,541	2,452,803,807,458
Electronic Money Transfer Levy (EMTL)	136,347,492,067	174,235,733,163	194,149,284,379	213,939,016,013
States' Share (50%)	68,173,746,034	87,117,866,581	97,074,642,190	106,969,508,007

Source: BOF (2024-2026 MTEF)

2.1.3 FGN Revenue

The 2024 FGN Revenue was projected at N16.96 trillion (N5.91 trillion or 54% more than the 2023 Budget) of the aggregate revenue available to fund the 2024 Budget, N6.95 trillion or (41%) was projected to come from oil-related sources. The balance of N10.01 trillion was to be

earned from non-oil sources. The FGN share of non-oil tax was projected at N3.52 trillion compared to N2.43 trillion in 2023, while its share of Minerals and Mining revenues was N4.56 billion in 2024 from N3.64 billion in 2023. The projection for Independent Revenue was moderated to N1.91 trillion, down from N3.17 trillion, while the projection for Grants and Donor funded projects was N639.92 billion.

More dividends from the Bank of Industry, Development Bank of Nigeria, Galaxy Backbone, and Bank of Agriculture were anticipated in the 2024 projections, bringing the projection to N316.68 billion compared to N81.79 billion in 2023. The projected sum of other revenues, including FGN's share of Oil Price Royalty, Education Tax, Electronic Money Transfer Levy, and Draw-downs from Special Accounts, was N736.04 billion.

Table 2.3: Overview of the Revenue Framework

FISCAL ITEMS	2023 Budget Approved by NASS	2024 Proposal	2025	2026
AMOUNT AVAILABLE FOR FGN BUDGET (excluding GOEs retained revenue)	8,625,998,338,101	14,097,920,521,036	14,293,896,683,564	14,797,955,265,578
a Share of Oil Revenue	2,229,640,697,742	6,702,170,416,097	6,831,659,654,825	7,079,313,431,612
b Dividends	81,786,706,388	334,797,174,557	333,143,962,366	37,459,838,068
NLNG	74,560,320,638	323,763,428,100	322,781,943,631	27,430,073,835
Bank of Industry	7,226,385,750	5,534,033,940	4,695,537,160	3,552,626,680
Development Bank of Nigeria		2,920,000,000	2,520,000,000	2,790,000,000
Bank of Agriculture		2,429,692,517	2,966,481,575	3,487,137,554
Galaxy Backbone		150,000,000	180,000,000	200,000,000
c Share of Minerals & Mining	3,644,296,339	4,555,370,424	5,094,213,031	5,094,213,031
d Share of Non-Oil Taxes	2,433,154,452,006	3,521,207,272,130	3,851,259,624,668	4,220,211,684,311
Share of CIT	933,280,082,787	1,472,577,505,843	1,642,314,075,548	1,838,084,568,454
Share of VAT	383,092,534,670	512,833,397,431	596,924,525,551	686,785,066,088
Share of Customs	949,593,531,075	1,287,534,294,626	1,356,518,174,307	1,431,334,100,691
Share of Federation Acct. Levies	167,188,303,474	248,262,074,230	255,502,849,261	264,007,949,077
e Share of Electronic Money Transfer Levy (formerly called Stamp Duty)	19,088,648,889	24,393,002,643	27,180,899,813	29,951,462,242
f Share of Oil Price Royalty	13,366,750,326	21,400,442,583	17,513,224,501	162,800,944,613
g Revenue from GOEs	3,873,416,174,946	4,069,565,246,556	4,387,477,031,247	4,745,915,124,664
h GOEs Operating Surplus (80% of which is captured in Independent Revenue)	(1,454,304,201,187)	(1,208,484,776,894)	(1,381,028,451,271)	(1,561,306,089,473)
i Independent Revenue	3,169,072,692,545	1,907,775,748,763	2,092,245,206,405	2,226,756,631,719
j Draw-down from Special Levies Accounts	300,000,000,000	300,000,000,000	300,000,000,000	300,000,000,000
k Signature Bonus / Renewals / Early Renewals	57,048,776,004	251,455,481,172	83,455,481,178	-
l Domestic Recoveries + Assets + Fines	27,898,500,000	-	-	-
m Grants and Donor Funding	43,028,488,073	639,923,474,400	338,087,750,215	297,290,993,426
n Education Tax (TETFUND)	248,268,329,787	390,242,138,267	413,656,666,563	438,476,066,557

Source: BOF (2024-2026 MTEF)

2.1.4 FGN Expenditure

The FGN's 2024 aggregate expenditure was estimated at N26.01 trn. This included the provision of N2.73trn for GOEs' expenditures and grants/donor-funded projects amounting to N639.92bn. Which was higher than the corresponding 2023 FGN aggregate expenditure estimate of N22.65trn (which included the N819.54bn supplementary provision) by N3.35trn (14.8%). The 2024 expenditure estimate included Statutory Transfers of N1.30trn and non-debt recurrent expenditure of N10.26trn (including N200bn for the recurrent component of the

Special Intervention Programme). The provisions of N8.25trn and N243bn was made for Debt Service and Sinking Fund to retire maturing bonds issued to local contractors/creditors, respectively, in the 2024 budgeted expenditure. A total of N6.78trn (inclusive of N1.02trn for GOEs) was provided for personnel and pension costs, an increase of N904.49bn (15%) over the 2023 provision. This is 40% of the projected aggregate revenues for 2024.

The provision for Statutory Transfer included N114.80bn (representing 1% of the consolidated revenue fund) earmarked for the Basic Health Care Provision Fund (BHCPF) and N117.67bn for the North-East Development Commission (NEDC). In addition, N137.21bn was set aside in the service-wide votes for GAVI/Routine Immunization.

The aggregate amount available for capital expenditures in the 2024 budget was N6.87trn. Which represented 26% of total expenditure and was about 5% less than the 2023 provision of N7.27trn. The 2024 provision comprises N2.31trn for MDAs, N855.70bn for Capital Supplementation, N908.09bn for Capital Component of Statutory Transfers, N7bn for Family Home Fund, N820.91bn capital budget of GOEs, N639.92bn for donor/grant funded expenditures and N941.19bn funded by project-tied multilateral/bilateral loans. Other provisions, including TETFUND capital and transfer to the Nigeria Sovereign Investment Authority (NSIA), amounted to N392.13bn

Table 2.4: Overview of the Expenditure Framework

FISCAL ITEMS	2023 Budget Approved by NASS + Supplementary	2024 Proposal	2025	2026
STATUTORY TRANSFER	967,486,010,536	1,296,546,596,947	1,274,474,245,026	1,309,442,061,183
DEBT SERVICE	6,309,870,967,327	8,247,298,455,073	10,060,930,623,529	11,611,911,778,541
SINKING FUND	247,726,644,470	243,662,151,758	240,151,732,268	300,000,000,000
RECURRENT (NON-DEBT)	8,329,370,195,637	10,256,794,611,173	9,513,917,222,455	9,823,891,748,823
a Personnel Costs (MDAs)	4,103,593,137,536	4,492,668,968,008	4,582,522,347,368	4,674,172,794,316
b Personnel Costs (GOEs)	912,320,744,988	1,017,413,229,133	1,078,603,027,244	1,181,920,949,117
c Overheads (MDAs)	443,276,374,887	664,914,562,331	698,160,290,447	733,068,304,969
d Overheads (GOEs)	671,403,880,673	892,204,551,288	994,674,670,618	1,073,531,843,644
e Pensions, Gratuities & Retirees Benefits	854,812,179,406	1,265,131,274,415	827,862,188,757	827,862,188,757
f Other Service Wide Votes (including GAVI/Immunization)	1,066,550,461,658	1,639,949,919,085	1,046,411,864,693	1,046,411,864,693
g Presidential Amnesty Programme	65,000,000,000	65,000,000,000	65,000,000,000	65,000,000,000
h TETFUND - Recurrent	12,413,416,489	19,512,106,913	20,682,833,328	21,923,803,328
SPECIAL INTERVENTIONS (Recurrent)	200,000,000,000	200,000,000,000	200,000,000,000	200,000,000,000
AGGREGATE CAPITAL EXPENDITURE	7,268,388,311,198	6,871,009,784,478	7,310,632,751,783	7,334,902,334,672
a Capital Supplementation	1,384,105,508,000	855,700,746,339	855,700,746,339	855,700,746,339
b Capital Expenditure in Statutory Transfers	473,116,443,962	908,089,990,854	883,862,848,843	917,253,037,855
c Special Intervention Programme (Capital) - Family Home Fund	7,000,000,000	7,000,000,000	7,000,000,000	7,000,000,000
d Amount Available for MDAs Capital Expenditure	2,502,124,677,119	2,306,069,846,227	2,335,514,645,399	2,460,768,822,197
e GOEs Capital Expenditure	835,387,348,099	820,908,398,828	804,070,709,084	809,686,754,648
f TETFUND Capital Expenditure	235,854,913,298	370,730,031,353	392,973,833,235	416,552,263,229
g Grants and Donor Funded Projects	43,028,488,073	639,923,474,400	338,087,730,215	297,290,993,426
h Multi-lateral/Bi-lateral Project-tied Loans	1,771,404,182,322	941,186,853,893	1,675,908,996,167	1,607,448,772,365
i EGN Share of Oil Price Royalty Transferred to NSIA	13,366,750,326	21,400,442,583	17,513,724,801	162,800,944,613
Capital Expenditure (Excluding of Transfers)	6,792,271,867,236	5,962,919,793,624	6,426,769,902,709	6,417,249,296,817
TOTAL FGN BUDGET (Excluding GOEs & Project-tied Loans)	18,456,209,529,125	22,335,908,575,432	22,962,986,325,105	24,989,906,565,990
TOTAL FGN BUDGET (Including GOEs & Project-tied Loans)	22,646,725,685,206	26,007,221,608,575	27,516,343,726,217	29,462,494,885,364

Source: BOF (2024-2026 MTEF)

2.1.5 Fiscal Deficit and Deficit Financing

The budget deficit was projected to be N9.05 trillion in 2024, down from N11.60 trillion budgeted in 2023 which represented about 53% of total FGN revenues and 3.83% of the estimated GDP. The high projected level of fiscal deficit in 2024 was partly attributable to the proposed salary review of Federal workers across board, increased pension obligations resulting from payments into the Redemption Fund, Pension Protection Fund, an increase in pensions in line with the new minimum wage, and higher debt service cost. At 3.83%, the projected level of deficit was higher than the 3% threshold stipulated in the Fiscal Responsibility Act (FRA), 2007, but significantly lower than the 2023 level of 5.18%. According the BO, the goal of the administration was to bring the deficit under 3% of GDP within the medium term. The deficit would largely be financed by domestic borrowings, ‘considering the narrow window for external financing’.

Table 2.5: Deficit, Financing and Critical Ratios

FISCAL ITEMS	2023 Budget Approved by NASS + Supplementary	2024 Proposal	2025	2026
TOTAL FGN BUDGET (Including GOEs & Project-tied Loans)	22,646,725,685,206	26,007,221,608,575	27,516,243,726,217	29,462,494,885,364
Total Fiscal Deficit (including Project-tied Loans)	(11,601,615,373,346)	(9,048,220,617,877)	(10,215,898,462,677)	(11,480,330,584,994)
GDP	225,507,296,343,920	236,305,190,724,943	262,413,705,561,062	292,523,682,667,292
DEFICIT/GDP (including Project-tied Loans)	(5.14%)	(3.83%)	(3.89%)	(3.92%)
TOTAL FGN EXPENDITURE	22,646,725,685,206	26,007,221,608,575	27,516,243,726,217	29,462,494,885,364
Total Non-Debt Expenditure	16,089,128,073,410	17,516,261,801,744	17,215,161,370,420	17,550,583,106,823
Capital Expenditure as % of Non-Debt Expenditure	45%	39%	42%	42%
Capital Expenditure as % of total FGN Expenditure	32%	26%	27%	25%
Capital Expenditure (Inclusive of Transfers, but exclusive of GOEs Capital & Project-tied loans) as % of FGN Expenditure	21%	20%	18%	17%
Recurrent Expenditure as % of total FGN Exp (incl. GOEs + Project-tied Loans)	68%	74%	73%	75%
Debt Service to Revenue Ratio (incl. GOEs + Project-tied Loans)	57%	49%	58%	65%
Deficit as % of FGN Revenue (incl. GOEs + Project-tied Loans)	105%	53%	59%	64%
ADDITIONAL FINANCING				
a Privatization Proceeds	206,182,616,701	298,486,421,740	37,500,000	-
b Multi-lateral / Bi-lateral Project-tied Loans	1,771,404,182,322	941,186,853,893	1,675,908,994,167	1,407,448,772,365
c New Borrowings	9,624,028,574,324	7,808,547,342,244	8,539,951,968,511	10,072,881,812,229
Domestic Borrowing	7,863,130,247,022	6,040,937,020,465	6,413,515,078,747	8,940,432,042,472
Foreign Borrowing	1,760,898,327,302	1,767,610,321,779	2,124,436,889,764	1,132,449,769,757
Sub-Total	11,601,615,373,346	9,048,220,617,877	10,215,898,462,677	11,480,330,584,994

Source: BOF (2024-2026 MTEF)

2.1.6 MEDIUM TERM OBJECTIVES, POLICIES AND STRATEGIES

According to the BO, the Fiscal Strategy Paper highlighted the macroeconomic and fiscal policy objectives of the government over the period 2024-2026 and the strategies to be implemented to achieve them, and was prepared against the backdrop of subsisting macroeconomic, fiscal and development challenges in the country such as low economic growth, high inflation, insecurity, poor public service delivery, inadequate revenues, significant infrastructure deficits and weak social indicators.

They said the medium-term fiscal strategy took “account of current events with important implications for Government’s ability to raise revenues, finance its expenditures and manage its debt. The strategy recognizes the need to cushion the effects of economic reform measures on the poor and economically vulnerable in ways that create opportunities for job creation, increased productivity and inclusiveness”.

2.1.6.1 Macroeconomic Policy Objectives

In line with the goals of the National Development Plan 2021-2025, in the medium term, government aims at restoring and preserving macroeconomic stability, improving the business and investment environment, achieving high and inclusive economic growth, facilitating employment and job creation as well as promoting human capital and social development. To achieve these objectives, fiscal, monetary and trade policies will be aligned and implemented in a very coordinated manner.

2.1.6.2 Restoring and Preserving Macroeconomic Stability

The Government viewed a stable macroeconomic environment as important to catalyze private investment and accelerate economic growth, to enable businesses and households to plan their production, investment and consumption activities effectively. It noted that rising inflation and other macroeconomic headwinds was threatening the survival of local businesses.

Over the medium term, Government proposed to strengthen macroeconomic management and implement policies aimed at restoring and preserving macroeconomic stability for higher investment, and inclusive and sustainable growth. These included strategies to moderate inflationary pressures, provide critical infrastructure to lower the cost of doing business, lower market interest rates, and sustain a reflective exchange rate through pragmatic foreign exchange management. Rising inflation from policy distortions and supply shocks would be addressed through sequenced and coordinated mix of trade, monetary and fiscal policies to improve economic performance and protect human welfare.

2.1.6.3 Improving Business and Investment Environment

The Government acknowledged that Investment opportunities abounded in the various sectors of the Nigerian economy. However, private investment was very low because Nigeria's business environment was characterized by uncertainty, security concerns, policy instability and inadequate physical infrastructure. “The new administration was committed to addressing the key challenges impeding business growth. Efforts aimed at improving the business and

investment environment for private investment to thrive and drive growth would be sustained. Government would introduce more business and investment-friendly reforms for businesses to thrive nationwide. Government intended to lighten tax burdens, as well as harmonize and effectively manage existing taxes.

Defence and internal security would continue to be accorded top priority. To achieve this, efforts to properly equip and motivate the valiant personnel in the armed forces, police and paramilitary units would also be sustained. The internal security architecture would be overhauled and new operational strategies be introduced to enhance law enforcement capabilities and safeguard lives, properties and investments across the country.

It was stated that Power generation and supply remains poor despite the privatization of generation and distribution since November 2013, with over N2trn spent by the government on subsidizing the value chain, adding that as long as power supply remained abysmal, industrial development would remain elusive. The new administration would promote the ideals of a competitive electricity market, open the sector to competition, provide affordable electricity to consumers, and increase power generation/distribution capacity.

It was further proposed that in the medium term, government would increase investment in capacity expansion of critical power grid infrastructure, especially projects that can be delivered quickly to optimize grid reliability, interconnectedness and wheeling capacity. In addition, the government would address the challenges confronting the sector in a more comprehensive manner. The power sector governance reform would be reviewed and the implementation of energy transition plans would be accelerated.

More importantly, government would facilitate the provision of critical infrastructure to lower the cost of doing business. It was expected that these efforts would enhance economic activities, domestic productivity, and competitiveness and incentivize private investment thereby contributing towards realizing the projected growth, promising to enhance the access of small and medium enterprises in key sectors of the economy to sustainable financing to enhance their activities and improve their operational efficiency.

2.1.6.4 Fiscal Policy Objectives and Strategies

In the medium term, Government promised to be committed to implementing transformation fiscal policy reforms aimed at achieving the following:

- i. Enhancing government revenue and reducing fiscal pressures;
- ii. Creating fiscal space for human capital and infrastructural investments; Enhancing fiscal prudence and transparency; and,
- iii. Ensuring sustainable deficit and debt levels.

2.2 PREPARATION AND APPROVAL OF THE ANNUAL BUDGET

In Sections 18 and 19 of the Fiscal Responsibility Act, 2007, the Medium-Term Expenditure Framework shall be the foundation for the Annual Budget preparation and approval.

In examining the Annual Budget, the Commission has continued to ensure that it is in line with the MTEF, 2024-2026 as required by the FRA, 2007.

Table 2.6: Major Components of 2024 Budget in comparison with 2023

S/NO	ITEM	2024	2023
1	Oil Price Benchmark	USD 77.96	USD 75.0
2	Oil Production	1.78 mbpd	1.60 mbpd
3	Foreign Exchange Rate	N800.00 - 1 USD	N435.57 - 1 USD
4	Gross Oil Revenue	N19,996.33 bn	N9,384.72 bn
5	Gross Non-Oil Revenue	N12,101.09 bn	N7,671.87 bn
6	Independent Revenue	N2,691.78 bn	N3,169.07 bn
7	FGN Aggregate Revenue (Excl. GOEs)	N16,688.83 bn	N8,626.00 bn
8	FGN Aggregate Expenditure (Incl. GOEs)	N19,549.91 bn	N11,045.11 bn
9	Fiscal deficit (Excl. GOEs)	(N2,294.73) bn	(N11,601.61) bn

Source: BOF, 2024, 2023

The Table 2.6 above shows, the major budget components for 2023 and 2024. The President formally presented a budget of N27.5 trillion for the year 2024 to the joint session of the National Assembly on 29th November, 2023. The presentation and assent to the 2024 budget continued in the pattern of the January – December budget year.

Table 2.7 below shows, the budget submission date and assent by the President from 2017 to 2025.

Table 2.7: Time of Submission and approval of Budgets 2017 – 2025

Fiscal Year	Date Budget Presented to NASS	Date Budget Signed by President	Time Between Budget Presentation and Presidential Assent
2017	14th December, 2016	12th June, 2017	6 Months
2018	7th November, 2017	20th June, 2018	7 Months
2019	19th December, 2018	27th May, 2019	5 Months
2020	8th October, 2019	17th December, 2020	2 Months
2021	8th October, 2020	21st December, 2021	2 Months
2022	7th October, 2021	31st December, 2022	2 Months
2023	7th October, 2022	3rd January, 2023	3 Months
2024	29th November, 2023	1st January, 2024	2 Months
2025	18th November, 2024	28th February, 2025	3 Months

Source: Compiled by FRC

2.3 THE 2024 BUDGET

The 2024 Budget which was titled “Budget of Renewed Hope” was presented on 29th November, 2023, and was signed into law on 1st January, 2024. Like in the previous year, the 10th Assembly kept to the agreement of an “early submission and early passage” of the 2024 budget in order to maintain the January – December fiscal year.

the Annual Budget was prepared taking into consideration the key parameters and policies/strategies contained in the 2024–2026 Medium Term Expenditure Framework and Fiscal Strategy Paper (MTEF/FSP) and allocations to MDAs were guided by the strategic objectives of the National Development Plan of 2021 to 2025 which are:

- Diversifying the economy with robust msme growth;
- Investing in critical infrastructure
- Strengthening security and ensuring good governance
- Enabling a vibrant, educated and healthy populace
- Reducing poverty and
- Minimizing regional, economic and social disparities.

2.4 2024 BUDGET ASSUMPTIONS

The following are the assumptions for the 2024 budget:

Oil Revenue

Oil Price Benchmark	US\$77.96
Oil Production	1.78mbpd
Naira/US\$ Exchange Rate	N800/\$

Non-Oil Revenue

Company Income Tax	30%
VAT	7.5%

Custom Duty based on nominal GDP, companies' profitability ratio and an efficiency factor.

The government strengthened its cost-containment strategies to maintain greater control over public expenditure. a key measure in this regard was the enforcement of the 50% cost-to-income ratio for government-owned enterprises (GOEs), as stipulated in the Finance Act 2021. This policy has played a pivotal role in curbing inefficient and wasteful spending across several GOEs, while simultaneously enhancing their financial discipline. as a result, there has been a notable improvement in the remittance of operating surpluses to the Consolidated Revenue Fund (CRF), thereby boosting government revenues and supporting fiscal sustainability.

Based on the budget assumptions above, the summary highlight of the approved 2024 budget of N26, 530.60 bn (excluding GOEs and Project-Tied loans) is presented below.

Table 2.8: Highlights of 2024 budget and 2024-2026 MTEF

ITEM	2024 BUDGET		2024 - 2026 MTEF (REVISED)	
	Nbn	% to Aggregate	Nbn	% to Aggregate
Recurrent (Non-debt) Expenditure	8,768.51	29.76	9,915.64	36.05
Sinking Fund	223.66	0.76	243.66	0.89
Debt Servicing	8,047.30	27.31	8,247.30	29.99
Statutory Transfer	1,742.79	5.92	1,376.35	5.00
Capital Expenditure (excl. of transfers)	9,995.14	33.92	7,720.45	28.07
Aggregate Expenditure (excl. of GOEs and Project-tied loans)	26,530.60	90.05	23,720.96	86.25
Aggregate Expenditure (incl. of GOEs and Project-tied loans)	29,463.03	100.00	27,503.40	100.00

Source: BOF, 2024

2.5 BUDGETARY EXECUTION AND ACHIEVEMENT OF TARGETS

The compliance posture of Scheduled Corporations and other government agencies with the provisions of the Fiscal Responsibility Act (FRA), 2007 showed remarkable improvement during the year under review. Further insights and analysis on this progress are presented in the Chapter 4 of this report.

In addition, the Commission recorded significant advancements in monitoring the implementation of the National Budget and assessing the achievement of fiscal targets, as outlined in Part V, Sections 25–30 of the FRA, 2007. Unlike in previous years the progress in

this area was constrained by limited funding. The improved resource availability in 2024 enabled the Commission to expand its oversight operations and deepen its evaluation efforts.

2.6 ANNUAL CASH PLAN AND DISBURSEMENT SCHEDULE

The Annual Cash Plan is a vital tool for ensuring that initial budget policy targets are met and for supporting the effective implementation of both fiscal and monetary policies. According to Section 25 of the Fiscal Responsibility Act (FRA), 2007, the Accountant-General of the Federation is required to prepare this plan in advance, projecting monthly cash flows for the financial year. These projections may be adjusted periodically based on actual cash inflows and outflows.

Additionally, Section 26 of the FRA, 2007 mandates the Minister of Finance to develop a Disbursement Schedule within 30 days of the signing of the Appropriation Act. This schedule must be based on the Annual Cash Plan and ensures the timely and orderly release of funds.

Together, these provisions underscore the importance of efficient and transparent revenue and expenditure management across government agencies. Failure to adhere to these requirements often results in arbitrary budget execution and underfunding of critical projects outlined in the Appropriation Act.

2.7 BUDGET IMPLEMENTATION REPORTS

Sections 30 and 50 of the Fiscal Responsibility Act (FRA), 2007 mandates the Budget Office of the Federation (BOF) to prepare and submit Quarterly Budget Implementation Reports. These reports are to be presented formally to the Joint Finance Committee of the National Assembly and the Fiscal Responsibility Commission (FRC). In addition, they are to be made readily accessible to stakeholders and the general public through both electronic platforms and other media channels.

However, as of the publication date of this Annual Report in June 2025, the Fiscal Responsibility Commission has not received the 2024 full-year Budget Implementation Report, and the report has not been made available on the official website of the BOF.

Consequently, this report primarily focuses on the 2023 Full-Year and 2024 Half-Year Budget Implementation Reports, which remain the most recent publicly available records at the time of writing this report

2.8 2023 FULL YEAR BUDGET PERFORMANCE HIGHLIGHTS – REVENUE

Table 2.9 Comparison of 2024 – 2026 MTEF with the 2024 annual budget and the 2023 - 2025 MTEF with the 2023 annual budget.

REVENUE ITEMS	2024 Projections		MTEF VS BUDGET		2023 Projections		MTEF Vs BUDGET	
	MTEF	BUDGET	VARIANCE		MTEF	BUDGET	VARIANCE	
	Nbn	Nbn	Nbn	%	Nbn	Nbn	Nbn	%
FGN Share of Oil Revenue	6,702.17	8,176.28	(1,474.11)	(21.99)	1,861.85	2,229.64	(367.79)	(19.75)
FGN Share of Dividend(NLNG)	323.76	357.92	(34.16)	(10.55)	81.79	81.79	0.00	0.00
FGN Share of Minerals and Mining	4.56	4.56	0.00	0.00	3.64	3.64	0.00	0.00
FGN Share of Non - Oil Revenue	3,521.20	3,569.77	(48.57)	1.38	3,521.21	2,465.61	1055.60	29.98
FGN Share of Company Income Tax(CIT)	1,472.57	1,472.58	(0.01)	(0.68)	933.28	933.28	0.00	0.00
FGN Share of Value Added Tax(VAT)	512.83	512.83	0.00	0.00	383.09	383.09	0.00	0.00
FGN Share of Customs	1,287.53	1,287.53	0.00	0.00	949.59	949.59	0.00	0.00
FGN Share of Federations Account Levies	248.26	248.26	0.00	0.00	167.19	167.19	0.00	0.00
Electronic Money Transfer Levy(Stamp Duty)	24.39	24.39	0.00	99.90	19.08	19.09	(0.01)	(0.05)
Share of Oil Price Royalty	21.40	24.17	(2.77)	99.90	13.36	13.37	(0.01)	(0.07)
FGN Independent Revenue	1,907.77	2,691.78	(784.01)	(41.09)	1,682.49	3,169.07	(1486.58)	(88.36)
Drawn - Down from Special Levies Accounts	300.00	300.00	0.00	0.00	300.00	300.00	0.00	0.00
FGN Share of Signature Bonus	251.46	251.46	0.00	0.00	57.04	57.05	(0.01)	(0.02)
Domestic Recoveries+Assets+Fines	0.00	0.00	0.00	0.00	27.89	27.90	(0.01)	(0.04)
Grants and Donor Funding	639.92	685.63	(45.71)	(7.14)	43.08	43.03	0.05	0.12
Education Tax(TETFUND)	390.24	700.00	(309.76)	(79.37)	248.26	248.27	(0.01)	(0.00)
GOEs Retained Revenue	4,069.56	2,861.08	1,208.48	29.70	2,232.11	2,419.11	(187.00)	(8.38)
FGN RETAINED REVENUES(Excl. GOEs)	12,889.44	23,015.52	(10,126.08)	(78.56)	6,408.33	8,626.00	(2217.67)	(34.61)
AGGREGATE FEDERAL GOVERNMENT REVENUE	16,959.00	25,876.61	(8,917.61)	(52.58)	8,460.44	11,045.11	(2584.67)	(30.55)

Source: 2024-2026 MTEF & FSP and 2023-2025 MTEF FSP.

2.8.1 OIL REVENUE:

From the Table 2.9 above, the amounts projected for the revenue components in both 2023-2025 and 2024-2026 MTEF and the approved budgets for the base years of 2023 and 2024 were compared.

In the MTEF projections, the Share of Oil revenue was ₦1,861.85 bn in 2023 and ₦6,702.17 bn in 2024 while the budget projections were ₦2,229.64 bn in 2023 and ₦8,176.28 bn in 2024. This indicated a variance of ₦367.79 bn (19.75%) in 2023 and ₦1,474.11 bn in 2024 showing that both budgets were higher than their MTEF projections.

The FGN Share of Dividends (NLNG) had an MTEF projection of ₦323.76 bn and budget projection of ₦357.92bn showing a variance of ₦34.16 bn (10.55%) indicating an increase in the budget amount projected in 2023, while ₦81.79 bn was recorded by both MTEF and budget in 2024.

The FGN Share of Mining and Minerals had the same amount of 4.56 billion and 3.64 billion projected for the MTEF and budgets of 2023 and 2024.

2.8.2 NON-OIL REVENUE:

The Table 2.9 above also reveals that the FGN Non-Oil revenue was projected at ₦3,521.21 bn in the MTEF and ₦2,465.61 bn in the 2023 budget, while ₦3,521.20 bn was projected by the MTEF and ₦3,569.77 bn in the 2024 budget. It clearly shows that the budget figure was lower than the amount projected for MTEF in the 2023 budget, ₦48.57 bn (1.38%) and higher than the MTEF amount, ₦1,055.60 bn (29.98%) in the 2024 budget.

Most of the Non-Oil revenue projections had the same amount recorded for both the MTEFs and the Budgets of 2023 and 2024 respectively while some like FGN Independent Revenue, Grants and Donor Funding, Education Tax and Oil Price Royalty were higher than the amounts projected by the MTEF for the years 2023 and 2024.

2.8.3 INDEPENDENT REVENUE:

The Independent revenue was ₦1,907.77 bn and ₦1,682.49 bn were projected in the 2023 MTEF and the 2024 MTEF as against ₦2,691.78 bn and ₦3,169.01 bn projected in the budget. This shows variances of ₦1,486.58 bn (88.36%) and ₦784.01 bn (41.09%).

The same sum of ₦251.46 billion was projected for MTEF and in the 2023 budget and the same amount of ₦57.05 bn for MTEF and in the 2024 budget in respect of Signature Bonus, Renewal, and Early Renewals revenue subhead.

The Grants and Donor Funding, ₦43.03 bn was projected in the 2023 budget and ₦43.08 bn in the MTEF projections, there was a variance of ₦0.05bn (0.12%) while ₦639.92 bn and ₦685.63 bn were projected in the MTEF and the 2024 budget respectively, with a variance of ₦45.71 bn (7.14%).

The projections of MTEF and the 2023 and 2024 budgets for Draw-Down from Special levies were the same amount of ₦300 bn while Domestic Recoveries + Assets + Fines had a projection of ₦27.89 bn in 2023 budget and in the MTEF but no projections in the 2024 budget and the MTEF.

In the 2023 budget and MTEF projections, the Electronic Money Transfer Levy (EMTL) were ₦24.39 bn and ₦19.09 bn in 2024 budget and MTEF projections while in 2023, ₦248.26 bn was projected for both the MTEF and the budget, ₦390.24 bn was projected for the Tertiary Education Trust Fund (TETFUND) in the MTEF, ₦700 bn was projected in the 2024 budget, indicating a difference of ₦309.76 bn (79.37%).

2.8.4 FGN BUDGET REVENUE PERFORMANCE FOR 2023 FISCAL YEAR.

The GOEs Retained revenue projections in the MTEF and the budget in 2023 were ₦2232.11 bn and ₦2,419.11 bn respectively with a variance of 187 bn (8.38%) while in 2024, MTEF projection was ₦4,069.56 bn and budget projection was ₦2,861.08 bn which shows a decrease from the MTEF projection by ₦1,208.46 bn (29.70%)

The Solid Minerals and Mining revenue was projected in the MTEF and the 2023 budget ₦3.64 bn and ₦4.56 bn in the 2024 budget which shows that they were the same amounts for the MTEF and the budgets while the FGN Share of Dividend (NLNG) was projected as ₦81.79 bn in the MTEF and in the 2023 budget and ₦323.76 bn and ₦357.92 bn in the MTEF and in the 2024 budget with a variance of ₦34.16 bn (10.55%) which indicates an increase from the MTEF projection.

The FGN Share of Company Income Tax (CIT) was projected at ₦933.28 bn in the MTEF and the 2023 budget and ₦1,472.57 bn was projected for MTEF and the 2024 budget while Value Added Tax were projected at ₦383.09 bn and ₦512.83 bn in the 2023 and 2024 budgets and the MTEFs.

The FGN's Share of Custom and Excise Duty was projected at ₦949.59 bn and ₦1,287.53 bn in the MTEF and in the 2023 and 2024 budgets, Electronic Money Transfer Levy (Stamp Duty) were projected at ₦167.19 bn and ₦248.26 billion in the MTEFs and the 2023 and 2024 budgets respectively.

The Independent revenue had MTEF and the 2023 budget projected at ₦1,682.49 bn and ₦3,169.07 bn with an increase of ₦1,486.58 bn (88.36%) from the MTEF projection while ₦1,907.77 bn and ₦2,691.78 billion were projected in the MTEF and the 2024 budget with a variance of ₦784.01 bn (41.09%) showing that the budget was higher than the MTEF projection.

2.9. FISCAL DEFICIT AND DEFICIT FINANCING COMPARISON AND ANALYSIS OF FISCAL DEFICIT AND DEFICIT FINANCING ITEMS IN 2023-2025 MTEF AND 2023 FGN BUDGET

2.9.1 Fiscal Deficit

The 2023 Budget deficit in the MTEF 2023-2025 was estimated to be at ₦11.30 tn including GOEs and project-tied loans and ₦9.03 tn excluding GOEs and project-tied loans. However, in

the corresponding 2023 approved budget of ₦24,823.52 tn, budget deficits was estimated at ₦13,778.42 bn excluding GEOs and project-tied loans according to the Q4 2023 BIR. This amount indicates a variance of ₦4.75 tn, representing 34.46% difference from the deficit in the MTEF. The amount of ₦225,507bn (6.11% of GDP) was estimated in 2023, which exceeds significantly the 3% threshold stipulated by FRA, 2007. This deficit level was assumed that petrol subsidy reform will be implemented from mid-2023 in line with the timeline for suspension thereof.

As at 31 December 2023, it was reported that the actual fiscal deficit stood at ₦10.55 tn, resulting from the revenue and expenditure outturn of the Federal government as at the end of the year. This was ₦3.23 tn (23.42%) lower than the projected budget deficit of ₦1,377.42 bn for the fiscal year (4.59% of GDP). which exceeded the 3% benchmark stipulated by the Fiscal Responsibility Act 2007.

It was recorded that the actual total expenditure of the Federal government as at the period under review stood at ₦23.04 trillion. Which represents ₦1.79 tn (7.2%) decrease from the ₦24.82 tn. budgeted as reported by BIR.

Below are the financing items projected to finance the fiscal deficit in 2023 – 2025 and 2023 budget

1. Privatization proceeds
2. Multi-lateral/Bi-lateral project-tied loans
3. Domestic Borrowings
4. Foreign Borrowings

The table below indicates the projected values allocated to the Deficit Financing Items (DFI) in the 2023-2025 MTEF and 2023 budget as well as the total fiscal deficit including GOEs and project-tied loans as well as excluding the GOEs and Project-tied loans)

Table 2.10 Comparison and Analysis of Fiscal Deficit and Deficit Financing Items

FISCAL ITEMS	Projection		VARIANCE (MTEF 2023 – 2025 v 2023 Budget)	
	2023-2025 MTEF ₦bn	2023 BUDGET ₦bn	(₦bn)	%
Fiscal Deficit				
Fiscal Deficit (excluding GOEs and Project-tied loans)	9,037.00	13,778.41	4,741.41	34.46%
Total Fiscal Deficit (including GOEs and Project-tied loans)	11,300.			
Deficit Financing Items				
Privatization proceeds	206.18	206.18	-	-
Multi-Lateral project-tied loans	1,771.40	1,771.40	-	-
Domestic Borrowing	7,458.31	10,039.92	2,581.61)	-34.61
Foreign Borrowing	1,864.57	1,760.90	132.00	7.08
Total	11,300	13,778.41		

Source: Budget Office (2023-2025 MTEF and Q4 2023 Budget Implementation Report)

The projected total fiscal deficit excluding GOEs and Project-tied loans was ₦9,037.00 bn in the 2023-2025 MTEF, while the corresponding estimated total fiscal deficit excluding GOEs and project-tied loans in the 2023 budget was ₦13,778.41 bn indicating a variance of ₦4,741.41bn,(34.46%).

2.9.2 Budget Deficit Projection and Performance of the Budget Deficit Financing Items

A budget deficit occurs when government expenditures exceed government revenues over a specific period of time. In a balance budget, the revenues and expenditures are seen to be equalized over a particular period of time, normally in a fiscal year. During the period under review (2023), there was a deficit in the FGN's Annual budget. Deficit financing is part of the expected receipts to fund the budget deficit. It is therefore imperative to measure their contributions in funding the Annual budget against the projected values. The underperformance of the deficit financing items will affect the funding of the budget, resulting in poor budget performance, which leads to the under execution of planned projects or programs of the government. The table below shows the projected fiscal deficits and actual financing in the year 2023.

Table 2.11 Budget Deficit and deficit Financing Items for 2023

Item	2023 Budget	2023 Actual	Variance (Actual v Budget)	
	Annual (Nbn)	Nbn	Nbn	%
Fiscal Deficit (excluding GOEs sand Project-tied loans)	-13,778.42	10,551.42	-3,227.	-23.42%
Total Fiscal Deficit (including GOEs and Project-tied loans)	11,300.			
Deficit Financing Items				
Privatization proceeds	206.18	00	-206.18	-100
Multi-Lateral project-tied loans	1,771.40	973.96	-797.44	-45.02
Domestic Borrowing	10,039.92	5,630.00	-4,409.92	-43.92
Foreign Borrowing	1,760.90	00	00	-100

Source: Budget Office (2023-2025 MTEF and Q4th Budget Implementation Report)

The table above reflects the information from the Q4 2023 BIR. ₦13,778.42 bn was projected in 2023 final budget, while ₦10,551.42 bn was realized, leaving a balance of ₦3,227bn, (23.42%). However, in the breakdown of the outturns, it was noted that only domestic and multi-lateral/bilateral items that contributed to fiscal deficit financing to the tune of ₦5,630.00 bn and ₦973.96 bn respectively. A total of ₦6,603.96bn was contributed, showing a difference of ₦3,947.46 bn from the actual amount. It was not stated in the BIR from where the balance of the actual deficit was funded.

2.9.3 The Financing Items

In the 2023-2025 MTEF and 2023 budget, the Privatization proceeds items were both projected to generate N206.18 billion. Meaning, there was no variance between the MTEF and the budget projections. At the end of the fiscal year, no amount was realized from the item. The Multi-Lateral/Bi-lateral project-tied loans items had a projection of ₦1,771.40 bn in both the 2023-2025 MTEF as well as in 2023 budget, which indicates no deviation. At the end of the fiscal year, ₦973.96 bn was reported to have been realized.

The Domestic Borrowing items was projected to generate ₦7,458.31 bn in the 2023-2025 MTEF, while in the 2023 budget, ₦10,039.92 bn was projected, showing a deviation of ₦2,581.61 bn, (34.61%). At the end of the fiscal year ₦5,630.00 bn was realized

The foreign borrowing item was projected to generate ₦1,864.57 bn in the 2023-2025 MTEF,

while in the 2023 budget, ₦1,760.90 bn was projected, showing a difference of ₦132.00 bn, (7.08%). However, at the end of the fiscal year, no amount was realized.

2.9.4 Deficit Financing

The deficit financing for 2023 fiscal year was projected to be financed from the aforementioned financing items on the table 2.11 above. The budgeted sum stood at ₦13,778.42 bn, which is to be financed as follows:

i.	Privatization proceeds	₦206.18 billion (1.50%)
ii.	Multi-lateral/Bi-lateral project-tied loans	₦1,771.40 billion (12.86%)
iii.	Domestic Borrowings	₦10,039.92 billion (72.87%)
iv.	Foreign Borrowings	₦1,760.90 billion (12.78%)

The annual projected deficit financing figures allocated to the financing sources show that domestic borrowing was allocated the highest, to the tune of ₦10,039.92 bn, representing 72.87% of the total allocation, followed by Multi-lateral/Bi-lateral borrowing with the allocation of ₦1,771.40 bn. Representing 12.86% of the total allocation. Foreign Borrowing ₦1,760.90 bn, representing 12.78% of the total allocation and Privatization, which ₦206.18 bn, representing 1.50% of the total allocation.

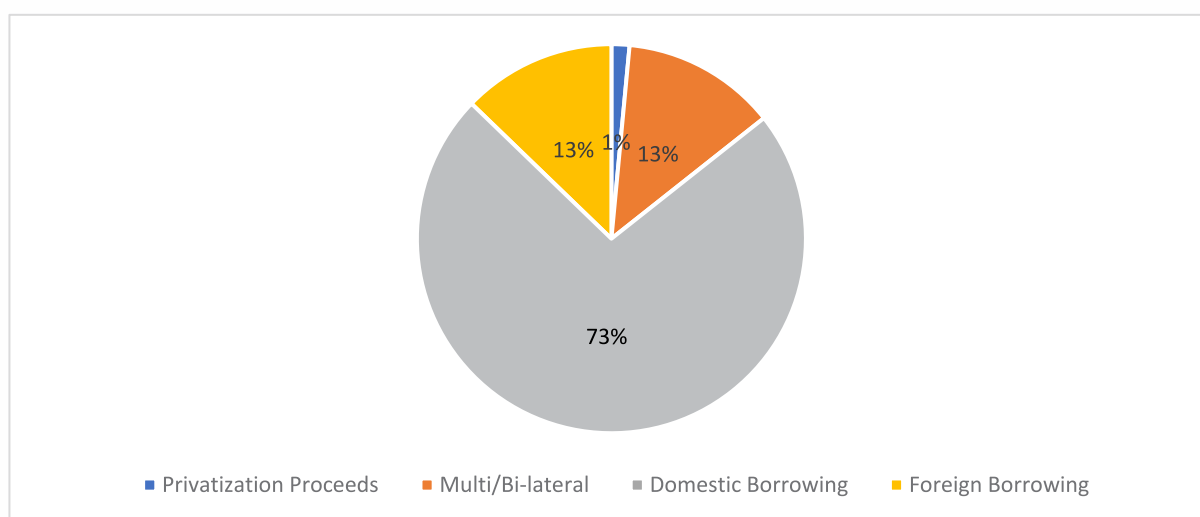


Fig. 1 Annual Budget for Deficit Financing Items, 2023

2.9.5 Implementation and Performance of the Deficit Financing Sources in the 2023 Fiscal Year

The total budget deficit projection at the end of the fiscal year, 2023 stood at ₦13,778.42 billion which were shared and allocated in various amount as enumerated above to the 4(four) deficit financing sources. Out of the four financing sources only 2 (two), Domestic Borrowing and

Multi-lateral/Bi-lateral project-tied loans were forthcoming

Out of the projected ₦10,039.92 billion allocated to Domestic sources, ₦5,630.00 billion was realized, representing 56% of the projection. While the Multi-lateral/Bi-lateral borrowing realized ₦973.96 out of the ₦1,771.40 projected, representing 54.98% of the projection. Making a total of ₦6,603.96 billion. However, it was stated in the 2023 BIR that out of the ₦13,778.42 billion projected of the budget deficit, ₦10,551.42 billion was realized.

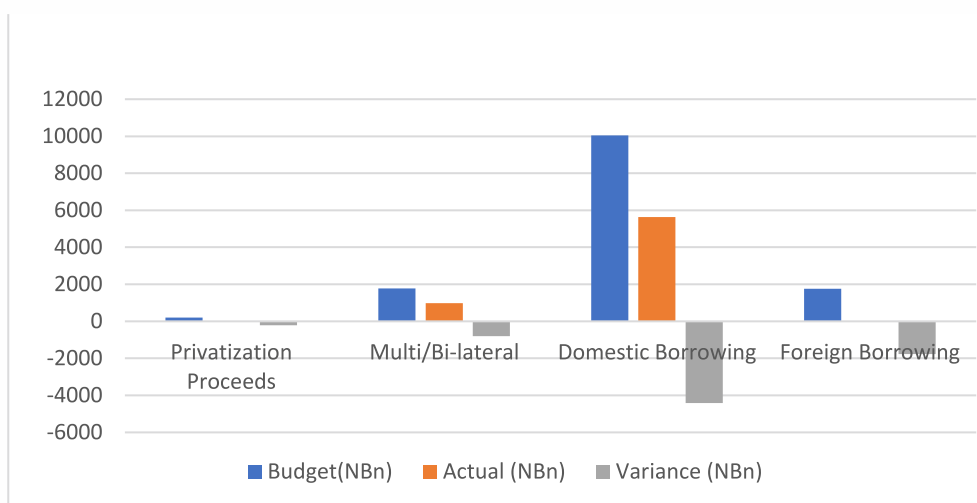


Fig. 2 2023 Deficit Financing Items

2.10 ASSESSMENT OF 2023 FULL-YEAR REVENUE PERFORMANCE USING PUBLIC EXPENDITURE AND FINANCIAL ACCOUNTABILITY (PEFA) AND FISCAL TRANSPARENCY CODE (FTC)

2.10.1 Budget Reliability

- **PEFA:** Reliability of the Budget can be determined from the Fiscal space (affordability) and the Budget performance within the period.

The 2023 Budget projections of the Oil and Non-Oil revenue as highlighted in Table 2.10 above clearly show revenue out-turn (i.e. the change in revenue between the approved budget and the end-of-year actual).

For instance, the Gross Oil Revenue of ₦8,355.21 bn (actual) was realized as against ₦9,384.72 bn prorated budget projection with a difference of ₦1,029.51 bn (-10.97%) showing a decline from the projected value. On the other hand, the actual Gross Non-Oil revenue was ₦10,058.55 bn as against ₦7,671.87 bn that was projected in the budget showing an increase of ₦2,386.67 bn (31.11%).

Table 2.11 above further shows that the budget deficit projection in the year 2023 was ₦13,778.42 bn of which ₦10,551.42 bn was achieved from only two sources out of the four deficit financing sources projected in the budget. However, domestic borrowing was estimated at ₦10,039.92 bn but at the end of the year, the sum of ₦5,630.00 bn was achieved while Multilateral/Bilateral item was estimated at ₦1,771.40 bn, while only ₦973.96 billion was realized.

Therefore, the performance of the actual deficit financing items at the end of the 2023 fiscal year showed deviations.

- **FTC requirement on MTBF:** Budget documentation includes the outturns and projections of revenues, expenditure, and financing over the medium term on the same basis as the annual budget.

The actual figures recorded at the end of 2023 from non-oil revenue and the unutilized deficit financing items did not achieve the target. Therefore, the MBTF, the annual budget projections, and the actual figures after implementation were not the same.

Given the trend, the actual figure of the aggregate revenue, and the two unutilized deficit financing items, the target was not achieved.

2.10.2 Transparency of Public Financing:

- **PEFA:** *Transparency in fiscal financing involves “comprehensive budget, transparency of all government revenue and expenditure including intergovernmental transfers, published information on service delivery performance and ready access to fiscal and budget documentation” must be accessible to users.*

In the case of the 2023 budget deficit and budget deficit financing items, there was no comprehensive information in the approved budget on when and what to privatize within the fiscal year to fund the deficit. Further, the sum of ₦13,778.42 bn was estimated to finance the budget deficit from the four financing sources, but only ₦10,551.42 bn was realized. The amount realized from Domestic borrowing and Multilateral/Bilateral project-tied loans to the tune of ₦5,630.00 bn and ₦973.96 bn respectively. These amounts show a difference of ₦3,947.46 bn from the amount stated to have been realized at the end of the fiscal year 2023.

from the two sources.

The 2023 consolidated Budget Implementation Report did not clearly state where the difference of ₦3,947.46 bn was sourced from.

The 2023 consolidated budget implementation report was published late thereby violating the provisions of Section 30(2) of the FRA 2007.

- **FTC requirements of Medium-Term Budget Framework (MTBF):**

“Budget documentation includes the outturns of the two preceding years and the medium-term projection of revenues, expenditures, and financing by economic and by Ministry or program”

The Consolidated Budget Implementation Report for the 2023 fiscal year on deficit financing does not include the GOEs and the project-tied loans, the actual performance of them should be reported since they were included in the estimated Aggregate Revenue and deficit figures.

2.10.3 Management of Assets and Liabilities

Budget deficit financing is a way of adding Assets and Liabilities to the Government. Therefore, managing the entire process is important to safeguard the assets and minimize the exposures.

The 2023 Budget Implementation Report clearly shows that at the end of the fiscal year, the actual amount realized from the financing sources was ₦10,551.42 bn, the sum of ₦5,630.00 bn and ₦973.96 bn from domestic borrowing and Multi/Bilateral project-tied loans respectively. This shows that from the 2(two) financing sources, ₦6,603.96 bn was realized and the financing source(s) where the sum of ₦3,947.46 bn was realized was not provided in the BIR.

2.10.4 Macroeconomic risks:

- **Predictability and control in budget execution:**

Good forecasting of Macroeconomic variables and control in budget execution is very important it helps in achieving a reasonable percentage of budget execution performance within the fiscal year.

The actual budget implementation for the year under review (2023) shows under-performance

based on the forecast / budgeted values allocated to the budget items/variables except for personnel cost which was adequately managed within its projection.

2.10.5 Macroeconomic Forecast:

- **FTC: The budget documentation includes a forecast and explanation of key macroeconomic variables and their components as well as their underlying assumptions.**

The Consolidated BIR contained Revenue Out-turns, the Revenue sub-heads, and deficit financing items for the year ended 2022 as highlighted in Tables 2.10 and 2.13 above showing variations between the forecast revenue and the actual revenue. For instance, the Gross Oil Revenue of ₦8,355.21 bn(actual) was realized at the end of the 2023 financial year against ₦9,384.72 bn budgeted for the same period. This denotes a shortfall of ₦1,029.51 bn (-10.97%)

TABLE 2:12 REVENUE PERFORMANCE FOR THE HALF YEAR 2024.

REVENUE ITEMS	2024 Projections		MTEF VS BUDGET		2023 Projections		MTEF Vs BUDGET	
	MTEF	BUDGET	VARIANCE		MTEF	BUDGET	VARIANCE	
	₦bn	₦bn	₦bn	%	₦bn	₦bn	₦bn	%
FGN Share of Oil Revenue	6,702.17	8,176.28	(1,474.11)	(21.99)	1,861.85	2,229.64	(367.79)	(19.75)
FGN Share of Dividend(NLNG)	323.76	357.92	(34.16)	(10.55)	81.79	81.79	0.00	0.00
FGN Share of Minerals and Mining	4.56	4.56	0.00	0.00	3.64	3.64	0.00	0.00
FGN Share of Non - Oil Revenue	3,521.20	3,569.77	(48.57)	1.38	3,521.21	2,465.61	1055.60	29.98
FGN Share of Company Income Tax(CIT)	1,472.57	1,472.58	(0.01)	(0.68)	933.28	933.28	0.00	0.00
FGN Share of Value Added Tax(VAT)	512.83	512.83	0.00	0.00	383.09	383.09	0.00	0.00
FGN Share of Customs	1,287.53	1,287.53	0.00	0.00	949.59	949.59	0.00	0.00
FGN Share of Federations Account Levies	248.26	248.26	0.00	0.00	167.19	167.19	0.00	0.00
Electronic Money Transfer Levy(Stamp Duty)	24.39	24.39	0.00	99.90	19.08	19.09	(0.01)	(0.05)
Share of Oil Price Royalty	21.40	24.17	(2.77)	99.90	13.36	13.37	(0.01)	(0.07)
FGN Independent Revenue	1,907.77	2,691.78	(784.01)	(41.09)	1,682.49	3,169.07	(1486.58)	(88.36)
Drawn - Down from Special Levies Accounts	300.00	300.00	0.00	0.00	300.00	300.00	0.00	0.00
FGN Share of Signature Bonus	251.46	251.46	0.00	0.00	57.04	57.05	(0.01)	(0.02)
Domestic Recoveries+Assets+Fines	0.00	0.00	0.00	0.00	27.89	27.90	(0.01)	(0.04)
Grants and Donor Funding	639.92	685.63	(45.71)	(7.14)	43.08	43.03	0.05	0.12
Education Tax(TETFUND)	390.24	700.00	(309.76)	(79.37)	248.26	248.27	(0.01)	(0.00)
GOEs Retained Revenue	4,069.56	2,861.08	1,208.48	29.70	2,232.11	2,419.11	(187.00)	(8.38)
FGN RETAINED REVENUES(Excl. GOEs)	12,889.44	23,015.52	(10,126.08)	(78.56)	6,408.33	8,626.00	(2217.67)	(34.61)
AGGREGATE FEDERAL GOVERNMENT REVENUE	16,959.00	25,876.61	(8,917.61)	(52.58)	8,460.44	11,045.11	(2584.67)	(30.55)

Source: BIR 2024 Second Quarter

2.11. FGN PERFORMANCE ANALYSIS OF REVENUE CATEGORIES FOR HALF YEAR 2024.

2.11.1 Oil Revenue:

A breakdown of Oil revenue items indicates that the sum of ₦2,715.05 bn was realized as at half year 2024, as seen the Table 2.23 above. The actual fell short of the ₦4,088.44 bn that was projected for the half year budget by ₦1,373.09 bn (33.59%)

The FGN Share of Dividend (NLNG) of ₦357.92 bn was projected for the half year 2024 while nothing was recorded in the period under review. The Share of Minerals and Mining realized as at half year was ₦3.67 bn as against ₦2.28 billion that was projected showing an increase of ₦1.39 bn (60.98%).

2.11.2 Non-Oil Revenue:

The Non-Oil revenue achieved as at half year 2024 was ₦2,291.98 bn as against ₦1,784.89 bn that was projected for the half year in the budget. It shows an increase of ₦507.10 bn (28.41%) as at the end of the second quarter of 2024.

The increase in the non-oil revenue was due to the improvements by the Company Income Tax of ₦1,184.06 bn as against the budget projection of ₦730.29 bn; Electronic Money Transfer Levy of ₦14.72 bn as against the ₦12.20 bn that was projected; Value Added Tax of ₦378.99 bn as against ₦256.42 bn that was projected in the 2024 half year budget.

The Independent revenue of ₦1,626.35 bn was realized as against the budget projection of ₦1,345.89 bn in the period under review while Draw-Down from Special Levies account was projected at ₦150 bn, nothing was realized. Federation Accounts Levies yielded ₦14.72 bn as against ₦12.20 bn that was projected in the half year budget while Oil Price Royalty that was projected at ₦12.08 bn recorded no actual as at half year 2024.

The Customs yielded ₦639.11 bn as against the ₦645.77 bn that was projected in the budget with a difference of ₦4.66 bn (0.72%)

The Signature Bonus, Renewal, and Early Renewal revenue was projected at ₦125.73 bn but ₦25.97 bn was realized with a decrease of ₦99.76 bn while nothing was budgeted for Domestic Recoveries + Assets + Fines but it yielded ₦17.72 bn.

The Education Tax (TETFUND) was projected at ₦350 bn for the period under review and ₦416.83 bn was received showing at ₦66.83 bn (19.09%) while Grants and Donor Funding had a budget projection of ₦342.82 bn, the actual was ₦1,003.05 bn with a variance of ₦660.23 bn (192.59%) resulting in a significant increase from the budget projection.

The GOEs Retained revenue was ₦314.46 bn as against the budget projection of ₦1,430.54 bn and it shows a decrease of ₦1,116.88 bn (78.02%) in the half year budget of 2024.

2.12 HALF-YEAR FISCAL DEFICIT AND FINANCING PROJECTION – COMPARISON AND ANALYSIS OF FISCAL DEFICIT AND DEFICIT FINANCING ITEMS IN 2024 - 2026 MEDIUM-TERM EXPENDITURE FRAMEWORK (MTEF) AND THE 2024 FGN BUDGET.

2.12.2 Fiscal Deficit

Based on the amended budget framework, the sum of ₦25,876.61 bn was projected to fund the 2024 FGN budget. Also, the GDP was proposed at ₦236, 305.2 bn

The 2024-2026 MTEF/FSP projected a total budget deficit of ₦9,048.22bn, (including Government-Owned Enterprises (GOEs) and project-tied loans). This represents 3.83% of the GDP, which is above the 3% benchmark stipulated by the FRA, 2007.

The sum of ₦8,257.57 bn was projected excluding GOEs and project-tied loans in the MTEF for the same period representing 3.49% of the GDP. This also exceeded the 3% threshold of the FRA 2007. However, in the approved 2024 Budget, the deficit was set at ₦9,178.93bn (excluding GOEs and project-tied loans), reflecting an increase of ₦921.36 bn, which translates to 11.16% deviation compared to the MTEF/FSP projections concerning fiscal deficit excluding GOEs and project-tied loans. This indicates a 3.88% to GDP ratio, which is also higher than 3% mark stipulated by FRA 2007.

2.12.2 Deficit Financing.

The financing items projected to finance the 2024 fiscal deficit include:

1. Privatization Proceeds
2. Multilateral/Bilateral Project-Tied Loans
3. Domestic Borrowing
4. Foreign Borrowing

These are the projected sources of fiscal deficit financing for 2024 – 2026 MTEF/FSP and 2024 FGN budget. Both the MTEF and 2024 Budget projected the sum of ₦298.49 billion to be financed by Privatization Proceeds, while Multilateral/Bilateral Loans was projected at ₦1,051.91 bn in 2024 – 2026 MTEF and 2024 Budget. The projections of both 2024-2026 MTEF and the 2024 Budget has remained the same for both Domestic and Foreign Borrowings with the sum of ₦6,060.92 bn and ₦1,767.61 bn respectively.

The Table below highlights these comparative figures for fiscal deficit and Deficit financing items (DFI) in 2024 -2026 MTEF and 2024 Budget.

Table 2.13 Comparison and Analysis of Fiscal Deficit and Deficit Financing Items of the 2024 – 2025 MTEF and 2024 Approved Budget

Fiscal Items	Projections		Variance (MTEF 2024 -2026 vs 2024 Budget)	
	2024 – 2026 MTEF (₦bn)	2024 Budget (₦bn)	(₦bn)	%
Fiscal Deficit				
Fiscal Deficit (excluding GOEs and project-tied loans)	8,257.57	9,178.93	921.36	11.16
Total Fiscal Deficit (including GOEs and project-tied loans)	9,048.22		9,048.22 -	(100)
Deficit Financing Items				
Privatization Proceeds	298.49	298.49	0.00	0.0
Multilateral/Bilateral Project-Tied Loans	1,015.91	1,015.91	0.00	0.0
Domestic Borrowing	6,060.92	6,060.92	0.00	0.0
Foreign Borrowing	1,767.61	1,767.61	0.00	0.0

Source: Second Quarter 2024 BIR of the BOF

2.12.3 Fiscal Balance for the year 2024

The 2024 federal budget projected a deficit of ₦9,178.93 bn (3.88% of GDP), based on an estimated GDP of ₦236,305.20 bn. This deficit excludes financing for Government-Owned Enterprises (GOEs) and project-tied loans.

2.12.4 Budget Deficit Projection and Performance of the Budget Deficit Financing Items

A budget deficit occurs when expenditures exceed revenues. Deficit financing on the other hand (through borrowing or other means) bridges this gap and is critical for budget implementation. The underperformance in deficit financing can disrupt government projects and programs due to funding shortfalls. It is therefore crucial to ascertain the performance/contributions of the Financing Items in funding the annual budget against the

projected values. The table below shows the projected and actual fiscal deficits for the half year of 2024.

Table 2:14 Compares projected vs. actual fiscal deficits for the first half of 2024

Items	2024 Budget			Actual	Variance	
	Annual (₦Bn)	Quarterly (₦Bn)	Half Year	Half Year, 2024	Half year Actual Vs Budget 2024	
					NBn	%
Fiscal Deficit (excluding GOEs and project-tied loans)	(9,178.93)	(2,294.73)	(4,589.46)	(4,529.92)	59.54	(1.30)
Financing Items:						
Privatization Proceeds	298.49	74.62	149.24	0.00	(149.24)	(100.00)
Multilateral/Bilateral Project-Tied Loans	1,051.91	262.98	525.96	0.00	(525.96)	(100.00)
Domestic Borrowing	6,060.92	1,515.23	3,030.46	4,529.92	1,499.46	49.48
Foreign Borrowing	1,767.61	441.90	883.81	0.00	(883.81)	(100.00)

Source: Half year, 2024 FRC

2.12.5 2024 Deficit Financing Plan

The 2024 federal budget outlined a total deficit financing requirement of ₦9,178.93billion, to be sourced through the following four financing items:

- | | |
|---|----------------------------|
| 1. Privatization Proceeds | ₦298.49 billion (3.25%) |
| 2. Multilateral/Bilateral Project Loans | ₦1,051.91 billion (11.46%) |
| 3. Domestic Borrowing | ₦6,060.92 billion (66.03%) |
| 4. Foreign Borrowing | ₦1,767.61 billion (19.26%) |

The annual projected deficit financing figure allocated to the financing sources shows that Domestic borrowing constitutes nearly two-thirds of the financing mix, potentially impacting local debt markets. External financing (multilateral + foreign borrowing) accounts for about 31% of total deficit coverage, while Privatization plays a minimal role, representing 3.25% of planned financing.

Observations

This structure reveals a financing strategy that Prioritizes domestic borrowing over external

debt and limited dependence on asset monetization.

2.12.7 Implementation and Performance of the Deficit Financing Items in the First Half of 2024 Fiscal year

The 2024 fiscal framework projected quarterly and half year deficit financing of ₦2,294.73 bn and ₦4,589.46 bn respectively. As at the end of the second quarter (half year) only the Domestic source of financing was utilized to the tune of ₦4,529.92 bn against the projected sum of ₦3,030.46 bn. This is higher than the projected sum with ₦1,499.46 bn at the end of the half year.

As at the end of the half year, the sum of ₦4,529.92 bn was realized as the deficit financing fund which came only from one financing source (Domestic borrowing).

The financing targets for the first half of 2024 budget deficit was ₦4,589.45 bn from the aforementioned four financing items, of which ₦4,529.92 bn (98.70%) was achieved from domestic borrowings alone.

As of 30th June 2024, no financing came from the remaining three (3) financing items, as such, their financing for the first half of 2024 budget deficit was nil. This could be attributed to difficulties accessing concessional international loans. Leaving no option than to rely on domestic sources to finance the budget which will affected the level of execution of the projects and programs earmarked within the fiscal year and further increase the cost of Governance by servicing the loans with the high interest rates.

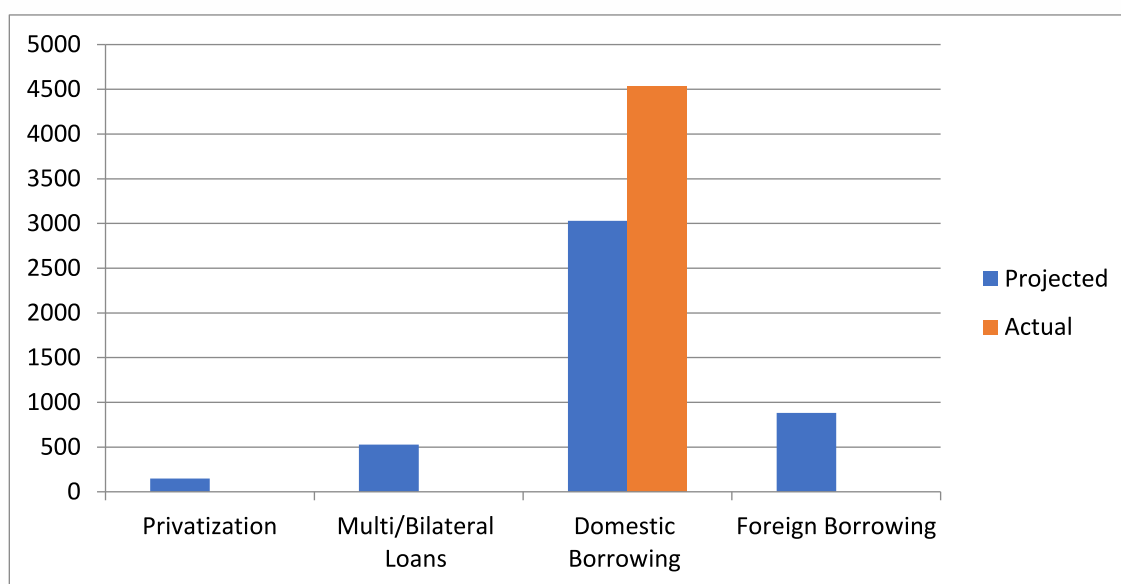


Fig. 3 Deficit Financing Items (Projected and Actual) First Half of the year 2024

2.13 ASSESSMENT OF FGN REVENUE PERFORMANCE USING PUBLIC EXPENDITURE AND FINANCIAL ACCOUNTABILITY (PEFA) AND FISCAL TRANSPARENCY CODE (FTC) – 2024 HALF-YEAR

2.13.1 Budget Reliability

PEFA: Reliability of the Budget can be determined from the Fiscal space (affordability) and the Budget performance within the period.

The 2024 half-year budget projections and the performances of Oil and Non-Oil revenue as highlighted in Tables 2.22 and 2.23 above clearly showed that there was revenue outturn (i.e. the change in revenue between the original approved budget and the end of the year outturn – PEFA) in the first half year 2024.

For instance, the Gross Oil Revenue (half year) of ₦6,535.33 bn (actual) was realized as against ₦9,998.17 bn prorated budget projection with a difference of ₦3,462.83 bn (-34.63%) showing a decline from the projected value. On the other hand, the actual Gross Non-Oil revenue was ₦7,161.25 bn was achieved in the first half year against ₦5,404.02 bn that was budgeted for the period. This shows a shortfall of ₦1,757.22 bn (32.52%).

The 2024 half-year budget deficit projections and the performances of the financing items from the table 2.13 above revealed that the budget deficit projection for the half year was ₦4,589.46 bn of which ₦4,529.92 bn was achieved from only one source (Domestics borrowing) out of the four deficit financing sources expected to finance the deficit to the tune of ₦4,589.46 bn as at the half year.

It is instructive to note that the sum of ₦3,030.46 bn was estimated to come from domestic borrowing for the first half year 2024 but the sum of ₦4,529.92 bn was the actual from the source for the period under review. This shows a difference of ₦1,499.46 bn higher than the projected amount.

The trend of the actual revenue and the deficit financing every quarter already showed deviations from the quarterly estimated figures. Therefore, the reliability of the budget and achievement of the set targets for the period under review were not met.

FTC requirement on MTBF: Budget documentation includes the outturns and projections of

revenues, expenditure and financing over the medium-term on the same basis as the annual budget.

Given the trend, actual figures of the Aggregate revenue, the unutilized financing items, and projects and programs left for the remaining half year indicate that the target for the deficit financing may not be achieved; however, the MTBF may not likely be the same with the annual budget projections at the end of the Fiscal year 2024.

2.13.2 Transparency of Public Financing: PEFA

Transparency of Public Financing involves “comprehensive budget, transparency of all government revenue and expenditure including intergovernmental transfers, published information on service delivery performance and ready access to fiscal and budget documentation” must be accessible to users.

In the case of the 2024 budget deficit and budget deficit financing items, there was no comprehensive information in the approved budget on when and what to privatize within the fiscal year to fund the deficit. The 2024 half year budget implementation report was published late, and the second half-year report has not been published and made accessible on the website of the Budget Office as of the time of writing this report thereby violating the provisions of Section 30(2) of the FRA 2007.

2.13.3 Management of Assets and Liabilities

Budget deficit financing is a way of adding Assets and Liabilities to the Government. Therefore, managing the entire process is important to safeguard the assets and minimize the exposures.

A look at the first half year of the Budget Implementation Report for 2024, clearly shows that the mid-year deficit from domestic borrowing was the only deficit financing out of the four financing sources that were used to finance the budget deficit. However, the domestic borrowing as at the end of the first half year was already exceeded the projected amount to the tune of ₦1,499.46 bn. This trend of financing the deficit from the Domestic borrowing is highly increasing the cost of governance and in turn increasing the liabilities to government by paying high interest rate.

3.4 Consistency with previous estimates: PEFA benchmarks

By PEFA standards, the budget documents explain all changes to expenditure and revenue estimates. Budget Implementation Report (BIR) for the first half year 2024 shows that there was no deficit financing from the other 3 (three) sources, the only deficit financing source that was utilized during the period was Domestic borrowing to the tune of ₦4,529.92 bn which was higher than the projected amount with ₦1,499.46 bn within the period under review, but no explanation was given in the report.

2.13.5 Policy-Based Fiscal Strategy and Budgeting

Fiscal Strategy Adoption: PEFA benchmark

The Government has adopted, submitted to the legislature, and published a current fiscal strategy that includes explicit time-based quantitative fiscal goals and targets together with quantitative objectives for at least the budget year and the following two fiscal years. (MTEF 2024-2026)

2.13.6 FTC: Macroeconomic Risks

Budget documentation includes sensitivity analysis, alternative scenarios and probabilistic forecast of fiscal outcomes.

The budget document only included a fiscal forecast to major macroeconomic assumptions, and two (2) scenarios 1&2 but no probabilistic forecast of fiscal outcomes.

The analysis of potential fiscal risks for oil and non-oil revenues and possible measures to control or mitigate them were not included in the 2024 budget.

2.13.7 Predictability and Control in budget execution:

Good forecasting of Macroeconomic variables and control in budget execution is very important as it helps in achieving the set targets of a fiscal year.

The actual budget implementation for the first half of 2024 showed under-performance based on the forecast/budgeted values allocated to the budget items had significant variance for the year under review.

2.13.8 FTC: Macroeconomic Forecast

The budget documentation includes forecast and explanation of key macroeconomic variables and their components as well as their underlying assumptions.

The first half year BIR contained Revenue Out-turns, the Revenue sub-heads and deficit financing items for the half year 2023 as highlighted in Tables 2.9 and 2.12 above shows variations between the forecast revenue and the actual revenue. For instance, the Gross Oil Revenue of ₦6,535.33 bn (actual) was realized in the first half of the year 2024 as against ₦9,998.17 bn budgeted for the same period. This denotes a shortfall of ₦3,462.83 bn (-34.63%). There was no explanation of the reasons for the variance within the period under review.

2.13.19 Accounting and Reporting

PEFA: “Accurate and reliable records are maintained, and information is produced and disseminated at appropriate times to meet decision-making, management, and reporting needs.”

As of the first quarter of the year 2025, only the first half year of 2024 budget implementation report has been published. This is not good enough for comprehensive, accuracy, and timeliness of information on budget execution; it does not allow adequate monitoring of budget performance and, if necessary, timely use of corrective measures.

2.14 FGN BUDGET ASSESSMENT: ANALYSIS OF EXPENDITURE PERFORMANCE FOR 2023 FISCAL YEAR

Table 2.15 2023 MTEF vs Budget Expenditure Projections

FISCAL ITEMS	(A) MTEF (SCENARIO 2 - SUBSIDY REFORM)	(B) 2023 BUDGET APPROVED BY NASS + SUPPLEMENTARY	© 2023 APPROVED BUDGET	VARIANCE	
		₦b		(A - C) ₦b	%
STATUTORY TRANSFER	722.11	985.49	985.49	263.38	36.47
DEBT SERVICE	6,309.87	6,309.87	6,309.87	-	-
SINKING FUND	247.73	247.73	247.73	-	-
RECURRENT (NON-DEBT)	8,522.74	9,322.17	9,322.17	799.43	9.38
a Personnel Costs (MDAs)	4,547.58	4,139.21	4,139.21	- 408.37	- 8.98
b Personnel Costs (GOEs)	779.31	912.32	912.32	133.01	17.07
c Overheads (MDAs)	451.66	785.47	785.47	333.81	73.91
d Overheads (GOEs)	451.00	671.40	671.40	220.40	48.87
e Pensions, Gratuities & Retirees' Benefits (CRF Pensions)	827.86	854.81	854.81	26.95	3.26
f Other Service Wide Votes (including GAVI/Immunization)	1,037.92	1,681.55	1,681.55	643.63	62.01
g Presidential Amnesty Programme	65.00	65.00	65.00	-	-
h TETFUND - Recurrent	12.41	12.41	12.41	-	-
SPECIAL INTERVENTIONS (Recurrent)	350.00	200.00	200.00	- 150.00	- 42.86
AGGREGATE CAPITAL EXPENDITURE	4,369.84	8,434.98			
a Capital Supplementation	437.43	1,594.61			
b Capital Expenditure in Statutory Transfers	411.37	476.72			
c Special Intervention Programme (Capital) - Family Home Fund	7.00	7.00			
d Amount Available for MDAs Capital Expenditure (MDAs and Other)	1,000.00	3,457.61	5,308.45		
e GOEs Capital Expenditure	450.39	835.39	835.39		
f TETFUND Capital Expenditure	235.85	235.85			
g Grants and Donor Funded Projects	43.03		43.03		
h Multi-lateral / Bi-lateral Project-tied Loans	1,771.40	1,771.40	1,771.40		
i FGN Share of Oil Price Royalty Transferred to NSIA	13.37	13.37			
Capital Expenditure (Exclusive of Transfers)	3,958.47	7,958.26	7,958.27	3,999.80	101.04
TOTAL FGN BUDGET (Excluding GOEs & Project-tied Loans)	16,308.82	20,633.00	20,633.01	4,324.19	26.51
TOTAL FGN BUDGET (Including GOEs & Project-tied Loans)	19,760.92	24,823.52	24,823.52	5,062.60	25.62

SOURCE: 2023-2025 MTEF FSP FINAL, REVISED 2024-2026 MTEF, and 2023 FOURTH QUARTER BUDGET IMPLEMENTATION REPORT (BIR)

Note:

The Table 2.15 was sourced from three documents and attention should be drawn to the the way the final approved budget was captured. The revised 2024 - 2026 MTEF explicitly presented the breakdown of the component of the Aggregate Capital Expenditure, the 2023 fourth quarter BIR summarised it under the heading "Capital Expenditure (MDAs and Others)" and no disclosure under Capital Expenditure in Statutory Transfers.

Making it difficult to compare appropriately with its corresponding component under the MTEF.

Examining the 2023 MTEF against its 2023 approved budget disclosed the following.

1. The Personnel Costs (MDAs) and Special Intervention (Recurrent) with variances of ₦408.37 bn (8.98%) and ₦150 bn (42.86%) respectively had negative variances from their projected MTEF figures, and they are both under Recurrent (Non-Debt). Some other expenditure lines had positive variances, where Capital Expenditure (Exclusive of Transfers) had the highest, with percentage variance of ₦3,999.80bn (101.04%) . There are about four (4) other expenditure lines without any form of variance, that is, their approved budget figures were the same with the MTEF which is the standard expected of all.
2. In general, the Total FGN Budget (Including GOEs & Project-tied loans) 2023 approved budget had a positive variance from its MTEF with the sum of ₦5,062.60 bn (25.62%).
3. According to the Fiscal Transparency Code (FTC), "Budget documentation includes outturns and projections of revenues, expenditures, and financing over the medium term on the same basis as the annual budget.
4. In conclusion, the 2023 MTEF was not the same as the 2023 annual budget figures approved by the National Assembly plus its supplementary. It had a percentage variance of over 25%.

Table 2.16 Recurrent Expenditure

IN SUMMARY						
	STATUTORY TRANSFER	RECURRENT EXPENDITURE			CAPITAL EXPENDITURE (EXCLUSIVE OF TRANSFERS)	TOTAL
		DEBT SERVICE	SINKING FUND	RECURRENT NON-DEBT		
	%	%	%	%	%	%
2023-2025 MTEF	3.65	31.93	1.25	43.13	20.03	100.00
2023 APPROVED BUDGET	3.97	25.42	1.00	37.55	32.06	100.00

In summary, comparing 2023 MTEF against its approved budget, none of the expenditure sub-head had the same percentage weight. The closest of it was the Sinking Fund.

Below are pictorial representations of table 2.16

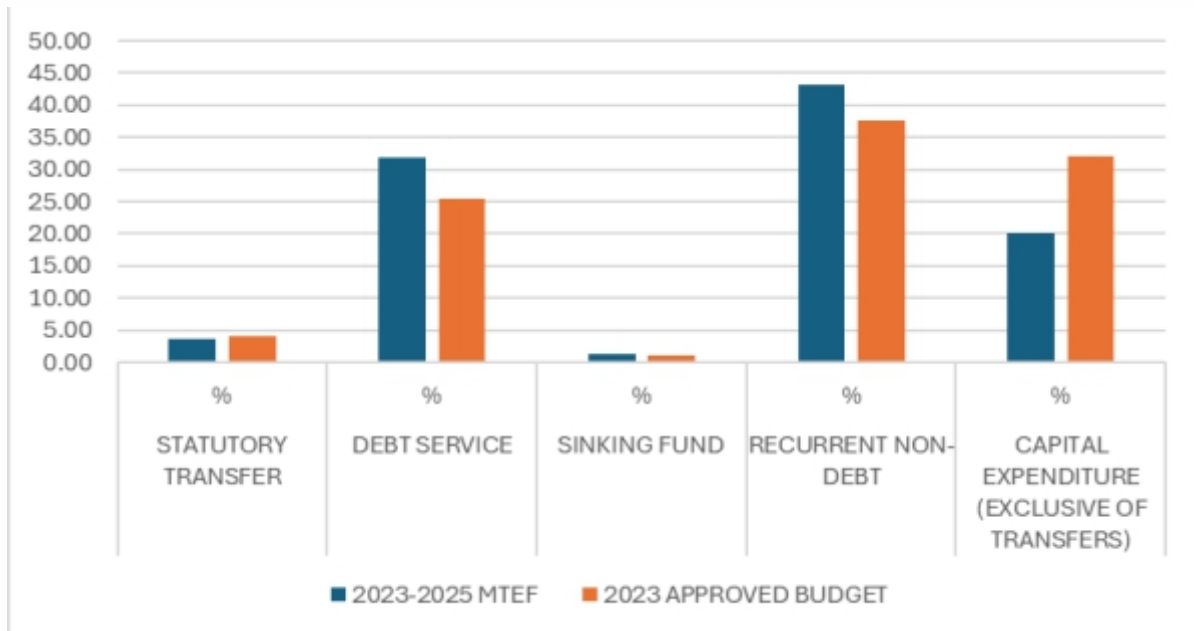


Fig. 4 2023 MTEF Vs Approved Budget in Summary

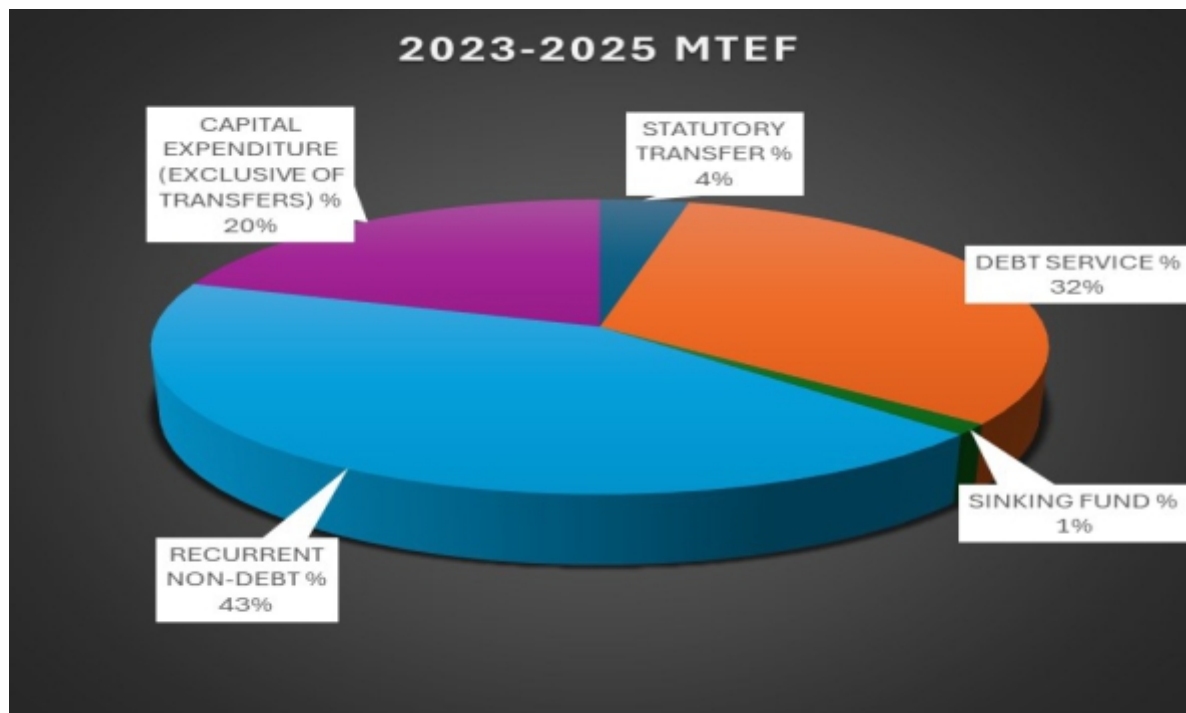


Fig. 5 2023-2025 MTEF

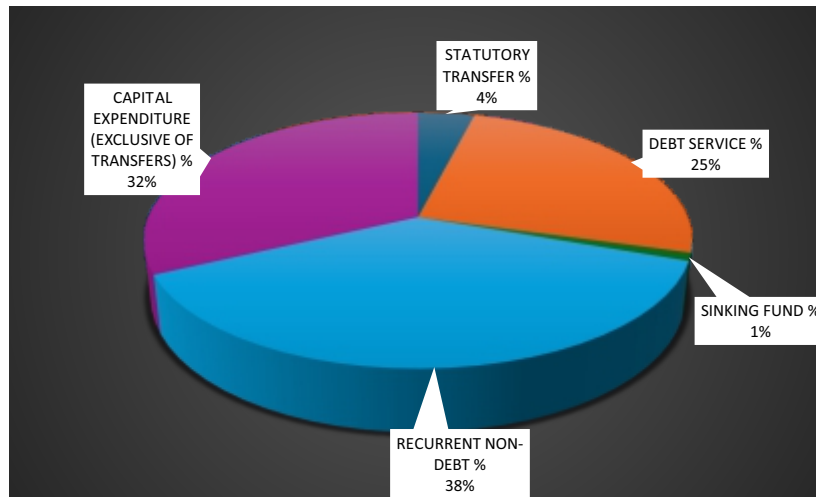


Fig.6 2023 Approved Budget

Table 2.17 2023 FGN BUDGET VS ACTUAL EXPENDITURE PERFORMANCE GENERAL OVERVIEW.

S/No.	ITEMS	2023 APPROVED BUDGET	2023 ACTUAL EXPENDITURE	VARIANCE: ACTUAL VS BUDGET	% VARIANCE
	EXPENDITURE:	₦ bn	₦ bn	₦ bn	%
1	RECURRENT				
2	Personnel Cost	4,139.21	3,965.19	(174.02)	(4.20)
3	Personnel Cost (GOEs)	912.32	1,003.11	90.79	9.95
4	CRF Pensions	854.81	438.55	(416.26)	(48.70)
5	Overhead Cost	785.47	422.15	(363.32)	(46.26)
6	Overhead Cost (GOEs)	671.40	617.58	(53.82)	(8.02)
7	Other Service-Wide Votes + Gavi/Immunization	1,681.55	531.37	(1,150.18)	(68.40)
8	Presidential Amnesty Programme	65.00	65.00	-	-
9	Tetfund Recurrent	12.41	35.97	23.56	189.85
10	Special Intervention (Recurrent)	200.00		(200.00)	(100.00)
11	Sub-Total Non Debt	9,322.17	7,078.92	(2,243.25)	(24.06)
12	Domestic Debt Service	3,295.11	5,035.40	1,740.29	52.81
13	Foreign Debt Service	1,814.76	1,824.88	10.12	0.56
14	Total Debt Service	5,109.87	6,860.28	1,750.41	34.26
15	Interest on Ways and Means	1,200.00	1,696.65	496.65	41.39
16	Sinking Fund to Retire Maturing Loans	247.73		(247.73)	(100.00)
17	Sub-Total Debts	6,557.60	8,556.93	1,999.33	30.49
18	Total Recurrent Expenditure	15,879.77	15,635.85	(243.92)	(1.54)
19	CAPITAL EXPENDITURE			-	
20	Capital Expenditure	5,308.45	3,246.27	(2,062.18)	(38.85)
21	Capital Expenditure (GOEs)	835.39	573.13	(262.26)	(31.39)
22	Multi-Lateral / Bi-Lateral Projects-Tied Loans	1,771.40	973.96	(797.44)	(45.02)
22	Grants and Donor Funded Projects	43.03	1,572.50	1,529.47	3,554.43
23	Total Capital Expenditure	7,958.27	6,365.86	(1,592.41)	(20.01)
24	TRANSFERS			-	
25	Statutory Transfers	985.49	1,034.67	49.18	4.99
26	TOTAL FGN BUDGET	24,823.53	23,036.38	(1,787.15)	(7.20)
SOURCE: OAGF and Budget Office of the Federation, 2023					

Table 2.18 Comparison of 2023 Approve Budget with Actual Expenditure

S/No.	ITEMS	2023 APPROVED BUDGET	2023 ACTUAL EXPENDITURE	VARIANCE: ACTUAL VS BUDGET	% VARIANCE
	EXPENDITURE:	₦ bn	₦ bn	₦ bn	%
1	Total Non Debt	9,322.17	7,078.92	(2,243.25)	(24.06)
2	Total Debts	6,557.60	8,556.93	1,999.33	30.49
3	Total Capital Expenditure	7,958.27	6,365.86	(1,592.41)	(20.01)
4	Statutory Transfers	985.49	1,034.67	49.18	4.99

SOURCE: OAGF and Budget office of the Federation, 2023.

2.15 OBSERVATIONS AND ANALYSIS FROM THE GENERAL OVERVIEW

Tables 2.17 and 2.18 above, clearly compares the amount projected for the expenditure components and the actual expenditure incurred in 2023. It was observed and analyzed that at the end of 2023, the Annual Budget totaled ₦24,823.53bn while the actual expenditure incurred was ₦23,036.38bn. This led to a variance of ₦1,787.15bn (7.20%). This implies that the actual expenditure performed below the budgeted sum in the year 2023.

It was also observed that every individual expenditure head under Non-Debts, performed below its budgeted amount, that is, with negative variance except Personnel Cost for GOEs and Tetfund Recurrent, with a variance of ₦53.82bn (8.02%) and ₦23.56bn (189.85%) respectively. Presidential Amnesty Programme had zero variance.

Generally, Total Recurrent Expenditure had a negative variance with the sum of ₦243.92bn (1.54%).

While Total Capital Expenditure was the most under-performed item which had a negative variance of ₦1,592.41bn (20.01%).

Debts Serving Expenditure (exclusive of Interest on Ways and Means) was the most under budgeted item with variance the sum of ₦1,750.41bn (34.26%).

Special Intervention (Recurrent) and Sinking Fund to Retire Maturing Loans were two expenditure heads budgeted but were not implemented during the 2023 financial year.

2.16 2023 SUB-TOTALS OF BUDGET AND ACTUAL EXPENDITURE EXPRESSED IN PERCENTAGES OF THEIR GRAND TOTALS, AND ITS VARIANCES: ACTUAL VS BUDGET

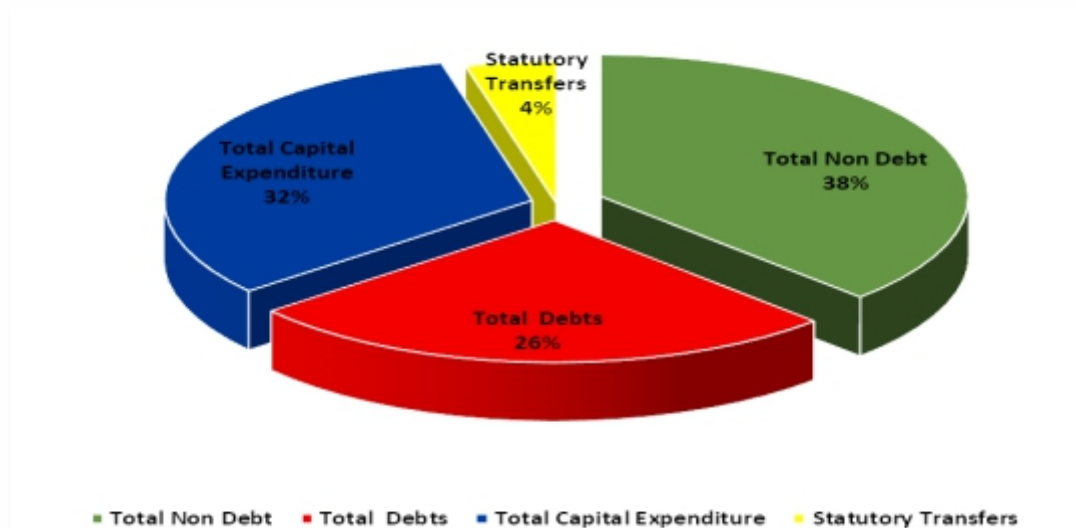


Fig. 7 Sub-Total of 2023 Approved Budget in %

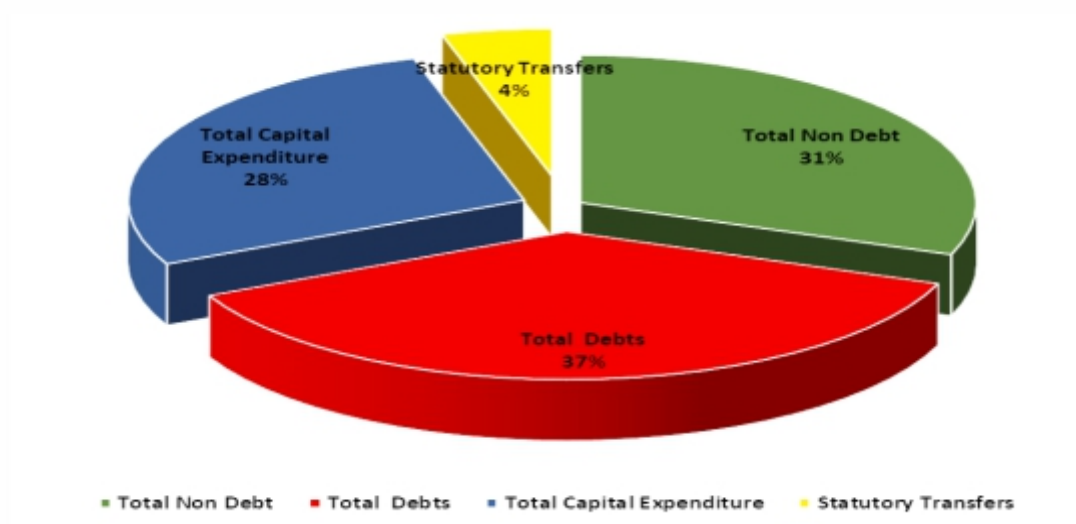


Fig. 8 Sub-Total of 2023 Expenditure Budget in %

Table 2.19 2023 Expenditure and Variance

S/No.	ITEMS	APPROVED BUDGET	ACTUAL EXPENDITURE	VARIANCE
	EXPENDITURE:			
1	Total Non Debt	9,322.17	7,078.92	(2,243.25)
2	Total Debts	6,557.60	8,556.93	1,999.33
3	Total Capital Expenditure	7,958.27	6,365.86	(1,592.41)
4	Statutory Transfers	985.49	1,034.67	49.18

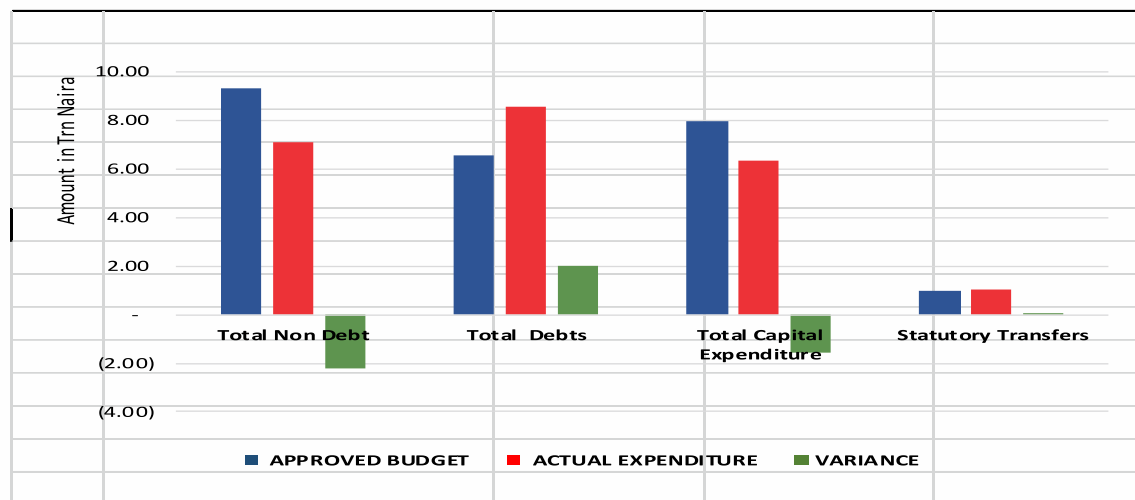


Fig. 9 2023 Variance: Budget vs Actual

2.17 OBSERVATIONS AND ANALYSIS FROM 2023 SUB-TOTALS OF BUDGET AND ACTUAL EXPENDITURE EXPRESSED IN PERCENTAGES OF THEIR GRAND TOTALS, AND ITS VARIANCES: ACTUAL VS BUDGET.

From the figures 7, 8 and 9 above, there were observations and further analysis while considering the sub-totals:

- a) Statutory Transfers showed the same amount for the total actual expenditure and the total Amount budgeted.
- b) From Recurrent Expenditure:
 - i) Debts: Twenty-six percent (26%) of the total budget on expenditure was budgeted for Debts but thirty-seven (37%) of total expenditure was spent on debts.
 - ii) Non-Debts: In the annual plan, non-debt was suppose thirty-eight percent (38%) of budget but thirty-one percent (31%) of total expenditure was actually recorded against non-debt at the end of the year.
- c) Total Capital Expenditure (exclusive of Transfers) had a thirty-two percent (32%) budget plan but recorded twenty-eight (28%) of actual expenditure. That is, a negative variance which

shows under-performance that was earlier observed from the general overview.

2.18 FGN BUDGET ASSESSMENT: ANALYSIS OF EXPENDITURE PERFORMANCE FOR 2024 FISCAL YEAR

Table 2.20 2024 MTEF vs 2024 Budget Expenditure Projections

FISCAL ITEMS	(A) MTEF (SCENARIO 2 - SUBSIDY REFORM)	(B) 2023 BUDGET APPROVED BY NASS + SUPPLEMENTARY	(C) 2023 APPROVED BUDGET	VARIANCE	
		₦b		(A - C) ₦b	%
STATUTORY TRANSFER	722.11	985.49	985.49	263.38	36.47
DEBT SERVICE	6,309.87	6,309.87	6,309.87	-	-
SINKING FUND	247.73	247.73	247.73	-	-
RECURRENT (NON-DEBT)	8,522.74	9,322.17	9,322.17	799.43	9.38
a Personnel Costs (MDAs)	4,547.58	4,139.21	4,139.21	- 408.37	- 8.98
b Personnel Costs (GOEs)	779.31	912.32	912.32	133.01	17.07
c Overheads (MDAs)	451.66	785.47	785.47	333.81	73.91
d Overheads (GOEs)	451.00	671.40	671.40	220.40	48.87
e Pensions, Gratuities & Retirees' Benefits (CRF Pensions)	827.86	854.81	854.81	26.95	3.26
f Other Service Wide Votes (including GAVI/Immunization)	1,037.92	1,681.55	1,681.55	643.63	62.01
g Presidential Amnesty Programme	65.00	65.00	65.00	-	-
h TETFUND - Recurrent	12.41	12.41	12.41	-	-
SPECIAL INTERVENTIONS (Recurrent)	350.00	200.00	200.00	- 150.00	- 42.86
AGGREGATE CAPITAL EXPENDITURE	4,369.84	8,434.98			
a Capital Supplementation	437.43	1,594.61			
b Capital Expenditure in Statutory Transfers	411.37	476.72			
c Special Intervention Programme (Capital) - Family Home Fund	7.00	7.00			
d Amount Available for MDAs Capital Expenditure (MDAs and Other)	1,000.00	3,457.61	5,308.45		
e GOEs Capital Expenditure	450.39	835.39	835.39		
f TETFUND Capital Expenditure	235.85	235.85			
g Grants and Donor Funded Projects	43.03	43.03	43.03		
h Multi-lateral / Bi-lateral Project-tied Loans	1,771.40	1,771.40	1,771.40		
i FGN Share of Oil Price Royalty Transferred to NSIA	13.37	13.37			
Capital Expenditure (Exclusive of Transfers)	3,958.47	7,958.26	7,958.27	3,999.80	101.04
TOTAL FGN BUDGET (Excluding GOEs & Project-tied Loans)	16,308.82	20,633.00	20,633.01	4,324.19	26.51
TOTAL FGN BUDGET (Including GOEs & Project-tied Loans)	19,760.92	24,823.52	24,823.52	5,062.60	25.62

SOURCE: 2023-2025 MTEF FSP FINAL, REVISED 2024-2026 MTEF, and 2023 FOURTH QUARTER BUDGET IMPLEMENTATION REPORT (BIR)

Table 2.19 above discloses the following:

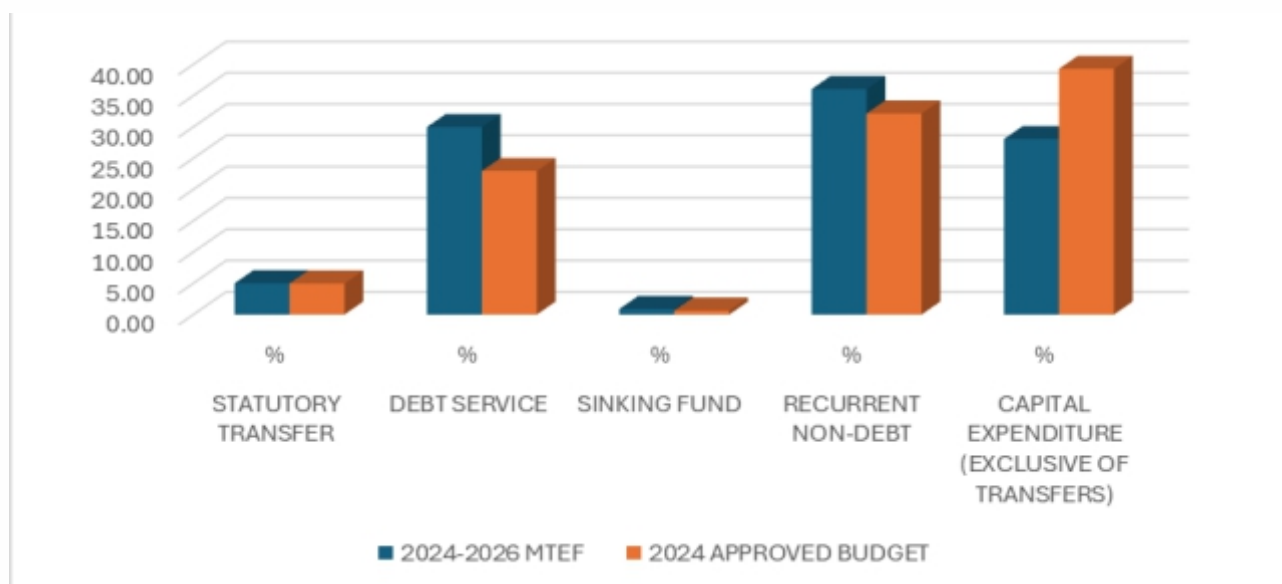
1. The variances in different expenditure lines with both positive and negative variances. Overheads (GOEs) had the highest negative variance of ₦441.00bn (49.43%) while Other Service Wide Votes (including GAVI/Immunization) had the highest positive variance of ₦2,150.00bn (132.67%). There were also some expenditure lines without variances, which is highly commendable.
2. In conclusion, the annual budget was not the same with the MTEF. It varied with a positive variance of ₦7,552.14 bn (27.46%) which is not in line with the Fiscal Transparency Code principle which states, ""Budget documentation includes outturns and projections of revenues, expenditures, and financing over the medium term on the same basis as the annual budget.""

Table 2.21 Summary 2024 Recurrent Expenditure

IN SUMMARY						
	STATUTORY TRANSFER	RECURRENT EXPENDITURE			CAPITAL EXPENDITURE (EXCLUSIVE OF TRANSFERS)	TOTAL
		DEBT SERVICE	SINKING FUND	RECURRENT NON-DEBT		
	%	%	%	%	%	%
2024-2026 MTEF	5.00	29.99	0.89	36.05	28.07	100.00
2024 APPROVED BUDGET	4.97	22.96	0.64	32.14	39.29	100.00

In summary, the various expenditure sub-heads of the approved annual budget had variances when compared with its MTEF with the Statutory Transfer annual budget being the closest of MTEF.

Below are some pictorial representations of Table 2.21 above, to further illustrates the above analysis.

**Fig.10 2024 MTEF Vs Approved Budget in Summary**

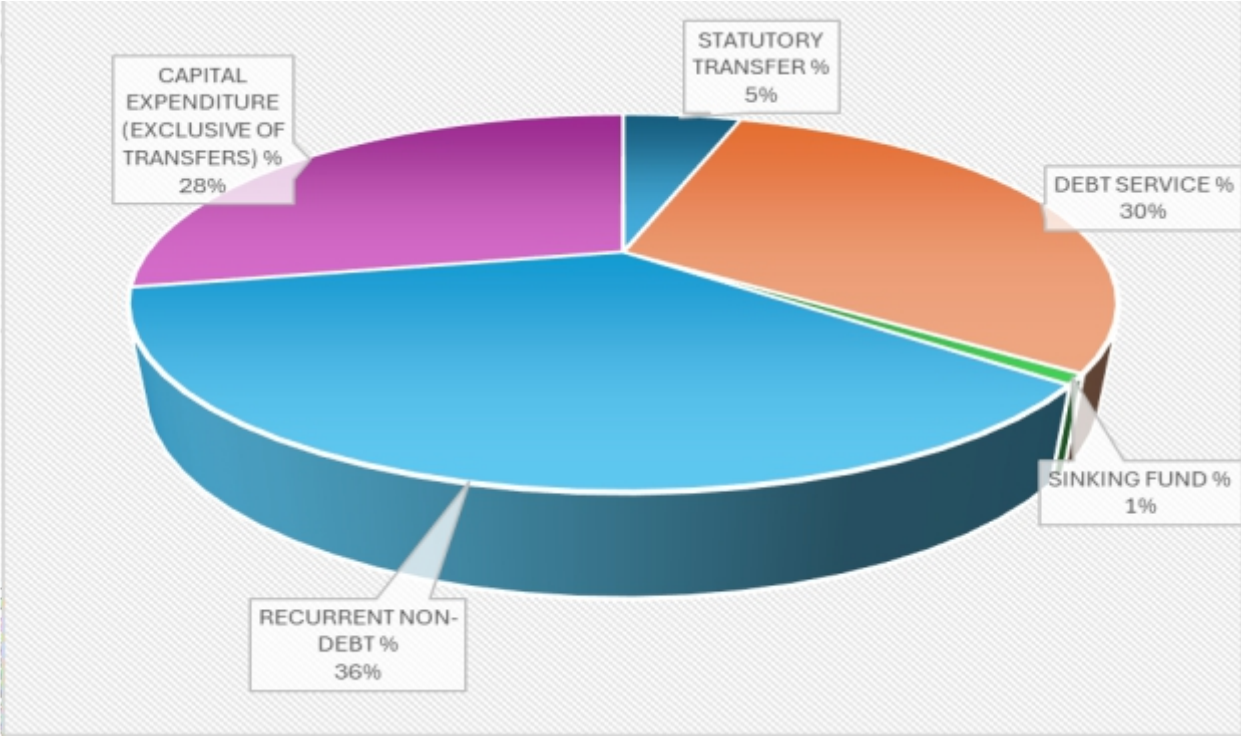


Fig.11 2024-2026 MTEF

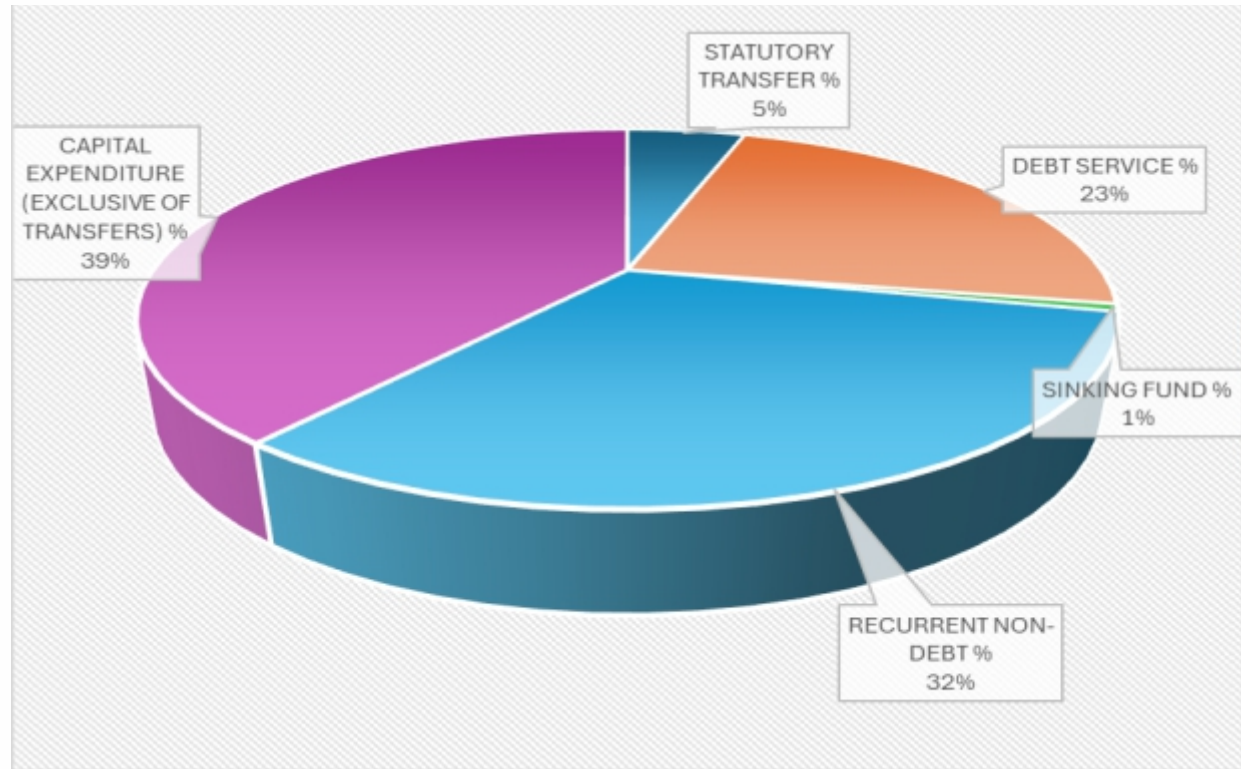


Fig.12 Approved Budget

2.19 2024 FGN HALF-YEAR BUDGET VS ACTUAL EXPENDITURE PERFORMANCE GENERAL OVERVIEW

Table 2.22 2024 FGN Half-Year Budget vs Actual Expenditure Performance General Overview

S/N0.	Items	2024 Approved Budget		2024 Half Year Actual	Actual vs Budget (Half Year)	
		Budget	Half Year		Variance	
		₦bn	₦bn		₦bn	%
1	Recurrent:					
2	Personnel Cost	4,792.05	2,396.03	2,320.84	(75.18)	(3.14)
3	Personnel Cost (GOEs)	608.41	304.21	334.46	30.26	9.95
4	CRF Pensions	673.13	336.57	224.41	(112.16)	(33.32)
5	Overhead Cost	773.13	386.57	370.22	(16.35)	(4.23)
6	Overhead Cost (GOEs)	451.20	225.60	301.12	75.52	33.48
7	Other Service-Wide Votes + Gavi/Immunization	3,770.55	1,885.28	307.96	(1,577.32)	(83.66)
8	Presidential Amnesty Programme	65.00	32.50	32.50	-	-
9	Tetfund Recurrent	35.00	17.50	13.16	(4.34)	(24.80)
10	Special Intervention (Recurrent)	200.00	100.00	-	(100.00)	(100.00)
11	Sub-Total Non Debt	11,368.47	5,684.24	3,904.67	(1,779.57)	(31.31)
12	Domestic Debt Service	5,299.70	2,649.85	2,852.76	202.91	7.66
13	Foreign Debt Service	2,747.60	1,373.80	3,186.13	1,812.33	131.92
14	Total Debt Service	8,047.30	4,023.65	6,038.89	2,015.24	50.08
15	Interest on FGN Bond for Securitized Ways and Means	-	-	3.05	3.05	-
16	Sinking Fund to Retire Maturing Loans	223.66	111.83	-	(111.83)	(100.00)
17	Sub-Total Debts	8,270.96	4,135.48	6,041.94	1,906.46	46.10
18	Total Recurrent Expenditure	19,639.43	9,819.72	9,946.61	126.90	1.29
19	CAPITAL EXPENDITURE					
20	Capital Expenditure	11,214.82	5,607.41	1,296.63	(4,310.78)	(76.88)
21	Capital Expenditure (GOEs)	820.91	410.46	114.38	(296.08)	(72.13)
22	Multi-Lateral / Bi-Lateral Projects-Tied Loans	1,051.91	525.96	-	(525.96)	(100.00)
23	Grants and Donor Funding	685.63	342.82	1,003.05	660.24	192.59
23	Total Capital Expenditure	13,773.27	6,543.82	2,414.06	(4,129.76)	(63.11)
24	TRANSFERS					
25	Statutory Transfers	1,742.79	871.40	871.39	(0.00)	(0.00)
26	TOTAL FGN BUDGET	35,155.49	17,234.93	13,232.06	(4,002.87)	(23.23)
SOURCE: OAGF and Budget Office of the Federation, 2023, 2024						

Table 2.23 2024 Budget Vs Actual

S/N0.	Items	2024 Approved Budget		2024 Half Year Actual	Actual vs Budget (Half Year)	
		Budget	Half Year		Variance	
		₦bn	₦bn		₦bn	%
1	Total Non Debt	11,368.47	5,684.24	3,904.67	(1,779.57)	(31.31)
2	Total Debts	8,270.96	4,135.48	6,041.94	1,906.46	46.10
3	Total Capital Expenditure	13,773.27	6,543.82	2,414.06	(4,129.76)	(63.11)
4	Statutory Transfers	1,742.79	871.40	871.40	-	-

SOURCE: OAGF and Budget Office of the Federation, 2023, 2024.

2.20 2024 HALF-YEAR SUB-TOTALS OF BUDGET AND ACTUAL EXPENDITURE EXPRESSED IN PERCENTAGES OF THEIR GRAND TOTALS, AND ITS VARIANCES: ACTUAL VS BUDGET;

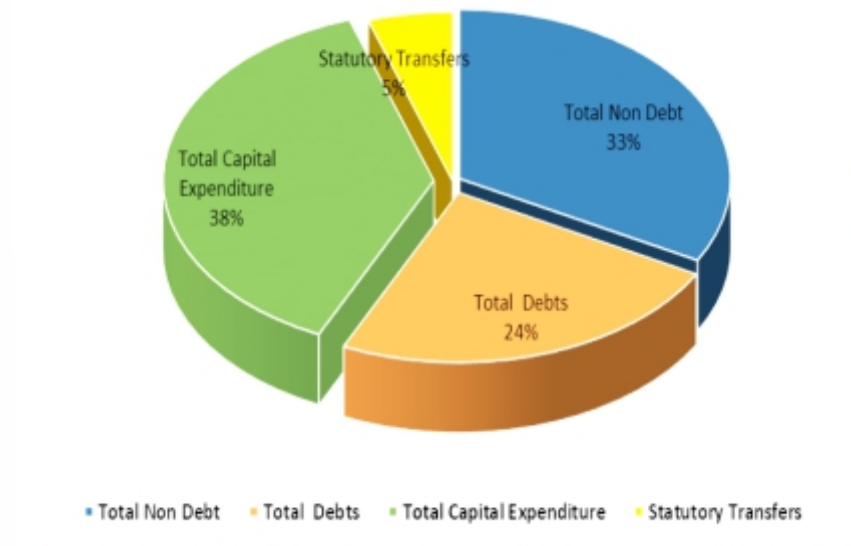


Fig. 13 Sub-Totals of 2024 Half Year Budget in %

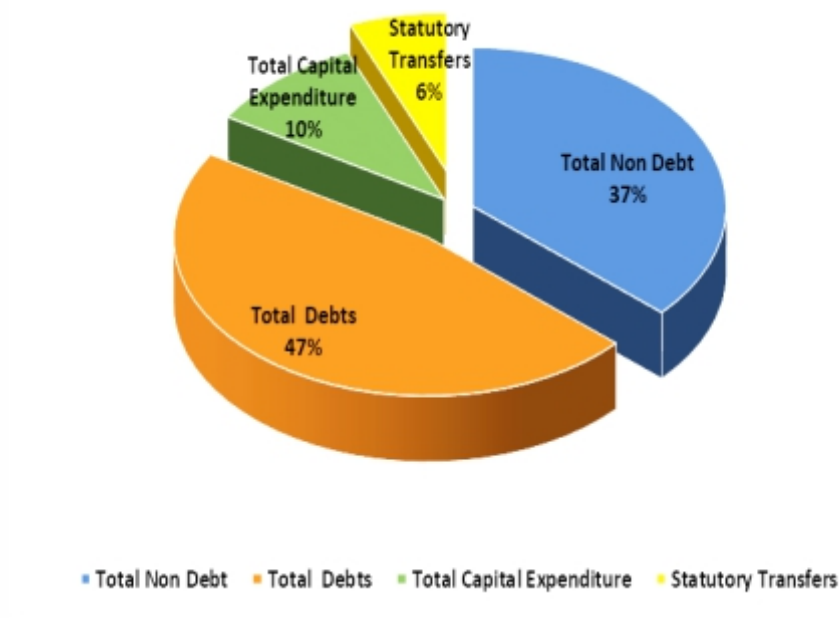


Fig. 14 Sub-Totals of 2024 Half Year Actual in %

Table 2.24

S/N0.	Items	2024 Approved Budget		2024 Half Year Actual	Actual vs Budget (Half Year)
		Budget	Half Year	Actual	Variance
1	Total Non Debt	11,368.47	5,684.24	3,904.67	(1,779.57)
2	Total Debts	8,270.96	4,135.48	6,041.94	1,906.46
3	Total Capital Expenditure	13,773.27	6,543.82	2,414.06	(4,129.76)
4	Statutory Transfers	1,742.79	871.40	871.40	-

Category	Budget (Trn Naira)	Half Year (Trn Naira)	Actual (Trn Naira)	Variance (Trn Naira)
Total Non Debt	11,368.47	5,684.24	3,904.67	(1,779.57)
Total Debts	8,270.96	4,135.48	6,041.94	1,906.46
Total Capital Expenditure	13,773.27	6,543.82	2,414.06	(4,129.76)
Statutory Transfers	1,742.79	871.40	871.40	-

Fig. 15 2024 Half Year Variance: Budget vs Actual

2.21 OBSERVATIONS AND ANALYSIS FROM 2024 HALF-YEAR SUB-TOTALS OF BUDGET AND ACTUAL EXPENDITURE EXPRESSED IN PERCENTAGES OF THEIR GRAND TOTALS, AND ITS VARIANCES: ACTUAL VS BUDGET.

I. The following allocations were planned for amongst the sub-totals. Total Capital Expenditure 38%; Non-Debts 33%; Debts 24% and Statutory Transfers 5%. While during the execution of this half-year budget, actuals recorded were Total Capital Expenditure 10%; Debts 47%; Non-Debts 37% and Statutory Transfers 6%.

II. This above observation further supports the fact that the Capital Expenditure was very low as at the half-year 2024 budget execution.

III. Debts sub-total performed above its half year budgeted amount.

2.22 Capital Budget Release and Utilization by the MDAs in 2023 Budget

According to Q4 2023 Budget Implementation Report of the BOF, a total of ₦7,958.26 billion (excluding capital expenditure of Statutory Transfers, GOEs and Project-tied loans) was

allocated to capital spending in the 2023 budget. The data from the OAGF on capital performance for MDAs as at 31 December, 2023 showed that a total of ₦3,653.20 billion {inclusive of capital supplementation and Authority to Incur Expenditure (AIE) service wide} was released to MDAs and cash-backed for 2023 capital projects and programmes. Out of the released and cash-backed funds, ₦2,963.99 billion (81.13%) was utilized for capital expenditure by MDAs as at 31st December, 2023.

A breakdown of sixty-two (62) MDAs included in the report indicates different levels of utilization. Twenty MDAs (32.26%) had utilized more than the overall average utilization rate of 52.50% of the amount cash-backed. Twenty-five (25) MDAs (40.32%) had above 80% utilization rate, while Fourteen (14) MDAs (22.58%) had one hundred percent utilization level. The report also revealed that two (2) MDAs (3.23%) had below 45.50% utilization rate of their cash-backed funds and only one (1) of the MDAs (1.61%) had utilization rates below 25% (Q4 2023 Quarter BIR.). The table 2.24 below shows seventeen (17) MDAs out of the sixty-two (62) MDAs selected for further analysis of capital vote utilization.

Table 2.24 Capital Budget Utilization by MDAs as at December 31, 2023

MDA	Annual Appropriation	Total Amount Released	% of Total Amount released from the Annual Appropriation	Total Amount Cash-Backed	Utilization		
					Utilization	As % of Annual Capital Appropriation	Percentage of Releases
Federal Min. of Works & Housing	884,708,497,001	765,831,325,389	86.56	765,831,325,389	521,372,461,334	59	68
Agriculture	409,270,705,889	321,255,319,406	78.49	321,255,319,406	56,952,517,038	14	18
Water Resources	230,914,477,735	67,760,462,282	29.34	67,760,462,282	56,952,517,038	25	84
Education	311,733,142,732	136,758,253,716	43.87	136,758,253,716	99,344,152,752	32	73
Health	448,043,380,488	120,963,464,313	27.00	120,963,464,313	77,494,053,165	17	64
Aviation	67,895,433,086	26,583,996,635	39.15	26,583,996,635	19,570,268,508	29	74
Science Technology & Innovation	132,583,288,611	96,720,659,419	72.95	96,720,659,419	75,088,156,272	57	78
Transport	112,334,265,589	66,659,935,605	59.34	66,659,935,605	65,123,919,065	58	98
Humanitarian Affair, Disaster Mgt & Devt.	314,957,316,066	66,055,238,633	20.97	66,055,238,633	60,505,607,480	19	92
Defense	917,776,752,651	385,808,115,814	42.04	385,808,115,814	370,562,664,726	40	96
Women Affairs	19,267,794,743	9,010,121,243	46.76	9,010,121,243	8,871,739,261	46	98
OSGF	38,813,380,492	36,685,012,124	94.52	36,685,012,124	33,178,787,241	85	90
Police Affairs	60,649,679,826	71,754,367,315	118.31	71,754,367,315	62,483,683,852	103	87
Labour & Productivity	37,180,722,587	32,683,704,442	87.90	32,683,704,442	21,467,146,465	58	66
Environment	60,023,210,084	16,426,051,456	27.37	16,426,051,456	11,200,876,726	19	68
Interior	45,622,057,393	36,910,429,231	80.90	36,910,429,231	33,366,179,324	73	90
ONSA	69,902,593,273	66,593,588,700	95.27	66,593,588,700	66,593,586,291	95	100
Total Average Utilization by All MDAs (Inclusive of Capital Supplementation)	6,583,405,428,174	3,653,198,483,299		3,653,198,483,299	2,963,992,095,177	45	81

Source: OAGF and BOF, 2023

The Table 2.25 above shows that ₦7,956.26 billion was allocated for capital expenditure in 2023 (excluding capital expenditure of the Statutory Transfers, GOEs and project-tied loans), but ₦3,653.20 billion was released. This represents 45.90% of the total allocation. Out of the ₦3,653.20 billion released and cash-backed, ₦2,963.99 billion was utilized, representing 81.13% utilization of the total amount released and cash-backed.

Based on the table above, the total releases to eight (8) MDAs were below 50%. The Humanitarian Affairs and Disaster Management had the lowest releases of 20.97% of its total allocation. Police Affairs had the highest releases of 118.32% of the total allocation.

Agriculture had a release up to 78.49%, with the same amount cash-backed but had a very poor utilization of 14% of the total annual appropriation and 18% utilization of the amount released. Health had 17% utilization of the total allocation but utilized up to 64% of the amount released and cash-backed. Environment also had a low utilization of 18.66% of its total capital appropriation. Humanitarian Affairs utilized 19.21% of the total allocation, while Police Affairs has the highest utilization of 103.02% of its total allocation. Explanation was not given for the reasons behind the excess releases and utilization above the capital allocation of the police Affairs.

2.23 2024 HALFYEAR CAPITAL BUDGET UTILIZATION

2.23.1 Capital Expenditure Performance

According to 2024 Budget Implementation Report of the BOF, greater amount of government's financial resources continued to be directed to structural reform of the economy and the provision of critical infrastructure in the roads, power, housing, rail and aviation sectors as well as the provisions of physical and food security. In view of this, a total of ₦13,773.28 billion was allocated to capital spending in the 2024 budget

2.23.2 Capital Release

The release of funds to MDAs for capital expenditure in the second quarter (Q2) of 2024 was done in batches based on the availability of resources and government priorities as requested by the MDAs through the bottom-up cash release approach. Data from the OAGF of the Federation on 2024 capital budget performance for MDAs as at 30th June 2024, showed that a total of ₦211.81 billion (1.54% of the total capital allocation for the year 2024), (inclusive of capital supplementation and AIE service wide) was released to MDAs and cash-backed for

2024 capital projects and programmes in the first half of 2024. This includes the sum of ₦39.17 billion released as first tranche and ₦173.27 billion released as AIEs Service Wide and capital supplementation in the first half of 2024 (Q2 of 2024 BIR).

2.23.3 MDAs' Capital Vote Utilization

Available fiscal data revealed that ₦158.40 billion (74.78%) of the total amount released and cash-backed was utilized by MDAs as at 30th June, 2024.

A breakdown of the fifteen (15) of MDAs included in the report of the OAGF of the Federation indicates different levels of utilization. Twelve (13.33%) of the MDAs achieved less than 25.00% utilization rate of the amount cash-backed and one (6.67%) had one hundred percent utilization rate of the amount cash-backed. However, twelve MDAs (80.0%) were yet to utilize their funds released and cash-backed.

Based on the information available in the Second quarter BIR, out of the selected MDAs for evaluation, twelve (12) of them achieved less than 25.00% utilization of the amount released and cash-backed. One MDA attained one hundred percent utilization as at June 30, 2024. It was noted that about 80% out of the selected MDAs are yet to utilize their funds released and cash-backed for capital expenditure. This shows that the Nigeria's half year capital budget utilization by Ministries, Departments, and Agencies (MDAs) was very low. In some quarters these shortfalls were said to have been attributed to systemic challenges in budget implementation, despite increased allocation.

2.24 OBSERVATION AND RECOMMENDATION FOR THE ASSESSMENT OF 2023 FGN EXPENDITURE PERFORMANCE AND HALF YEAR 2024.

2.24.1 OBSERVATION FOR 2023 BUDGET:

a. Adherence to Fiscal Responsibility:

- The 2023 budget reflects Nigeria's commitment to the FRA, with efforts to cap the fiscal deficit and debt levels within sustainable limits.
- There may have been challenges in meeting revenue projections, which can affect fiscal space and spending priorities.
- The FRA 2007 stipulates that the fiscal deficit should not exceed 3% of the GDP. In 2023 the deficit was approximately 5.0% of the GDP, significantly surpassing the FRA threshold.

b. Expenditure Prioritization:

- Emphasis on critical sectors such as infrastructure, education, and health has been noted. However, the achievement of these priorities depends significantly on the execution rate of the budget.
- Social investment programs intended to alleviate poverty and stimulate economic growth are highlighted as priorities.

c. Revenue Generation:

- The budget anticipates increased revenue from oil and non-oil sectors but may face uncertainties relating to global oil prices and domestic taxation challenges.
- Efforts towards tax reforms aimed at broadening the tax base and improving collection efficiency are ongoing.

d. Monitoring and Accountability:

- There is obvious gap in the monitoring mechanism of budget execution, which could affect transparency and accountability, crucial for adherence to PEFA standards.

2.24.2 RECOMMENDATIONS FOR THE 2023 BUDGET:**a. Strengthen Revenue Strategies:**

- Tax compliance must be enhanced and broadening of the tax base through strategic reforms.
- There is need to increase efforts in non-oil revenue generation, focusing on sectors such as agriculture, trade, and technology.

b. Improve Expenditure Efficiency:

- Effective budget implementation and absorption rates must be improved particularly in capital expenditures.
- Regular audits and evaluations of spending programs must be improved to enhance accountability.

c. Strengthen Fiscal Reporting:

- There must be improvement in timeliness and comprehensiveness of fiscal reports in line with the PEFA framework to foster public trust and facilitate informed civic engagement.

d. Enhance Public Engagement and Communication:

- Greater dialogue with stakeholders must be fostered especially with the civil society organizations on budget processes to increase the degree of transparency.

e. Expenditure Rationalization:

- Capital expenditure must be prioritized and the reduction of non-essential recurrent spending.

f. Debt Management:

- Sustainable debt strategies must be adopted while focusing on concessional loans and reducing reliance on short-term domestic borrowing.

g. Fiscal Transparency:

- Budget implementation reporting and public access to fiscal data must be improved and timely to strengthen accountability.

2.25 OBSERVATIONS FOR Q1 AND Q2 OF 2024 BUDGETS:**a. Continuation of Economic Policies:**

- The 2024 budget was built on the 2023 framework, responding to ongoing challenges such as inflation, exchange rate volatility, and post-COVID economic recovery.
- Investment in infrastructure remained a core focus, with anticipated allocations to stimulate growth.

b. Fiscal Resilience:

- The government may need to prioritize fiscal resilience strategies to mitigate external shocks, especially if oil dependency remains high amidst fluctuating global market conditions.

c. Agility in Policy Modifications:

- There is a need for flexibility in establishing budget allocations as economic conditions and priorities change, ensuring rapid responses to emerging needs.

2.26 RECOMMENDATIONS FOR Q1 AND Q2 BUDGETS OF 2024:**a. Reassess Budget Assumptions:**

- Economic assumptions should be revised regularly, particularly those related to oil prices

and revenue expectations, to ensure the budget reflects real-world conditions accurately.

b. Promote Sustainable Public Finance:

- There is need to focus more on fiscal discipline while exploring innovative financing mechanisms for infrastructure and social programs.

c. Increase Stakeholder Engagement:

- There is urgent need to create platforms for citizens and stakeholders to engage in budgeting processes, facilitating input and fostering trust.

e. Focus on Performance Indicators:

- There is need to implement clear performance metrics to evaluate budget execution aligning with PEFA and FTC standards to promote transparency and accountability in public finance management.

f. Strengthen Monitoring and Auditing:

- Mechanisms for monitoring budget performance and compliance with established laws and standards should be enhanced, introducing regular audits that align with fiscal transparency goals.

g. Enhancement Revenue Mobilization:

- There is need to implement tax reforms to increase the tax-GDP ratio, which is currently below the African average.

h. Expenditure Rationalization:

- There is need to prioritize capital expenditure and reduce non-essential recurrent spending.

I. Debt Management:

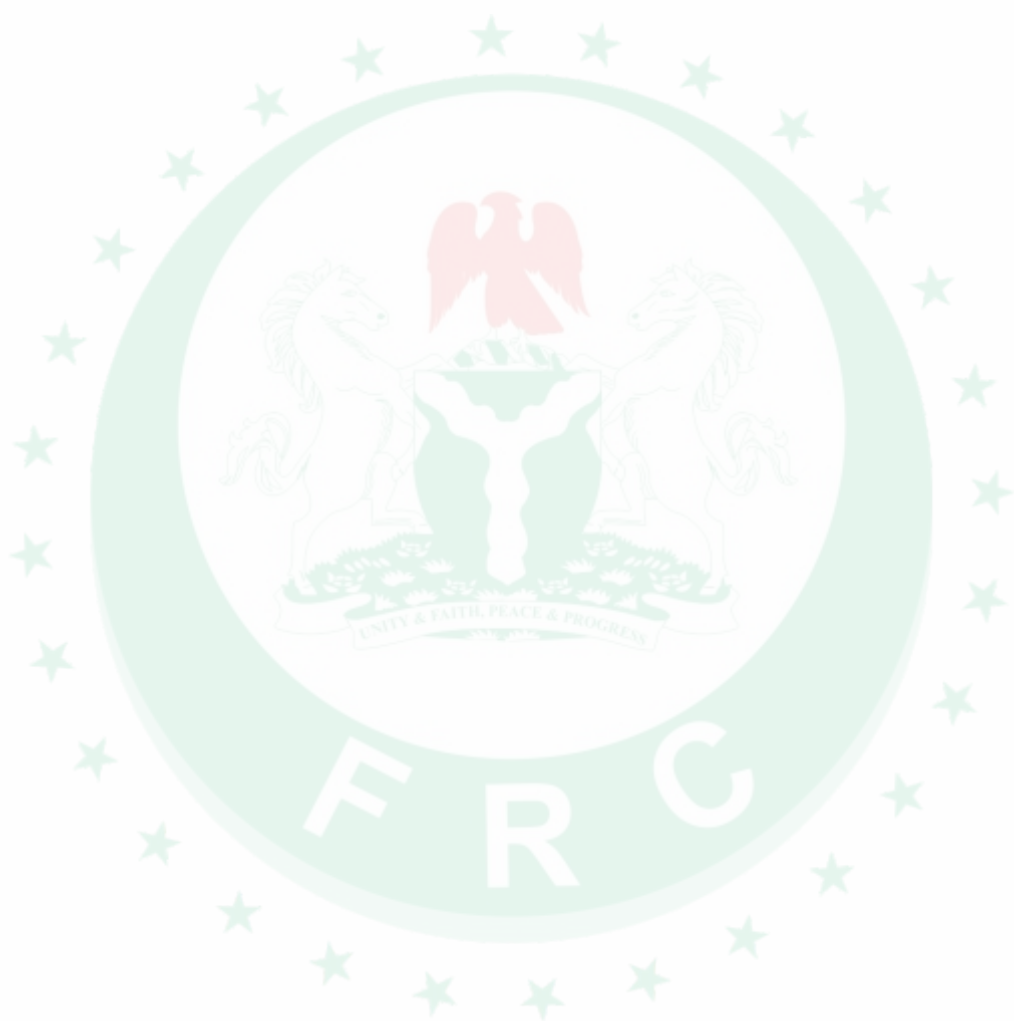
- Sustainable debt strategy should be adopted while focusing on concessional loans and reducing reliance on short-term domestic borrowing.

9. Fiscal Transparency:

- There should be improvement on budget implementation reporting and public access to fiscal data to strengthen accountability.

2.27 Conclusion:

In summary, Nigeria's fiscal policies should remain focused on discipline, transparency, and stakeholder engagement to promote economic stability and growth. By aligning its strategies with the Fiscal Responsibility Act, PEFA, and FTC, the government can foster a more sustainable and accountable public finance structure. Implementing these recommendations would strengthen fiscal management and contribute to better economic outcomes for Nigerians in both the short and long term.





CHAPTER

3

BUDGETARY PLANNING OF CORPORATION AND OTHER RELATED AGENCIES

CHAPTER**3****BUDGETARY PLANNING OF
CORPORATION AND OTHER
RELATED AGENCIES**

This chapter is divided into two parts. Part one offers an overview of the responsibilities assigned under the Act, specifically about budgetary planning for Corporations and Other Related Agencies, as stipulated in Part IV of the Act. It also outlines roles of the Commission in budget execution and expenditure control, by Section 2(1) (a) and Section 30 of the Fiscal Responsibility Act (FRA), 2007. While part two presents the monitoring activities undertaken in relation to those responsibilities. The areas of focus include:

3.1 PART 1 - OVERVIEW OF THE STATUTORY RESPONSIBILITIES OF THE DIRECTORATE OF MONITORING AND EVALUATION

a. Initial Composition and Subsequent Amendments of Schedule Corporations/ Government Owned Enterprises:

When the Fiscal Responsibility Act (FRA) was enacted in 2007, it initially listed 31 agencies/corporations as Schedule Corporations. These entities, also categorized as Government-Owned Enterprises (GOEs), were subject to specific fiscal requirements under Sections 21–23 of the Act.

Over time, the list has been revised by the Honorable Minister of Finance through various circulars. The most recent revision—Finance Circular No. FMFCME/OTHERS/IGR/21/2023, expanded the number of Schedule Corporations to 68, thereby increasing the scope of FRC’s oversight and compliance monitoring responsibilities.

b. Estimates of Revenue and Expenditure (Section 21, FRA 2007)

Schedule Corporations must annually prepare and submit a three-year estimate of revenue and expenditure. This forms the foundation of the budgeting process and must align with the agency’s Strategic or Corporate Plan.

Requirements for the Estimates:

- i. Analysis and evaluation of the preceding three financial years.
- ii. Underlying assumptions for projections over the next three financial years.
- iii. Medium-term policy framework consistent with the agency’s strategic direction.
- iv. The approved annual budget, which must be:
- v. Derived from the Medium-Term Expenditure Framework (MTEF).

- vi. Comprehensive and in line with the agency's financial/accounting structure and Chart of Accounts.
- vii. Include the projected Operating Surplus for the year.

c. Operating Surplus (Section 22(2), FRA 2007, as amended by Finance Act 2020)

The remaining balance of Operating Surplus (80% after the 20% allocation to Corporation's Reserve Fund) must be paid into the Consolidated Revenue Fund (CRF) quarterly, following Ministerial financial guidelines, developed in consultation with the National Assembly.

Additional Guidelines (FMFNBPN/OTHERS/IGR/CFR/12/2021):

Partially funded Agencies:

- Must not spend more than 50% of their gross Internally Generated Revenue (IGR).
- 100% of the remaining 50% must be remitted to the Sub-Recurrent Account.

Self-funded Agencies:

- Also capped at 50% expenditure of gross revenue.
- Must remit 80% of the remaining 50% as advance Operating Surplus to the Sub-Recurrent Account quarterly.

d. Audited Financial Statements (Section 23, FRA 2007)

Agencies must prepare and publish Audited Financial Statements within 90 days of the financial year-end.

Monitoring compliance with Sections 21–23 of FRA 2007, especially on:

- i. Submission of Accounts.
- ii. Payment of Operating Surplus to the CRF.
- iii. Engaged in legislative inquiries with Senate and House Finance Committees on revenue and remittance issues.
- iv. Prepared status reports with observations and recommendations for each Schedule Corporation.
- v. Conducted field visits to some Corporations to verify Operating Surplus liabilities.

e. Budgetary Execution and Expenditure Control:

The Fiscal Responsibility Commission (FRC), established under the Fiscal Responsibility Act (FRA), 2007, plays a pivotal role in promoting prudent financial management, transparency, and accountability across Federal Government Agencies. Central to this mandate is the FRC's

oversight function in the execution of budgets and the control of public expenditure, as articulated in Sections 2(1)(a), 30, and 50 of the Act.

i. Ensuring Prudent Resource Management

The FRC, through its Directorate of Monitoring and Evaluation, actively monitors the implementation of budgets to ensure that public funds are utilized efficiently and for the intended purposes. This includes verifying alignment with Medium-Term Expenditure Frameworks (MTEFs), assessing project implementation, and flagging variances that could signal inefficiencies or fiscal indiscipline.

ii. Promoting Accountability and Transparency

By enforcing the reporting obligations of Government Agencies and scrutinizing their financial operations, the Commission strengthens institutional accountability. Regular submission of budget performance reports and independent evaluations allow for greater transparency, enabling the government and public to track how funds are spent and what outcomes are achieved.

iii. Impact on Effective Budget Execution

The Commission's interventions help to minimize budgetary deviations, curb wasteful spending, and ensure timely delivery of public goods and services. Its oversight ensures that appropriated funds translate into measurable development outcomes, reinforcing the government's commitment to responsible fiscal governance.

3.2 PART 2 –ACTIVITIES OF THE DIRECTORATE OF MONITORING AND EVALUATION DURING THE YEAR, 2025

a. Remittance of Operating Surplus

In 2024, the Commission continued its diligent monitoring of the remittance of Operating Surplus by Schedule Corporations, as mandated under Sections 22 and 23 of the FRA, 2007, and further amended by Section 62 of the Finance Act, 2020.

Under these provisions, each GOE is required to prepare and submit Annual Audited Financial Statements not later than three months after the end of its financial year. Based on these reports, the Commission determines whether a surplus or deficit exists and ensures appropriate remittances are made into the Consolidated Revenue Fund (CRF). A key driver of improved compliance in 2024 was the direct deduction policy introduced in the Finance Act, which

mandates the deduction of 50% of gross revenue from Schedule Corporations (up from 40% in 2023) through the Treasury Single Account (TSA). This policy, implemented in collaboration with the Office of the Accountant General of the Federation (OAGF) and the Finance Committees of the National Assembly, has significantly improved the timeliness and accuracy of remittances, as illustrated in the accompanying data table.

Table 3.1 below is a table from the Office of the Accountant General of the Federation containing a report of remittances by GOEs from January 2024 to December, 2024:

Table 3.1: Operating Surplus Remittances from January to December, 2024

S/N	FGOEs	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1	CENTRAL BANK OF NIGERIA	-	-	-	-	-	-	-	-	-	-	-	-	-
2	CORPORATE AFFAIRS COMMISSION	783,841,923.59	1,104,462.50	2,768,375.00	1,282,494,943.88	1,765,973,313.11	1,502,303,986.31	2,024,790,842.09	1,033,600,063.75	53,215,575.07	956,956,386.70	-	347,947,494.50	9,754,997,396.49
3	FED. AIRPORT AUTH. NIGERIA	7,844,232,889.55	48,441,625.00	8,148,472.50	97,045.00	1,157,980,366.40	13,946,532,911.51	6,886,040,771.28	12,995,103,180.54	36,128,894.22	16,708,661,473.41	17,467,681,960.48	223,911,663.79	77,325,361,184.06
4	FED. HOUSING AUTHORITY	307,811,422.75	-	-	384,266,712.77	330,801,894.47	212,639,562.99	286,217,547.09	302,304,449.88	7,720,181.02	307,733,963.40	165,917,894.32	63,964,635.23	2,331,436,563.91
5	INDUSTRIAL TRAINING FUND	940,071,172.53	25,510,628.53	411,638,035.51	40,007,370.07	12,342,550.00	864,380,655.70	495,564,706.88	635,382,188.80	61,339,091.49	316,102,108.92	626,127,435.49	249,561,721.38	4,647,267,655.27
6	NIGERIA COMMUNICATION COMMISSION	8,572,316,046.22	55,168,549.00	992,558.14	9,131,065,426.53	5,092,711,229.02	4,798,340,754.75	12,131,790,468.17	10,427,550,110.48	2,916,344.56	716,461,124.85	-	6,918,796,132.49	57,847,948,766.19
7	NAT. INFORMATION TECHNOLOGY DEVT. TSA	-	-	-	-	-	5,000.00	-	1,154,057.36	-	10,000.00	-	-	1,169,057.36
8	NAT. INSURANCE COMMISSION	490,722,129.95	126,000.00	-	1,085,026,681.51	940,208,799.80	376,154,778.66	486,479,135.19	232,494,252.16	-	144,344,281.84	43,276,707.87	62,266,723.66	3,861,099,490.63
9	NATIONAL PENSION COMMISSION	2,259,069,084.28	5,600,000.00	28,215,480.00	1,330,715,560.08	1,467,879,844.15	1,256,620,848.74	-	1,638,167,804.62	187,056,326.47	966,983,671.69	552,732,085.17	991,427,277.12	9,654,467,983.11
10	NAT. SUGAR DEVELOPMENT COUNCIL TSA	-	-	-	-	-	756,250.00	-	830,292.33	-	-	-	-	1,599,502.33
11	NIG. SOCIAL INSURANCE TRUST FUND	-	8,409,846.05	12,500.00	-	368,488,613.94	5,999,581.53	2,923,378,292.84	5,480,402.14	49,228,723.05	38,882,223.52	18,812,307.77	264,352,973.41	3,682,973,264.25
12	NIG. AGRIC. INSURANCE CORP.	20,525,263.43	-	-	3,272,894.51	3,090,000.00	2,170,485.25	1,650,000.00	125,000.00	982,350.00	7,302,387.25	957,280.16	286,000.00	44,361,660.60
13	NAT. AIRSPACE MANAGEMENT AGENCY OPER	85,127,965.84	-	-	79,334,634.17	91,374,895.08	92,807,300.70	110,550,970.43	59,464,880.65	-	98,598,310.81	130,217,103.10	80,636,240.82	828,112,301.58
14	NIGERIAN CIVIL AVIATION AUTHORITY	-	-	-	2,481,695,393.65	-	550,004,994.50	2,004,477,695.18	3,210,783,528.94	-	-	-	-	9,630,783,166.71
15	NIG. CONTENT DEV. & MONITORING BOARD	-	-	-	-	676,773,941.25	952,755,992.69	1,061,017,267.92	1,379,571,575.82	783,719,601.84	1,886,532,614.70	1,091,957,326.90	2,351,554,878.76	10,103,883,199.86
16	NIG. ELECTRICITY REGULATORY COMMISSION	-	-	-	1,490,763,025.33	3,017,638,446.73	1,511,739,695.26	2,045,694,272.01	1,739,071,759.01	2,281,801,496.27	165,025,214.01	2,897,502,038.72	2,930,270,820.40	18,439,711,767.72
17	NATIONAL HEALTH INSURANCE AUTHORITY	122,435,432.20	4,146,292,217.61	2,755,991,176.37	11,234,004.63	6,940,166.70	18,555,055.42	15,577,946.35	3,366,638,311.20	22,099,944.17	12,115,246.25	23,393,983.09	10,101,275.50	10,524,693,831.46
18	NIG. MARITIME ADMIN. & SAFETY AGENCY	7,015,531,540.80	513,851.53	-	139,473,243.23	336,721,149.53	122,724,681.14	149,073,806.41	124,903,494.79	108,639,249.58	203,601,613.35	190,832,967.48	8,496,559,504.09	8,496,559,504.09
19	NIG. MIDSTREAM & DOWNSTREAM PET. REG. AU	3,694,862,942.51	-	-	-	-	-	-	686,119,857.74	-	-	-	-	4,381,022,800.25
20	NIGERIA PORTS AUTHORITY	322,040,934.22	1,089,329,061.90	-	-	919,713,797.11	691,326,463.07	1,218,843,767.65	1,361,298,375.65	-	42,143,958.11	3,229,001,361.48	-	8,773,697,719.17
21	NIGERIAN SHIPPERS COUNCIL	73,750.00	2,777,791.73	924,852.18	6,935,000.00	1,034,200.00	289,500.00	312,877.05	25,000.00	230,000.00	225,000.00	6,454,200.00	1,494,093,650.42	1,505,375,821.38
22	NIGERIAN UPSTREAM PETROLEUM REGULAT	290,752,397.06	-	-	15,000.00	90,000.00	120,000.00	180,000.00	700,000.00	907,500.00	-	-	-	1,155,153,152.81
23	RAW MATERIAL RESEARCH/DEVELOPMENT C	-	-	2,138,761,965.16	-	-	-	-	-	-	-	-	-	2,138,761,965.16
24	SECURITIES AND EXCHANGE COMMISSION	1,438,810,187.24	-	-	1,124,023,343.23	789,483,994.46	1,264,097,622.08	1,394,229,565.50	553,480,112.57	888,551,339.82	1,481,104,573.52	-	189,000.00	8,892,969,738.41
25	TERTIARY EDUCATION TRUST FUND	44,861,955.63	889,789,406.47	-	4,370,340,035.76	22,700,511.00	-	-	-	-	-	-	-	6,058,880,477.99
26	FINANCIAL REPORTING COUNCIL OF NIG	122,940,013.52	-	-	422,346,981.75	1,180,119,820.12	380,807,061.04	194,144,452.80	2,194,925,384.45	128,750.00	57,261,006.01	112,973,154.00	-	4,665,642,623.67
27	NATIONAL AUTOMOTIVE DESIGN & DEV	15,907,795.00	-	-	-	-	-	-	-	-	-	-	-	1,437,049,427.72
28	NAT. INLAND WATERWAYS AUTHORITY LOK	10,486,254.85	-	-	272,402,752.14	286,546,450.26	87,432,675.72	140,369,208.98	155,607,955.68	161,128,789.31	380,027,904.56	142,906,091.85	16,286,173.28	1,748,328,264.21
29	NIGERIAN EXPORT PROCESSING ZONES AU	288,685,538.91	-	-	457,796,448.83	432,144,902.91	497,744,141.46	676,113,621.64	237,853,308.43	784,979,730.08	542,001,385.31	85,832,254.13	41,737,357,461.68	4,137,357,461.68
30	NIGERIAN POSTAL SERVICE	56,938,911.59	66,808.92	41,638.79	15,235,625.13	15,255,150.21	15,871,816.48	21,081,986.46	23,351,571.38	2,531,600.00	19,330,030.63	573,165,584.41	-	761,756,099.58
31	OIL AND GAS FREE ZONE AUTHORITY	464,802,734.65	-	-	137,075,814.54	301,322,118.19	55,566,456.77	159,035,159.20	153,947,246.99	84,598,269.14	-	338,794,294.40	19,005,294.06	1,714,637,387.91
32	COUNCIL FOR REGU. OF FREIGHT FWD NIG	32,170,557.70	-	171,850.00	16,764,794.35	17,410,067.42	10,970,932.35	15,834,298.18	14,934,319.63	956,527.31	17,699,904.20	17,029,169.91	252,273,692.67	379,265,913.90
33	FEDERAL ROAD SAFETY COMMISSION	230,394,105.56	15,450.00	8,625.00	-	54,585,853.63	97,274,279.33	182,207,406.76	126,853,358.36	128,750.00	319,896,703.56	48,157,788.64	12,669,712.42	1,132,192,211.43
34	NAT. AGEN FOR FLOOD DNG. RMV AND CON	377,297,725.42	389,937.50	54,650.00	28,461,748.40	424,123,107.01	131,230,308.73	867,363,051.28	585,621,567.23	37,619,940.82	609,400,341.14	845,589,041.77	102,062,066.77	4,266,213,177.33
35	NAT. BROADCASTING COMMISSION	65,173,621.06	7,325,000.00	4,500,000.00	86,593,416.87	90,157,016.25	23,763,516.25	127,523,596.90	113,250,000.00	-	45,375,000.00	93,370,000.00	402,062,104.08	1,064,492,676.16
36	NATIONAL LOTTERY REGULATORY COM CAP	187,754,806.10	-	-	313,002,187.76	196,865,962.77	170,449,483.37	-	415,194,155.86	337,986,054.09	131,945,530.88	278,337,878.72	493,244,450.95	2,526,780,610.29
37	NATIONAL LOTTERY TRUST FUND TSA	154,183,831.85	-	-	225,058,321.13	96,732,341.13	-	-	-	-	-	716,627,958.52	366,421,173.31	1,559,023,725.94
38	NAT. OFFICE FOR TECH. ACQUISITION	50,628,500.00	-	-	26,172,488.15	27,102,500.00	3,877,000.00	-	12,000,000.00	34,080,550.25	7,288,500.00	35,328,000.00	65,558,502.63	264,046,040.42
39	NAT. SPACE RESEARCH & DEVELOPMENT AG	-	-	17,147,498.03	-	-	-	-	-	-	-	-	60,107,192.50	77,254,690.53
40	NIGERIAN COMMUNICATIONS SAT. ELLITE	12,330,238.73	1,533,307.20	12,923,496.00	8,192,800.24	11,689,960.01	-	15,173,272.53	-	-	41,746,250.82	106,291,291.21	15,254,718.84	210,384,191.72
41	NIGERIAN COPYRIGHT COMMISSION OPERA	-	47,500.00	-	-	-	-	-	77,681.00	-	-	-	-	15,339,899.84
42	NIGERIAN ELECTRICITY MGT. SERVICE	78,829,033.71	133,609.38	78,250,257.14	111,998,427.17	69,971,886.58	97,203,382.01	6,187,058.08	-	-	-	101,415,705.45	-	543,989,359.43
43	NIGERIAN EXPORT PROMOTION COUNCIL	2,836,250.00	60,000.00	-	3,430,750.00	-	-	-	596,250.00	-	-	-	-	142,254,848.49
44	NAT. FILM & VIDEO CENSORS BOARD TSA	5,582,850.00	1,593,907.20	-	4,543,914.38	4,947,000.00	5,431,300.00	4,970,950.00	5,994,700.00	2,715,750.00	4,085,250.00	4,425,750.00	-	44,291,371.58
45	NIGERIAN FILM CORPORATION	894,872.50	-	-	1,712,236.13	756,725.00	730,100.00	4,517,665.25	120,825.00	232,175.00	482,400.00	244,525.00	2,113,750.00	11,715,273.88
46	NIGERIA IMMIGRATION SERVICE	2,646,880,774.32	46,763,500.00	5,000.00	-	-	-	249,162,844.45	2,336,679,770.17	59,656,543.73	257,178,326.41	295,894,422.94	133,535,653.33	5,249,471,888.94
47	NIG. INVESTMENT PROM. COMMISSION	40,657,237.75	-	-	116,282,701.57	94,627,449.99	409,025,930.50	285,539,389.17	328,663,890.23	59,656,543.73	277,138,326.41	284,948,422.94	133,535,653.33	2,103,109,160.40
48	NIG. METEOROLOGICAL AGENCY (NIMET) TSA	118,561,837.44	15,007,122.39	-	19,276,585.00	191,843,779.25	836,440,194.62	221,602,012.65	196,113,971.32	-	278,180,249.18	284,948,422.94	6,175,000.00	2,159,151,173.77
49	NIGERIAN NUCLEAR REG. COUNCIL	90,010,058.13	1,343,605.63	-	137,839,651.33	8,425,538.13	2,973,187.50	4,340,167.50	16,533,238.17	59,840,185.33	1,967,339,246.33	44,984,900.00	241,409,587.66	2,582,407,977.59
50	NIGERIAN RAILWAY CORPORATION	60,326,276.72	-	-	-	116,721.00	25,025.00	200,000.00	1,509,189.44	-	19,328,457.75	2,529,814.38	-	84,035,484.28
51	NIGERIAN TELEVISION AUTHORITY	17,052,580.63	15,881,171.68	30,000.00	11,596,187.50	-	11,471,015.29	27,219,019.30	18,384,330.63	-	2,180,849.72	12,498,343.08	444,059.92	110,757,557.73
52	STANDARD ORGANISATION OF NIGERIA	240,780,261.48	1,259,890.93	672,640.00	543,424,820.62	392,623,095.08	136,113,080.99	46,608,678.53	30,363,734.08	9,726,197.50	5,783,866.68	-	9,442,128.69	1,418,796,194.56
53	FEDERAL COMPETITION AND CONSUMER PR	393,620,427.70	-	-	2,028,685,684.53	101,631,993.26	378							

cycles.

During these hearings, agencies were required to present the following:

- Their Establishment Act and Mandate
- 2024 Revenue Projections and Strategies for Revenue Generation
- Budget Proposals and Submissions
- Any additional supporting documentation

To support these proceedings, the Commission provided technical assistance and data validation, further strengthening the credibility and transparency of the exercise.

Several agencies were also invited to the Commission for reconciliation purposes, including:

- Nigeria Upstream Petroleum Regulatory Commission (NUPRC)
- Nigerian Investment Promotion Commission (NIPC)
- Securities and Exchange Commission (SEC)
- Lagos International Trade Fair Complex Management Board
- Nigerian Electricity Regulatory Commission (NERC)
- Federal Housing Authority (FHA)
- National Health Insurance Authority (NHIA)
- Oil and Gas Free Zones Authority (OGFZA)
- Nigerian Agricultural Quarantine Service (NAQS)
- Nigerian Television Authority (NTA)
- Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA)
- National Water Resources Institute
- Sokoto-Rima River Basin Development Authority
- Nigerian Institute of Transport Technology (NITT)
- Nigerian Airspace Management Agency (NAMA)
- Nigerian Broadcasting Commission (NBC)
- Industrial Training Fund (ITF)

c. Other Federal Government Agencies

Pursuant to the powers of the Fiscal Responsibility Commission under sections 2 & 3 (i) of the Fiscal Responsibility Act, 2007, and in line with directive of the Senate Committee on Finance, the Commission sent out requests and reminders to MDAs responsible for FGN's IGR to submit their Audited Financial Statements for 2018-2023; and revenue returns on a quarterly basis in order to assess their level of compliance with the provisions the Act.

A careful review of the documents submitted revealed that the MDAs had been defaulting in

the remittance of their internally generated revenues to the Consolidated Revenue Fund.

A total of N3,302,547,811.26 independent revenue was remitted to the treasury by 7 Ministries and Extra-Ministerial Departments (MEDs) only in 2024 as against N369,370,402.21 remitted by 7 MDAs in 2023. However, it is a somewhat disappointing response from only 7 MDAs despite many requests and reminders for revenue submissions mailed out to several Ministries and the increasing awareness by the MDAs of the need to respond to the Commission's requests for revenue returns.

Table 3.2 below gives details of the MDAs' revenue returns received in 2024 on quarterly basis.

TABLE 3.1 REVENUE RETURNS SUBMITTED BY MDAs FOR 2024

S/NO	MDA'S	REVENUE RETURNS FROM MEDs FOR 2024				
		FIRST QTR (N)	SECOND QTR (N)	THIRD QTR (N)	FOURTH QTR (N)	TOTAL (N)
1	Federal Ministry of Education	33,738,289.00				33,738,289.00
2	Federal Ministry of Environment	237,797,273.00	203,969,425.00	121,309,660.00	85,720,000.00	648,796,358.00
3	Federal Ministry Of Housing and Urban Devt	1,143,015,862.19	505,375,817.32	744,083,224.12		2,392,474,903.63
4	Federal Ministry of Justice	200,000.00				200,000.00
5	Federal Ministry Of Labour and Productivity	46,061,186.63	62,522,902.00	63,639,662.00	-	172,223,750.63
6	Off. of the Auditor-Gen. of the Federation	7,160,000.00	8,060,000.00	2,770,000.00		17,990,000.00
7	Office of the Secretary to federal Government	928,180.00	34,749,735.00	1,446,595.00		37,124,510.00
	TOTAL	1,468,900,790.82	814,677,879.32	933,249,141.12	85,720,000.00	3,302,547,811.26

Letters were sent to other Federal Government Agencies to submit their Audited Financial Statements for 2018-2023. A total of 40 Agencies were contacted and 33 made their submissions.

Table 3.3 below gives summary of the Internally Generated Revenue of 36 non-scheduled corporations extracted from the AFS for 2018-2023.

TABLE 3.2 SUMMARY REVENUE PERFORMANCE OF SOME AGENCIES FOR 2014-2023

S/N	MDAs	LAST AUDITED FINANCIAL STATEMENT SUBMITTED	OUTSTANDING AUDITED FINANCIAL STATEMENT	AMOUNT GENERATED	REMITTANCE	OUTSTANDING LIABILITY	REMARK
1	COUNCIL FOR THE REGULATION OF ENGINEERING IN NIGERIA	2015 - 2021	2022 - 2023	1,657,124,419.00	338,000,000.00	1,319,124,419.00	
2	NATIONAL TEACHERS INSTITUTE	2014 - 2018	2019 - 2023	492,142,764.00	249,945,000.00	242,197,764.00	
3	TEACHERS REGISTRATION COUNCIL OF NIGERIA	2014 - 2020	2021 - 2023	2,621,714,421.99	1,212,912,396.45	1,408,802,025.54	
4	NATIONAL CENTRE FOR WOMEN DEVELOPMENT	2014 - 2017	2018 - 2023	657,058,771.50	-	657,058,771.50	
5	VETERINARY COUNCIL OF NIGERIA	2014 - 2019	2020 - 2023	141,188,538.75		141,188,538.75	
6	NIGERIA CHRISTIAN PILGRIM COMMISSION	2014 - 2018	2019 - 2023	1,676,528,075.00	241,955,202.88	1,434,572,872.12	
7	NATIONAL METALLURGICAL DEVELOPMENT CENTRE, JOS	2014 - 2019	2020 - 2023	18,749,432.00		18,749,432.00	
8	NATIONAL AGRICULTURAL EXTENSION AND RESEARCH LIAISON SERVICES	2014 - 2018	2019 - 2023	23,183,054.00		23,183,054.00	
9	NATIONAL YOUTH SERVICES CORP	2014 - 2019	2020 - 2023	891,500,151.25		891,500,151.25	
10	NATIONAL RESEARCH INSTITUTE FOR CHEMICAL TECHNOLOGY	2014 - 2019	2020 - 2023	20,939,306.25		20,939,306.25	
11	NATIONAL AGENCY FOR THE PROHIBITION OF TRAFFICKING IN PERSONS	2014 - 2022	2023	39,156,953.88		39,156,953.88	
12	NATIONAL INSTITUTE OF LEATHER AND SCIENCE TECHNOLOGY	2014 - 2019	2020 - 2023	19,350,486.75	16,642,827.84	2,707,658.91	
13	NATIONAL BOUNDARY COMMISSION	2015 - 2020	2021 - 2023	8,336,547.76		8,336,547.76	
14	NATIONAL INSTITUTE FOR PHARMACEUTICAL RESEARCH AND DEVELOPMENT	2014 - 2019	2020 - 2023	43,196,386.00		43,196,386.00	
15	COUNCIL OF LEGAL EDUCATION (LAW SCHOOL)	2014 - 2018	2019 - 2023	824,548,731.00		824,548,731.00	
16	PHARMACISTS COUNCIL OF NIGERIA	2015 - 2019	2020 - 2023	150,715,439.33		150,715,439.33	
17	RURAL ELECTRICITY AGENCY	2014 - 2019	2020 - 2023	760,341,287.00	232,683,290.76	527,657,996.24	
18	ACCIDENT INVESTIGATION BUREAU	2014 - 2020	2021 - 2023	4,125,389,442.00		4,125,389,442.00	
19	UNIVERSAL BASIC EDUCATION COMMISSION	2014 - 2022	2023	521,688,442.55		521,688,442.55	
20	NIGERIAN INSTITUTE OF SCIENCE LABORATORY TECHNOLOGY	2014 - 2020	2021 - 2023	132,346,849.25		132,346,849.25	
21	NATIONAL BOARD FOR TECHNICAL EDUCATION, KADUNA	2014 - 2022	2023	554,507,561.00	30,019,136.00	524,488,425.00	
22	NATIONAL AGENCY FOR THE CONTROL OF AIDS	2015 - 2020	2021 - 2023	699,139,025.21		699,139,025.21	
23	NIGERIAN INSTITUTE OF ADVANCED LEGAL STUDIES	2018 - 2020	2021 - 2023	74,321,882.95	14,992,844.63	59,329,038.32	
24	NIGERIAN COLLEGE OF AVIATION TECHNOLOGY	2017 - 2022	2023	4,232,759,323.05	1,816,922,937.58	2,415,836,385.47	
25	NATIONAL PRIMARY HEALTH CARE DEVELOPMENT AGENCY, ABUJA	2016 - 2022	2023	184,958,956.48	52,028,956.48	132,930,000.00	
26	NURSING AND MIDWIFERY COUNCIL OF NIGERIA	2019 - 2023		983,518,500.00	948,256,079.79	35,262,420.21	
27	NATIONAL OPEN UNIVERSITY OF NIGERIA	2019 - 2023		20,990,166,504.00	261,033,596.33	20,729,132,907.67	
28	NATIONAL HAJJ COMMISSION OF NIGERIA	2014 - 2021	2022 - 2023	15,980,644,826.00	8,018,919.25	15,972,625,906.75	
29	ENVIRONMENTAL HEALTH OFFICERS REGISTRATION COUNCIL OF NIGERIA, ABUJA	2019 - 2022	2023	1,437,431,056.00	101,761,038.00	1,335,670,018.00	
30	NATIONAL IDENTITY MANAGEMENT COMMISSION, ABUJA	2019 - 2022	2023	1,228,043,068.00	1,159,291,674.12	68,751,393.88	
31	INDEPENDENT NATIONAL ELECTORAL COMMISSION, ABUJA	2017 - 2020	2021 - 2023	136,772,500.00		136,772,500.00	
32	MEDICAL AND DENTAL COUNCIL OF NIGERIA	2015 - 2023		374,688,571.80	335,701,258.79	38,987,313.01	
33	MEDICAL LABORATORY SCIENCE COUNCIL OF NIGERIA	2019 - 2023		655,865,926.00	87,446,621.84	568,419,304.16	
34	NATIONAL JUDICIAL INSTITUTE						Non submission of Documents
35	NATIONAL BIOTECHNOLOGY DEVELOPMENT AGENCY						Non submission of Documents
36	NATIONAL BOARD FOR ARABIC AND ISLAMIC STUDIES						Non submission of Documents
37	NATIONAL BUREAU OF STATISTICS						Non submission of Documents
38	NIGERIA SECURITY, PRINTING AND MINTING COMPANY						Non submission of Documents
39	NATIONAL INSTITUTE FOR NIGERIAN LANGUAGES						Non submission of Documents
40	SURVEYOR'S REGISTRATION COUNCIL OF NIGERIA						Non submission of Documents
				62,358,017,199.75	7,107,611,780.74	55,250,405,419.01	

Additional efforts are being made to intensify communication to MDAs to ensure improved compliance with provisions of the FRA, 2007 and enhanced accountability and remittances to the Federal Government in 2025.

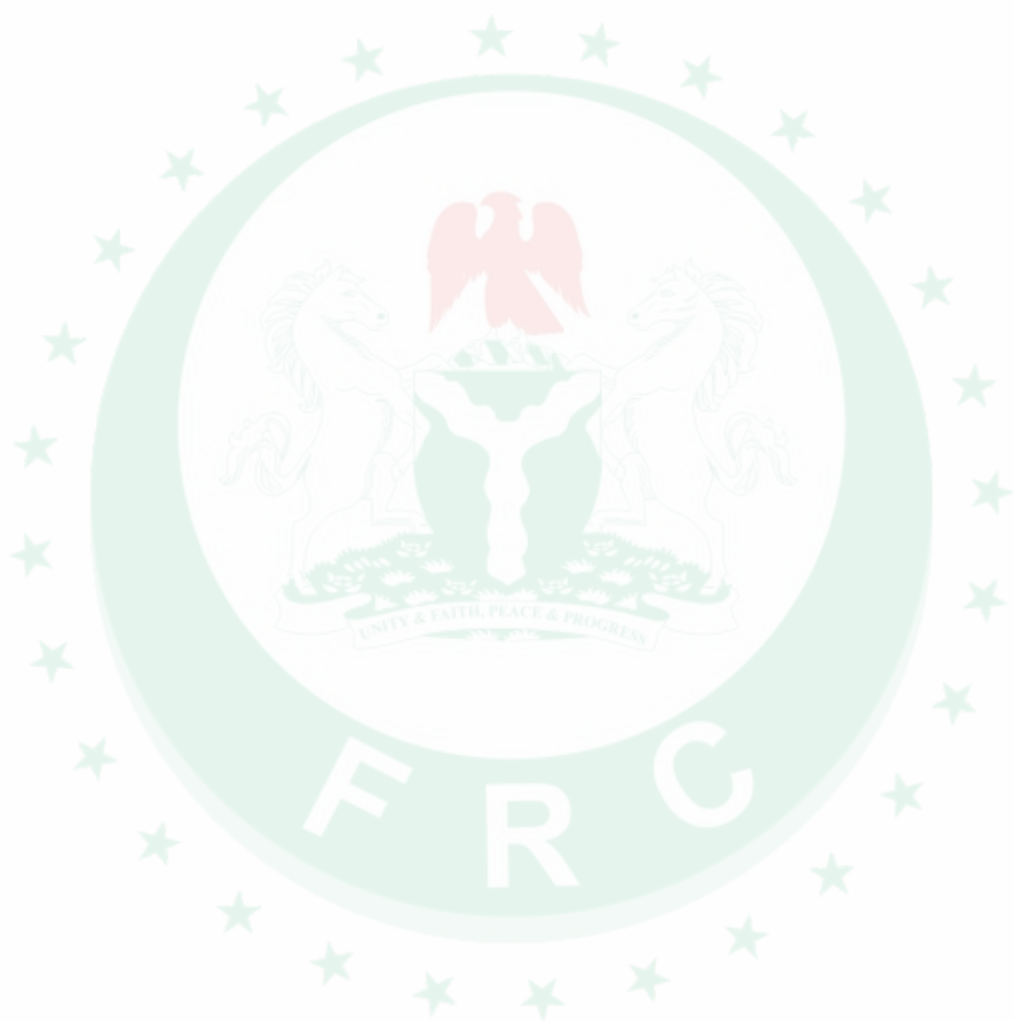
3.3 OBSERVATIONS AND FINDINGS

- Direct deductions from GOEs' TSA accounts have significantly improved the remittance of operating surpluses to the CRF.
- Some agencies, such as FHA, NHIA, and ITF, raised concerns that the policy also affects revenue they classify as third party funds or custodian funds, which they argue should be exempt from such deductions.

3.4 RECOMMENDATIONS

- A one-size-fits-all approach to IGR remittance, such as the blanket 50% deduction, may not be appropriate. The Commission recommends that agencies be assessed individually and their remittance obligations tailored to their operational realities and statutory mandates. This, the Commission is pursuing with relevant agencies.
- The Commission also recommends targeted visits to Schedule Corporations to resolve outstanding issues identified during the review of their financial statements and audit reports.

The Commission remains optimistic that ongoing collaboration with key stakeholders, including the Ministry of Finance, the OAGF, and the National Assembly, will continue to yield improvements in fiscal compliance, transparency, and accountability among Schedule Corporations.





CHAPTER

4

BUDGETARY EXECUTION AND EXPENDITURE CONTROL OF FEDERAL GOVERNMENT PROJECTS

CHAPTER**4****BUDGETARY EXECUTION AND
EXPENDITURE CONTROL OF FEDERAL
GOVERNMENT PROJECTS****4.0 BUDGETARY EXECUTION AND EXPENDITURE CONTROL OF FEDERAL GOVERNMENT PROJECTS****4.1 PHYSICAL VERIFICATION EXERCISE OF SELECTED FGN CAPITAL PROJECTS**

The Fiscal Responsibility Commission (FRC), established under Section 1 of the Fiscal Responsibility Act (FRA), 2007, has the primary mandate of ensuring prudence, transparency, and accountability in the management of Nigeria's public resources. The Commission operates within the legal framework provided by the FRA, 2007, which outlines clear obligations for fiscal discipline, responsible budgeting, and transparent governance.

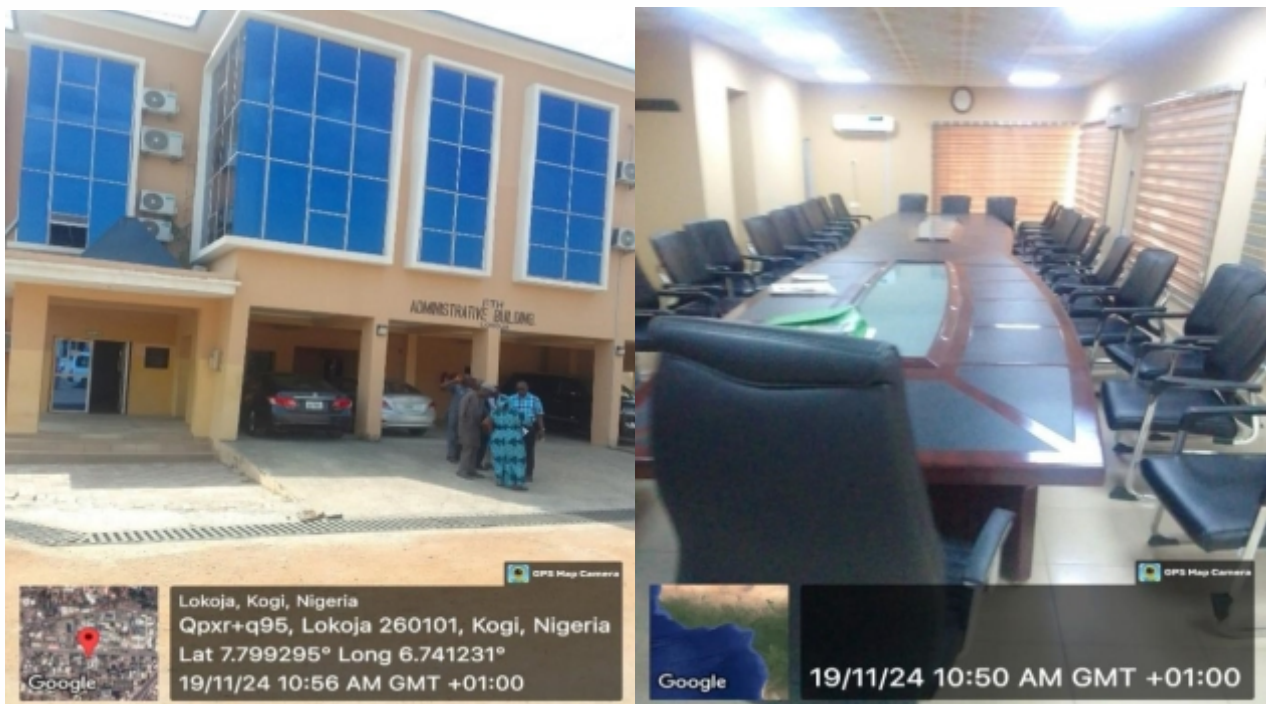
As mandated by Section 30(1) of the FRA, the Minister of Finance, through the Budget Office of the Federation (BOF), is required to monitor and evaluate the implementation of the Annual budget, assess the achievement of fiscal targets, and submit quarterly reports to the Fiscal Responsibility Commission. Additionally, Section 50 of the FRA mandates the preparation of a Consolidated Budget Execution Report (BER), which evaluates budget implementation against set physical and financial performance targets.

In 2024, the Fiscal Responsibility Commission undertook its annual physical verification exercise to assess the implementation of selected Federal Government capital projects across the six geopolitical zones of Nigeria. This exercise covered seven key sectors, namely: Works, Water Resources, Health, Housing and Urban Development, the Nigerian Police Force, National Productivity Center and National Inland Waterways Authority (NIWA). This report presents the findings of the verification exercise, structured according to the six geopolitical zones in the following order:

- North-Central
- North-East
- North-West
- South-East
- South-South
- South-West

4.1.1 NORTH CENTRAL

1. Construction of 1no. 4-Man Rank and File Quarters (Storey Building) At PMF 70 Kabba, Kogi State.
2. Construction of phase one Kabba/Ole Community Road, Kogi State.
3. Completion of Extension of Medical Laboratory/ Histopathology Building.
4. Federal Medical Centre Keffi, Nasarawa State.
 - a. Construction of New Twin Wards (116 bed spaces) Phase I and II.
 - b. Construction of Trauma Centre Phase I
 - c. Construction of House Officers' Quarters Phase I
5. National Inland Waterways Authority.
 - a. Construction of an Inland River Port and Supply of Cargo Handling Equipment (Ongoing) at Lokoja
 - b. One (1) 64 Ton Capacity Mobile Harbor Crane
6. Construction of New Federal Secretariat at Lokoja, Kogi State. Contract no. 8063, WR, 16641/I.
7. Construction for the Rehabilitation of 9th Mile - Otukpo Road (Enugu State Border - Ugbokolo Section) Benue State C/No.6346



Figs. 16, 17 Front view and newly purchased furniture for the conference room, FTH Lokoja, Kogi State

4.1.2 NORTHEAST

1. Construction of Ningi – Yadagungume – Fuskar Mata road, Phase III in Bauchi State
2. Rehabilitation of Wukari – Ibi road, Taraba State, Contract No. 6622
3. Federal Teaching Hospital, Gombe
 - a. Construction And Furnishing of NHIS/GOPD complex
 - b. Construction Laboratory Complex Phase I
 - c. Equipping, Upgrade and Modernization of Surgical Operation Theatres
 - d. Procurement of CT-Scan Machine, Procurement of Voltage Regulator And Provision of Healthcare Floor For CT-Scan Machine
4. Federal Medical Centre, Azare, Bauchi State
 - a. Construction of maternity complex at permanent site
 - b. Construction of specialty clinics and G.O.P.D at permanent site
 - c. Construction of road networks, walkways and surrounding landscaping at permanent site
5. Construction of 1 No. 4-Man Police Officers Quarters and 10-Bed Police clinic at PMF 65, Located in mubi, Adamawa State
6. The Construction of Modern Police Area Command in Adamawa State



Fig.18 Laboratory Complex, FTH Gombe, under construction at FTH Gombe

4.1.3 NORTH WEST

1. National Ear Care Centre, Kaduna, Kaduna State
 - a. Conversion of existing male ward to a storey building
 - b. Construction of Students Hostel for the Post Basic ORL
 - c. Construction of Modern Walkways, Carparks, Solar Street lights and General Landscaping.
 - d. Construction and Equipping of Electrical Power House
2. Construction of Modern Police Area Command in Katsina, Katsina State
3. Construction of an Additional Lane from Airport round about to Dawanau round about Along Kano - Katsina Road, C/No. 6616, Kano State.
4. Construction of Kano - Kwanar Danja - Hadeija road, Section 1: Tsalle - Hadeija (Ch.82+000 - Ch.199+037) C/No. 7228, Jigawa State
5. Rhe03/Kt-C - Water and Electrical Infrastructure in the North West (Katsina State).
6. Federal Medical Centre (FMC), Birnin Kebbi, Kebbi State
 - a. Construction and equipping of eye specialty complex.
 - b. Construction and equipping of maternity complex.
 - c. Construction and finishing of administrative block
 - d. Construction of oncology diagnostic laboratory and theatre
7. Construction of Modern Police Area Command in Sokoto State.
8. Rhe04/Sk-D - Road Infrastructure in the North West (Sokoto State).



Fig.19 Completed construction and equipping of the Eye Specialty Complex at the FMC, Birnin Kebbi, Kebbi State

4.1.4 SOUTHEAST

- 1.Reconstruction of Bende-Ohafia-Arochukwu Road, Section II in Abia State. Contract No: 6481.
- 2.Phase II of the Construction of Ikot-Ekpene Border, Aba-Owerri dualization Road (25.10Km) From Owerri End in Akwa-Ibom/Imo/Abia States.
- 3.Construction of I No.3-Bedrooms SPO's Quarter' 4 Flats (Storey Building) at Ezillo Ishielu LGA, Ebonyi State.
- 4.Construction of I No.40 Beds Male Hostel including furnishing at police Secondary School Ugbo, Awgu LGA, Enugu Sate.
- 5.Re-Construction of Elele-Owerri Road in Imo-State.
- 6.Construction of Mbaise-Ring Road Intersection; Owerri Umuahia Road with Drainage in Imo Sate.
- 7.Construction of Jetties at Odekpe, Ogbaru LGA, Anambra State.
- 8.Construction of Mini-Stadium in Nanz Ogbaru, Anambra State.
- 9.National Orthopeadic Hospital Enugu
 - a.Completion of Construction of G.O.P.D Complex and Equipping
 - b.Rehabilitation of Wards and Offices.
 11. c.Construction of Accounts and Audit Complex
- 10.Federal Neuropsychiatric Hospital, Enugu
 - a.Construction of Student Nurses Hostel
 - b.Construction of Internal Road Network
 - c.Renovation of Pharmacy and Occupational Therapy Block.
- 11.Construction of New Federal Secretariat Complex at Abakiliki, Ebonyi State, Contract No.8061, WR 16639/1.



Fig.20 On-going construction of Students Nurses Hostel at Federal Neuropsychiatric Hospital Enugu

4.1.5 SOUTH SOUTH

1. Rehabilitation and Re-Consturction of Otuo-Ikhin road in Owan East L.G.A Edo State. Phase II – 9km
2. Dualization of the Port Harcourt/Aba Expressway – Obehia – Azumini – Ukanafun (Akwa Ibom State) Section II (30km)
3. Construction of Ndemili-Utagbe-Uno/Ike-Onicha road Delta State
4. Rehabilitation/Reconstruction of Ubiaja – Ahia – Ebu road with three Spurs in Edo State
5. Reconstruction/Rehabilitation of Abak – Ekparakwa- Ette – Ikot – Adasi Highway in Akwa Ibom State C/No.6490
6. Construction of Jetty at Ebu Delta State
7. Irrua Specialist Teaching Hospital, Irrua, Edo State.
 - a. Construction Of Children Emergency Isolation Ward
 - b. Expansion Of Accident and Emergency Department/Unit of The Hospital
 - c. Construction Of 2.5 Kilometer Road and Landscaping and Construction of Drainage For Erosion Control in The Hospital
8. University of Calabar Teaching Hospital, Cross-River State
 - a. Completion of House Officers’ residence, Phases II & III.
 - b. Procurement, Installation, Commissioning and User training of MRI Machine; and
 - c. Completion of Accident and Emergency Building, Phase II.
9. Provision of road Infrastructure in Renewed Hope Estate South- South Zone, in Akwa Ibom State (Rhe04/Ak-D)
10. Construction of Divisional Police Station, 4-Man Police Officers’ Quarters, 150mm Borehole with 8,000 Liters overhead tanks, 5.5kva Generator House and Linear metre Block work Fence at Okpoma, Yala L.G.A, Cross River State.
11. Construction of 1no. 4-Man rank and File Quarters (Storey Building) and Construction of 440m Linear meter Block wall Fence at Satellite Town Police out-post, Calabar, Cross River State.



Fig. 21 Children's Emergency Isolation ward at Irrua Specialist Teaching Hospital, Edo State

4.1.6 SOUTH WEST

1. Construction of Abeokuta – Ajebo road, spur to Iyana Mosa road in Ogun State with contract no 7235.
2. Reconstruction of Apapa Oworonsoki - Ojota expressway section 1, sub - section A,B,D and sections 3 & 4. Contract no. 6488.
3. Reconstruction of Apapa Oworonsoki - Ojota expressway, section 2, beach-land interchange (km7+000) to cele bus stop (km15+400) in Lagos state, contract no. 6488A.
4. Construction of 400m Bridge at Lukoto -Ode Irele L.G.A in Ondo State.
5. Construction of Federal Secretariat Ado Ekiti, Ekiti State.
6. Construction of Police Secondary School Erinja Town, Yewa South L.G.A, Ogun state
7. Construction of 4-man rank and File quarters and Renovation/Furnishing of 'A' division Ede, Osun State.
8. Lagos University Teaching Hospital LUTH, Lagos State.
 - a. Construction of three (3) storey Dermatology Building at Yaba annex.
 - b. Construction of three (3) storey Geriatric Building.
 - c. Rehabilitation of D-block
9. Federal Teaching Hospital, Ido-Ekiti, Ekiti State.
 - a. Construction of Modern Adult Accident and Emergency Building.
 - b. Construction of Assisted Reproductive Technology Centre.
 - c. Construction of Mortuary and Installation of 42 Chambers Refrigerate Morgue Unit.
 - d. Construction of 150 Bedded Wards.



Fig.22 On-going construction of 150 bedded wards at Federal Teaching Hospital, Ido-Ekiti, Ekiti State

The Observations and findings which are presented below highlight critical gaps in project execution, monitoring, and accountability. The Fiscal Responsibility Commission recommends action to address these challenges, ensuring better fiscal discipline, improved project delivery, and enhanced public sector efficiency as follows:

4.2 GENERAL OBSERVATIONS AND FINDINGS

- Several projects displayed physical vulnerabilities, including the early formation of potholes, cracks, and structural defects.
- There were reported loss of materials due to theft and insecurity, leading to project delays and additional costs.
- Some projects can only be inspected during the dry season due to waterlogging and accessibility issues.
- The procurement records of some projects were found to be incomplete or lacking critical details.
- There was inadequate information regarding funding, payments, and project details, especially for police projects.
- Some projects suffered from poor execution and weak supervision, with resident officers claiming they were not involved in the implementation process.
- Some contractors failed to appear for project verification without providing a valid excuse.

- Certain projects were completed but not put to use, leading to deterioration and possible vandalization.
- Necessary surveys and soil tests were not conducted before awarding contracts, leading to unforeseen challenges.
- The management of Calabar Teaching Hospital and lead staff from the Ministry of Health did not properly receive the verification team.
- Delays in compensating host communities caused project commencement delays, as compensation was not included in the contract.
- Some projects were inaccessible due to lack of access roads, making verification difficult.
- Several projects suffered from delayed or insufficient budgetary allocations, affecting progress and completion timelines.
- While some projects were commendable, others suffered from poor execution, structural defects, and substandard materials.

4.3 GENERAL RECOMMENDATIONS

- Strict quality control measures should be conducted during construction, contractual obligations should be enforced and regular maintenance plans should be ensured.
- Site security measures should be strengthened by including security provisions in project planning and budgeting and collaborating with local law enforcement and community leaders.
- Multiple inspection visits across different seasons should be scheduled for a more accurate assessment of water-logged areas.
- MDAs should maintain comprehensive procurement records, including contractor details, bidding processes, and contract variations.
- MDAs should be required to submit detailed project briefs, including financial records and progress reports before verification exercises.
- MDAs should ensure resident officers and project supervisors are actively involved from inception to completion of projects.
- Beneficiary communities should be engaged to ensure projects serve their intended purpose.
- Geotechnical and environmental assessments should be made mandatory before contract awards.
- Formal warnings should be issued to any agency that fails to cooperate with teams from FRC.
- It should be ensured that community compensation is budgeted for and included in project

contracts.

- Ensure that site accessibility is provided before contract approval.
- Timely and adequate budget releases should be advocated to avoid project execution delays.
- Multi-year funding framework for large-scale projects should be implemented.
- Enforce mandatory attendance for all relevant project stakeholders during verification exercises.
- Contractors who use substandard materials or deliver poor-quality work should be penalized.





CHAPTER

5

DEBT, INDEBTEDNESS AND BORROWING

CHAPTER**5****DEBT, INDEBTEDNESS
AND BORROWING****5.0 DEBT, INDEBTEDNESS AND BORROWING****5.1 INTRODUCTION**

The framework, rules and conditions for indebtedness and borrowings by any tier of Government in the Federation, are contained in Parts IX and X of the Fiscal Responsibility Act (FRA), 2007.

Part IX of the Act specifically contains the framework and rules governing public debt and indebtedness, while Part X provides the conditions for borrowing by any tier of Government in the Federation.

5.2 DEBT MANAGEMENT FRAMEWORK/LIMITS OF CONSOLIDATED DEBTS OF THE FEDERAL, STATE AND LOCAL GOVERNMENTS

Section 41 of the FRA, 2007 provides that government at all levels must borrow for only capital expenditure and human development at concessional terms with low interest rates and long amortization period. In addition, the intended borrowing shall be approved by the relevant legislative body.

To ensure that borrowings by Governments in the Federation are for only capital expenditure and human development as specified in section 41(1)(a) of FRA, 2007, the Commission has continuously monitors the purpose of intended loans (domestic and external) and the utilization of such borrowings. In a bid to ensure compliance with the provisions of Sections 41 and 44 of the FRA, 2007, the Commission, in 2023, embarked on the following actions and activities:

- The Commission obtained information on the borrowings by the State Governments from commercial banks in the Country.
- The Commission requested that the State Governments to furnish it with the details of the utilization of borrowings from the commercial banks.
- The Commission analyzed the submission made by the States Government and embarked on the verification of the amounts borrowed by the following States: Benue, Bauchi, Oyo, Kano, Taraba and Ondo, encompassing the three geo-political zones in the Country.

The exercise was aimed at ascertaining the actual utilization of the loans and to test the level of compliance with the provisions of the FRA, 2007. The general observations, findings and recommendations for the exercise are presented under section 3.9.2 of this very report.

It is instructive to note that, Section 42(4) of FRA, 2007 mandates the Commission to collate and publish, on quarterly basis, a list of Governments in the Federation that exceed the limits of their respective consolidated debt stocks. However, in 2024, it was not possible for the Commission to verify the compliance of each Government with this provision of the FRA, 2007. This is because the consolidated debt limits of the Governments in the Federation are yet to be set by the President, as specified in Section 42(1) of the FRA, 2007. The Commission has written severally to the Hon. Minister of Finance on the need to advise the President to set the debt limits of the Governments in the Federation, despite that the situation remains the same. However, the Commission will continue to engage and collaborate with the Hon. Minister of Finance and the Debt Management Office, to ensure that the consolidated debt limit of each Government in the Federation is set soon.

This is expected to enable the Commission to collate and publish on quarterly basis, a list of Governments in the Federation that have exceeded the limits of their respective consolidated debt stocks consequent upon Section 42(4) of FRA, 2007.

5.3 ANALYSIS OF PUBLIC DEBT AND SUSTAINABILITY IN 2024

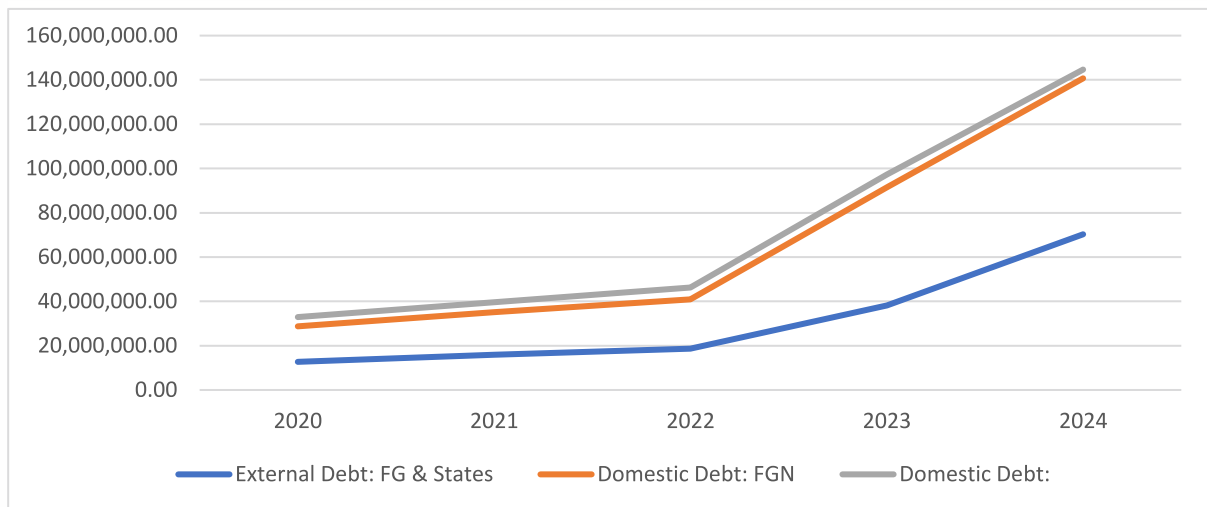
Tables 5.1 and 5.2 below, is a summary of debt balances of the Governments in the Federation in 2024, as well as the debt trend from 2020 – 2024:

Table 5.1 Summarised Public Debt Balances as at December 31, from 2020 – 2024

Debt Stock	2020 ₦ million	2021 ₦ million	2022 ₦ million	2023 ₦ million	2024 ₦ million	% of Total Public Debt (2024)
External Debt: FG & States	12,705,618.48	15,855,231.25	18,702,251.88	38,219,849.44	70,287,530.62	48.59%
Domestic Debt: FGN	16,023,885.38	19,242,557.11	22,210,364.60	53,258,011.88	70,409,863.00	48.67%
Domestic Debt: States & FCT	4,186,010.99	4,458,244.14	5,337,751.46	5,862,846.93	3,968,057.32	2.74%
Total Public Debt	32,915,514.85	39,556,032.50	46,250,367.94	97,340,708.25	144,665,450.94	100%

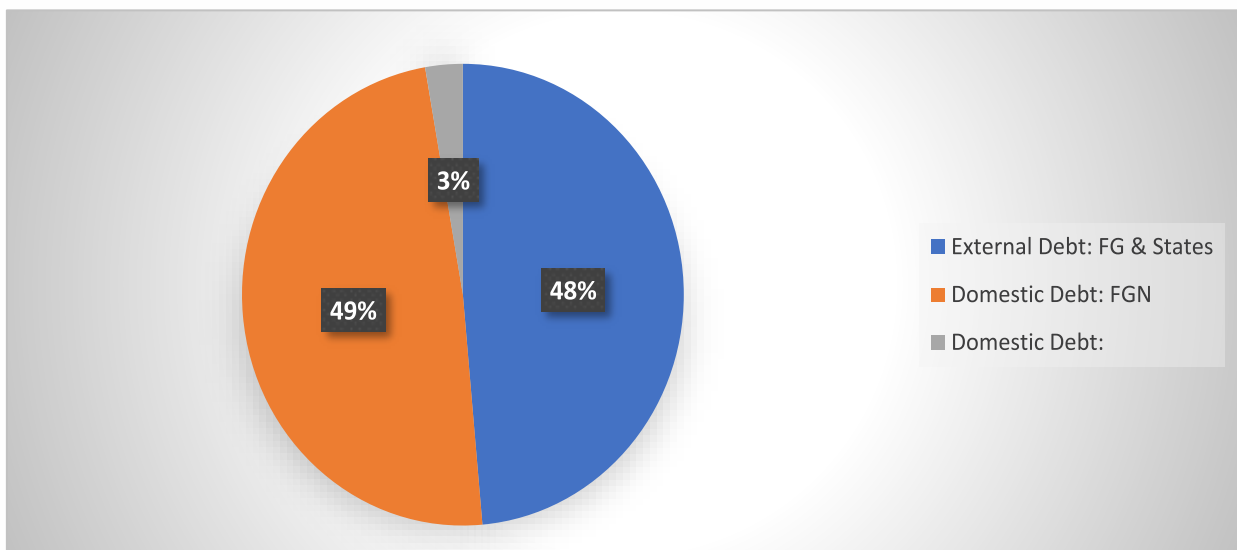
Source: DMO

5.1.1 Trend Analysis of Total Public Debt Stock of the Governments in the Federation (2020-2024)



Source: FRC/DMO

Fig.23 Total Public Debt (N, millions)



Source: FRC/DMO

Fig.24 Total Public Debt 2024

	2020	2021	2022	2023	2024
Total Debt US\$ Million	86,392.54	95,779.64	103,218.99	108,229.34	94,225.10
Total Debt (₦) Million	32,915,514.85	39,556,032.50	46,250,367.94	97,340,708.25	144,665,450.94
GDP (₦) Million	152,316,126.10	176,039,307.97	199,336,043.78	244,574,643.84	269,290,000.00
% of GDP	21.61%	22.47%	23.20%	39.8%	53.72%

Table 5.2 Nigeria's Total Public Debt As Percentage Of GDP 2020-2024

Source: DMO

Note: CBN Exchange Rate used in converting the: US\$ to NGNN

2020: 1US\$ to 381 NGNN

2021: 1US\$ to 412.99 NGNN

2022: 1US\$ to 448.08 NGNN

2023: 1US\$ to 899.39 NGNN

2024: 1US\$ to 1,535 NGNN

As can be seen on Table 5.1 above, the total public debt stock of Nigeria at the end of 2024 was N144,665,450.94 million. It depicts an increase of N47,324,742.67 million or 146.62% when compared to N97,340,707.25 million public debt stock of the country at the end of 2023. Out of the total public debt stock of Nigeria at the end of 2024, the external debt stock of Federal, States and FCT was US\$45,780.45 million, equivalent to N70,287,530.62 million. This amount accounts for 48.59% of the nation's total public debt at the end of 2024

The domestic debt stock of the Federal, States and FCT as at the end of 2024 was N74,377,920.32 representing 51.41.% of the total public debt stock of the country within the period under review.

The proportion of the country's external and domestic debt stocks to the total public debt stock of the country as at 31st December, 2024 were 48.59%, and 51.41.% respectively. This indicates that the total public debt stock in 2024 comprised more of domestic debt than external debt. However, given the implications of higher domestic debt to external debt which include but not limited to; the crowding out of borrowers, this transfers risks to banks that issue loans on longer maturity, fixed-interest rates, leading to reduced returns. As a result of the risks posed by this scenario to holders of pensions, annuities and life insurance policies, governments in the federation should be cautious in obtaining domestic loans.

Section 41(1) (b) provides, "Government shall ensure that the level of debt as a proportion of national income is held at a sustainable level..." From Table 3.2 above, the total Public Debt/GDP ratio as at 31st December 2024 was 53.72%, which is higher than the global benchmark of 40% and lower than the 56% threshold for countries in Nigeria's peer group. The implication of this, is that Nigeria's total public debt of N144,665,450.94 million as at the end of 2024 was still sustainable, though the rapid increment in public debt from N97.340,708.25 in 2023 to N144,665,450,94 in 2024 was as a result of the exchange rate differential at the international market transactions and the securitization of a portion of the N7.3 trillion ways and means advances at the Central Bank of Nigeria (CBN). This means the Country still has

fiscal space for borrowing. This notwithstanding, there is need for the nation to be cautious as, rising public debt is more likely to jeopardize national economic growth.

5.4 REVENUE PROFILE OF THE STATE GOVERNMENTS IN NIGERIA

In order to assess the State Governments on the basis of Debt Management Office (DMO) Revised Guideline on Public Debt Management, 2012, there is need to analyze the respective revenue profile of the 36 States and FCT. For the purpose of clarity, the Guideline provides the procedure for public debt assessment in Nigeria. Specifically, Section F(C) of the Guideline provides that the total amount of loans outstanding at any particular time including the proposed loan shall not exceed 50 percent of the actual revenue of the body concerned, for the preceding 12 months.

To assess the State Governments' compliance with the aforementioned provision, it is imperative to analyse their respective revenue profile in 2024, their debt stocks as at December 2024, as well as the debt/revenue ratio, as shown in Tables 3.3, 3.4 and 3.5 below:

Table 5.3 Total Net Revenue of the 36 States, 2024

S/n	State	Total Net Revenue 2024 (₦)	% of Total Revenue	statutory revenue Ranking
1	Abia	119,714,079,689.12	2.09	16
2	Adamawa	110,820,406,395.96	1.94	21
3	Akwa- Ibom	379,764,873,950.02	6.64	3
4	Anambra	145,726,380,167.77	2.55	7
5	Bauchi	105,005,069,926.23	1.84	27
6	Bayelsa	345,586,017,757.52	6.05	5
7	Benue	130,038,300,118.52	2.28	14
8	Borno	139,696,372,274.04	2.44	10
9	Cross River	89,715,575,270.10	1.57	36
10	Delta	552,462,707,152.03	9.67	1
11	Ebonyi	97,814,707,329.80	1.71	31
12	Edo	138,491,688,289.88	2.42	11
13	Ekiti	93,172,362,812.96	1.63	34
14	Enugu	113,528,879,664.51	1.99	20
15	Gombe	94,395,318,932.87	1.65	33
16	Imo	128,599,413,962.37	2.25	15
17	Jigawa	133,370,333,015.87	2.33	13
18	Kaduna	107,189,471,021.73	1.88	24
19	Kano	186,212,529,552.73	3.26	6
20	Katsina	134,308,524,085.13	2.35	12
21	Kebbi	117,932,384,992.21	2.06	18
22	Kogi	106,088,066,664.49	1.86	25
23	Kwara	98,522,027,739.41	1.72	30
24	Lagos	366,394,491,819.29	6.41	4
25	Nasarawa	103,139,837,730.33	1.80	28
26	Niger	119,256,000,676.79	2.09	17
27	Ogun	90,375,244,498.67	1.58	35
28	Ondo	142,267,073,485.56	2.49	9
29	Osun	97,129,384,441.54	1.70	32
30	Oyo	144,650,674,216.16	2.53	8
31	Plateau	101,486,147,687.10	1.78	29
32	Rivers	441,892,117,472.21	7.73	2
33	Sokoto	117,348,438,813.37	2.05	19
34	Taraba	108,569,228,290.64	1.90	23
35	Yobe	105,581,073,327.91	1.85	26
36	Zamfara	108,875,890,459.46	1.91	22
	Total	5,715,121,093,684.26	100	

Source: OAGF/FRC

The information contained in Table 5.3 above excludes Internally Generated Revenue (IGR) of the State Governments. The table shows that the total net revenue of the 36 states in 2024 was N5,715,121,093,684.26 an increase of N1,906,476,393,383.67 or 66.64% over the total amount of N3,808,644,700,300.59 received by all the 36 States in 2023. The increase may have been attributed to the increase in oil revenue as a result of subsidy removal. The analysis further reveals that, out of the 36 States of the Federation, Delta State received the highest net revenue of N552,462,707,152.03 accounting for 9.67% of the aggregate revenue accruing to the 36 States in 2024. Rivers State came 2nd with a total net revenue of N441,892,117,472.21 representing 7.73% of the combined total revenue of the 36 States in 2024. Akwa-Ibom State was 3rd, with a total net revenue of N397,764,873,950.02 and accounted for 6.64% of the combined total revenue of the 36 States in Nigeria, in 2024. It is worthy of note that the three States which received the highest net revenue among the 36 States of the Federation in 2024, namely; Delta, Rivers and Akwa-Ibom State are all oil producing States that enjoy the 13% derivation.

However, Cross-River State received the least total net revenue of N89,715,575,270.10 in 2024, depicting 1.57% of the total statutory revenue of the 36 States. The second least State was Ogun state which received the net revenue of N90,375,244,498.67 depicting 1.58% of the total revenue accruing to the 36 state in the Federation. The third least state was Ekiti which received the net revenue of N93,172,362,812.96, representing 1.63% of the total net revenue accruing to the 36 states in the Federation.

Table 5.4: Debt Profile of Federal and State Governments as at December 31, 2024

S/No	States and FGN	Total external Debt(USD)	Total External Debt(₦)	Total Domestic Debt	Total public Debt	% of grand total
1	Abia	101,475,045.8	155,764,195,349.1	66,078,662,683.0	221,842,858,032.0	0.15
2	Adamawa	97,920,098.5	150,307,351,197.5	81,232,719,283.0	231,540,070,480.5	0.16
3	Akwa Ibom	35,555,850.3	54,578,230,271.9	122,193,037,697.7	176,771,267,969.6	0.12
4	Anambra	103,687,602.4	159,160,469,622.6	28,684,540,143.1	187,845,009,765.7	0.13
5	Bauchi	186,813,491.0	286,758,708,608.3	143,948,069,260.2	430,706,777,868.5	0.30
6	Bayelsa	56,101,728.7	86,116,153,508.5	82,722,072,815.1	168,838,226,323.5	0.12
7	Benue	25,573,798.0	39,255,779,853.3	122,575,619,594.1	161,831,399,447.3	0.11
8	Borno	47,470,979.2	72,867,953,102.7	27,914,959,613.8	100,782,912,716.5	0.07
9	Cross River	202,458,632.3	310,774,000,519.1	118,134,026,523.3	428,908,027,042.4	0.30
10	Delta	57,148,522.7	87,722,982,359.9	199,575,659,736.4	287,298,642,096.2	0.20
11	Ebonyi	91,077,307.6	139,803,667,166.0	18,112,026,850.6	157,915,694,016.6	0.10
12	Edo	383,049,169.3	587,980,474,906.2	112,998,966,385.3	700,979,441,291.5	0.48
13	Ekiti	134,586,529.6	206,590,322,936.0	53,528,717,341.1	260,119,040,277.1	0.18
14	Enugu	87,052,939.5	133,626,262,163.2	119,284,430,106.6	252,910,692,269.8	0.17
15	Gombe	32,996,928.5	50,650,285,278.2	89,241,389,619.8	139,891,674,898.0	0.10
16	Imo	71,432,983.6	109,649,629,856.7	126,144,102,593.4	235,793,732,450.1	0.16
17	Jigawa	23,343,066.0	35,831,606,356.1	1,329,234,426.9	37,160,840,782.9	0.02
18	Kaduna	625,095,713.5	959,521,920,161.1	25,764,761,060.1	985,286,681,221.2	0.68
19	Kano	122,115,840.9	187,447,815,827.6	60,649,754,463.2	248,097,570,290.8	0.17
20	Katsina	100,461,044.6	154,207,703,384.3	25,679,586,232.7	179,887,289,616.9	0.12
21	Kebbi	51,354,642.4	78,829,376,053.3	15,222,009,997.0	94,051,386,050.3	0.07
22	Kogi	52,412,590.2	80,453,325,972.4	41,587,578,673.6	122,040,904,645.9	0.08
23	Kwara	43,204,876.4	66,319,485,289.4	59,078,849,493.0	125,398,334,782.4	0.09
24	Lagos	1,169,233,308.7	1,794,773,128,839.2	900,191,716,363.6	2,694,964,845,202.7	1.86
25	Nassarawa	52,986,697.9	81,334,581,291.9	26,597,217,075.4	107,931,798,367.2	0.07
26	Niger	67,208,553.5	103,165,129,622.5	140,739,523,757.1	243,904,653,379.6	0.17
27	Ogun	192,895,965.6	296,095,307,226.7	211,860,195,068.7	507,955,502,295.4	0.35
28	Ondo	75,820,564.1	116,384,565,954.9	12,876,176,042.5	129,260,741,997.4	0.09
29	Osun	75,137,121.3	115,335,481,164.8	84,266,880,137.4	199,602,361,302.2	0.14
30	Oyo	52,807,338.9	81,059,265,134.8	89,908,362,124.0	170,967,627,258.8	0.12
31	Plateau	32,170,548.9	49,381,792,530.8	94,088,741,500.7	143,470,534,031.5	0.09
32	Rivers	199,584,231.0	306,361,794,646.4	364,393,017,734.5	670,754,812,380.9	0.46
33	Sokoto	51,002,023.5	78,288,106,057.2	55,409,834,144.4	133,697,940,201.5	0.09
34	Taraba	30,247,810.3	46,430,388,810.5	81,387,745,236.2	127,818,134,046.7	0.09
35	Yobe	19,730,405.0	30,286,171,659.7	42,055,410,877.1	72,341,582,536.7	0.05
36	Zamfara	29,561,576.0	45,377,019,114.0	59,044,383,851.9	104,421,402,965.8	0.07
37	FCT	19,484,747.1	29,909,086,829.2	63,557,338,984.2	93,466,425,813.4	0.06
	Sub-total State & FCT	4,800,260,272.7	7,368,399,518,625.2	3,968,057,317,490.1	11,336,456,836,115.3	7.84
	FGN	40,980,193,948.1	62,904,597,710,272.1	70,409,863,000,000.0	133,314,460,710,272.0	92.16
	Grand Total	45,780,454,220.8	70,272,997,228,897.3	74,377,920,317,490.1	144,650,917,546,387.0	100

Source: DMO/FRC

NOTES:

I. Central Bank of Nigeria (CBN) Official Exchange Rate of US\$1 to N1,535 as at December 31 2024 was used in converting External Debt to Naira.

II. The domestic Debt Data Report is generated from the signed-off submission received from the 36 states.

5.5 ANALYSIS OF DEBT PROFILE OF FEDERAL AND STATE GOVERNMENTS

In an effort to properly analyze the debt profile of the Governments in the Federation, it is pertinent to present their respective debt stocks for the period under review, as indicated in Table 3.4 above:

From Table 5.4 above, the combined total public debt stock of the 36 States and FCT at the end of 2024 was N11,336,456,836,115.30, representing 7.84% of the total public debt of the country as at the end of 2024. However, out of this figure, domestic component of the total debt stood at N3,968,057,317,490.1, whereas external component of the debt stood at N7,368,399,518,625.2.

Lagos State had a total debt stock of N2,694,964,845,202.7, accounting for 1.86% of the total public debt stock of the country at the end of 2024 was the most indebted state in the country. Kaduna State was the second most indebted State, with a total debt stock of N985,286,681,221.2, representing 0.68% of the country's total public debt stock of the country at the end of 2024. The third highest indebted state in the country at the end of 2024 was Edo state, with a total debt stock of N700,979,441,291.5 accounting for 0.48% of the combined total public debt stock of Nigeria.

On the other hand, Jigawa State had the least debt stock with a total debt stock of N37,160,840,782.9, representing 0.02% of the total public debt stock at the end of 2024 fiscal year. Yobe State had the second least debt stock of N72,341,582,536.7, representing 0.05% of the cumulative debt stock of the country at the end of 2024. The third least state at the end of the year was Borno State, having a total debt stock of N100,782,912,716.5, accounting for 0.07% of the total debt of the country at the end of 2024 fiscal year.

5.6 ANALYSIS OF THE STATE GOVERNMENTS' DEBT AS PROPORTION OF THEIR NET STATUTORY REVENUE IN 2024

It is instructive to note that Nigeria has just one national Gross Domestic Product (GDP), as States are yet to have theirs. Therefore, it is not practicable to ascertain the Debt Sustainability of the States, using Debt-to-GDP ratio. Further, the debt limits for the Federal and State Governments are yet to be set.

However, States whose proportion of Debt-to-Revenue are above 50% are assumed to have violated Section F(c) of Debt Management Guidelines, 2012. That notwithstanding, it cannot be concluded that such States have over-borrowed. This is because the overall debt limits for the governments in the Federation have not been set.

Table 5.5: Proportion of Total Debt to Net Statutory Revenue of the 36 States in 2024

S/N	States	Total Debt(N)	Net Total Revenue(N)	Debt to Total Revenue Ratio	Excess of 50% threshold
1	Abia	221,842,858,032.0	119,714,079,689.12	185.31	135.31
2	Adamawa	231,540,070,480.5	110,820,406,395.96	208.93	158.93
3	Akwa Ibom	176,771,267,969.6	379,764,873,950.02	46.55	(3.45)
4	Anambra	187,845,009,765.7	145,726,380,167.77	128.90	78.90
5	Bauchi	430,706,777,868.5	105,005,069,926.23	410.18	360.18
6	Bayelsa	168,838,226,323.5	345,586,017,757.52	48.86	(1.14)
7	Benue	161,831,399,447.3	130,038,300,118.52	124.45	74.45
8	Borno	100,782,912,716.5	139,696,372,274.04	72.14	22.14
9	Cross River	428,908,027,042.4	89,715,575,270.10	478.08	428.08
10	Delta	287,298,642,096.2	552,462,707,152.03	52.00	2.00
11	Ebonyi	157,915,694,016.6	97,814,707,329.80	161.44	111.44
12	Edo	700,979,441,291.5	138,491,688,289.88	506.15	456.15
13	Ekiti	260,119,040,277.1	93,172,362,812.96	279.18	229.18
14	Enugu	252,910,692,269.8	113,528,879,664.51	222.77	172.77
15	Gombe	139,891,674,898.0	94,395,318,932.87	148.20	98.20
16	Imo	235,793,732,450.1	128,599,413,962.37	183.36	133.36
17	Jigawa	37,160,840,782.9	133,370,333,015.87	27.86	(22.14)
18	Kaduna	985,286,681,221.2	107,189,471,021.73	919.20	869.20
19	Kano	248,097,570,290.8	186,212,529,552.73	133.23	83.23
20	Katsina	179,887,289,616.9	134,308,524,085.13	133.94	83.94
21	Kebbi	94,051,386,050.3	117,932,384,992.21	79.75	29.75
22	Kogi	122,040,904,645.9	106,088,066,664.49	115.04	65.04
23	Kwara	125,398,334,782.4	98,522,027,739.41	127.28	77.28
24	Lagos	2,694,964,845,202.7	366,394,491,819.29	735.54	685.54
25	Nassarawa	107,931,798,367.2	103,139,837,730.33	104.65	54.65
26	Niger	243,904,653,379.6	119,256,000,676.79	204.52	154.52
27	Ogun	507,955,502,295.4	90,375,244,498.67	562.05	512.05
28	Ondo	129,260,741,997.4	142,267,073,485.56	90.86	40.86
29	Osun	199,602,361,302.2	97,129,384,441.54	205.50	155.50
30	Oyo	170,967,627,258.8	144,650,674,216.16	118.19	68.19
31	Plateau	143,470,534,031.5	101,486,147,687.10	141.37	91.37
32	Rivers	670,754,812,380.9	441,892,117,472.21	151.79	101.79
33	Sokoto	133,697,940,201.5	117,348,438,813.37	113.93	63.93
34	Taraba	127,818,134,046.7	108,569,228,290.64	117.73	67.73
35	Yobe	72,341,582,536.7	105,581,073,327.91	68.52	18.52
36	Zamfara	104,421,402,965.8	108,875,890,459.46	95.91	45.91
	Total	11,242,990,410,302.0	5,715,121,093,684.3	196.72	146.72

DMO/FRC

Note: The Total Net Revenue excludes IGR

Table 5.5 above shows the proportion of the consolidated public debt of the State Governments to their respective total net revenue in 2024.

The information contained in the above table shows that, 33 States surpassed the DMO threshold of 50%, Lagos and Kaduna States had the highest Debt-to-Total Net Revenue of 735.54% and 919.20% in the Country respectively, surpassing threshold by 685.54% and 869.20% at the end of 2024. While Bayelsa, Akwa-Ibom and Jigawa States had the least Debt-to-Total Net Revenue of 48.86%, 46.55% and 22.14% respectively, which is far below the DMO threshold, by 1.14%, 3.45% and 22.14% respectively in the Country at the end of 2024 fiscal year.

5.7: DEBT TO NET REVENUE RATIO OF THE STATE GOVERNMENTS BY GEO-POLITICAL ZONES IN THE COUNTRY AS AT 31ST DECEMBER, 2024

Table 5.6.1 SOUTH EAST GEO-POLITICAL ZONE

S/N	STATES	TOTAL DEBT (₦)	NET TOTAL REVENUE EXCLUDING IGR (₦)	% OF TOTAL DEBT	% OF TOTAL REVENUE
1	Abia	221,842,858,032.0	119,714,079,689.12	21.01	19.77
2	Anambra	187,845,009,765.7	145,726,380,167.77	17.78	24.07
3	Ebonyi	157,915,694,016.6	97,814,707,329.80	14.95	16.16
4	Enugu		113,528,879,664.51	23.94	18.75
5	Imo	235,793,732,450.1	128,599,413,962.37	22.32	21.24
	Total	1,056,307,986,534.1	605,383,460,813.56	100	100.00

Source: DMO/OAGF

Table 5.6.1 above, shows the total indebtedness and the total statutory revenue (net) for the States in the Zone as N1,056,307,985,534.1 and N605,383,460,813.56 respectively. Enugu state have the highest debt with a total of N252,910,692,269.8 representing 23.94% of the total debt for the zone and the third highest in a revenue allocation of N113,528,879,664.51, representing 18.75% of the total revenue allocated to the zone.

Imo State is the second in the zone with a total debt of N235,793,732,450.1 accounting for 22.32.% of the total debt with the revenue allocation of N128,599,413,962.37 representing 21.24% of the total revenue allocated to the zone.

The State with the least debt in the zone is Ebonyi State with total of N157,915,694,016.6, accounting for 14.95% with revenue of N97,814,707,329.80 representing 16.16% of the total revenue allocated for the zone.

In terms of the net revenue allocation, Anambra State is the highest in the zone with a total of N145,726,380,167.77 representing 24.07% of the revenue allocation to the zone, and Anambra

State is the second least indebtedness state in the zone to the tune of N187,845,009,765.7, representing 17.78% of the total debt within the period under review.

Table 5.6.2 SOUTH WEST GEO-POLITICAL ZONE

S/N	STATES	TOTAL DEBT (₦)	NET TOTAL REVENUE EXCLUDING IGR (₦)	% OF TOTAL DEBT	% OF TOTAL REVENUE
1	Ekiti	260,119,040,277.1	93,172,362,812.96	7.03	11.08
2	Lagos	2,694,964,845,202.7	366,394,491,819.29	72.78	43.58
3	Ogun	507,955,502,295.4	90,375,244,498.67	13.72	10.75
4	Ondo	129,260,741,997.4	142,267,073,485.56	3.50	16.92
5	Osun	199,602,361,302.2	97,129,384,441.54	5.40	11.55
6	Oyo	170,967,627,258.8	144,650,674,216.16	4.62	17.20
	Total	3,702,751,078,056.5	840,816,868,461.22	100	100

Source: DMO/OAGF

The information in table 5.6.2 above clearly shows that, Lagos State had the highest figures in indebtedness and net revenue allocation in the zone as at 31st December, 2024 to the tune of N2,694,964,845,202.7 (72.78%) and N366,394,491,819.29 (43.58%) respectively.

The second State in terms of the level of indebtedness is Ogun State to the tune of N507,955,502,295.4, representing 13.72% of the total debt of the zone and the least State in net revenue allocation of N 90,375,244,498.67 (10.75%).

Ondo state is the least State in term of the indebtedness and third in the net revenue allocation to the States in zone with total of N129,260,741,997.4 (3.50%) and N142,267,073,485.56 (16.92%) respectively.

Table 5.6.3 SOUTH-SOUTH GEO-POLITICAL ZONE.

S/N	States	Total Debt	Net Total Revenue	% Of Total Debt	% Of Total Revenue
1	Akwa Ibom	176,771,267,969.6	379,764,873,950.02	7.26	19.50
2	Bayelsa	168,838,226,323.5	345,586,017,757.52	6.94	17.74
3	Cross River	428,908,027,042.4	89,715,575,270.10	17.62	4.61
4	Delta	287,298,642,096.2	552,462,707,152.03	11.81	28.36
5	Edo	700,979,441,291.5	138,491,688,289.88	28.80	7.11
6	Rivers	670,754,812,380.9	441,892,117,472.21	27.56	22.69
	Total	2,433,550,417,104.2	1,947,912,979,891.75	100	100

The above table 5.6.3 shows that, the States in the South-South zone have borrowed the total of N2,433,550,417,104.2 as at 31st December, 2024.

Edo State had the highest figures in indebtedness and second least in the net revenue allocation in the zone during the period under review to the tune of N700,979,441,291.5 (28.80%) and N138,491,688,289.8 (7.10%) respectively.

The second State in the zone is Rivers State with debt figure of N670,754,812,380.9 representing 17.62% of the total debt of the zone and the net revenue allocation of N441,892,117,472.21, accounting for 22.69% of the net total revenue allocated to the South-South Geo-Political zone.

The least State in term of level of indebtedness is Bayelsa State with total debt of N168,838,226,323.5, representing 6.94% of the total debt of the zone and net revenue allocation of N345,586,017,757.52 (17.74%).

Table 5.6.4 NORTH CENTRAL GEO-POLITICAL ZONE

S/N	State	Total Debt (₦)	Net total Revenue (₦)	% of total debt	% of total Revenue
1	Benue	161,831,399,447.3	130,038,300,118.52	17.89	19.75
2	Kogi	122,040,904,645.9	106,088,066,664.49	13.49	16.11
3	Kwara	125,398,334,782.4	98,522,027,739.41	13.86	14.96
4	Nasarawa	107,931,798,367.2	103,139,837,730.33	11.93	15.66
5	Niger	243,904,653,379.6	119,256,000,676.79	26.96	18.11
6	Plateau	143,470,534,031.5	101,486,147,687.10	15.86	15.41
	Total	904,577,624,653.9	58,530,380,616.62	100	100

A critical look at the above table 5.6.4 revealed that, the States in the North Central Geo-Political Zone borrowed to the tune of N904,577,624,653.9 and the net revenue allocation within the period under review is N658,530,380,616.62

Niger state Government has the highest debt in the zone to the tune of N243,904,653,379., representing 26.96% as at 31st December, 2024 and revenue of N119,256,000,676.79, representing 18.11% of the total revenue allocated to the States in the zone.

The second state in the zone in term of indebtedness is Benue State with a total debt figures of N161,831,399,447.3, representing 17.89% of the overall total debt of the zone and the revenue of N130,038,300,118.52, representing 19.75% of the total revenue of the zone within the period.

The least state in the zone is Nasarawa State with a total debt of N107,931,798,367.2 equivalent to 11.93% of the overall total debt of the states and fourth in term of the net revenue allocation in the zone to the tune of N103,139,837,730.33, accounting for 15.66%.

Table 5.6.5 NORTH EAST GEO-POLITICAL ZONE

S/N	States	Total Debt (₦)	Total Net Revenue(₦)	% Of Total Debt	% Of Total Revenue
1	Adamawa	231,540,070,480.5	110,820,406,395.96	20.10	16.69
2	Bauchi	430,706,777,868.5	105,005,069,926.23	39.04	15.81
3	Borno	100,782,912,716.5	139,696,372,274.04	9.12	21.04
4	Gombe	139,891,674,898.0	94,395,318,932.87	12.68	14.21
5	Taraba	127,818,134,046.7	108,569,228,290.64	11.59	16.35
6	Yobe	72,341,582,536.7	105,581,073,327.91	6.56	15.80
	Total	1,103,081,152,546.8	664,067,469,147.65	100	100

Table 5.6.5 above revealed that, the States in the zone have a total debt N1,103,081,152,546.8 with a net revenue allocation of N664,067,469,147.65 as at 31st December,2024 Out of which, Bauchi State Government borrowed the highest to the tune of N430,706,777,868.5 representing 39.04% of the total debt of the zone and total net revenue of N105,005,069,926.23, accounting for 15.81% of the total net revenue for the States in the zone.

Follow by Adamawa State Government with a total debt figures of N231,540,070,480.5, representing 20.10% of the overall total debt of the zone with a total net revenue of N110,820,406,395.96 (16.69%) of the overall revenue allocation of the zone.

The least state in the zone in term of debt during the period under review is Yobe State with a total debt figures of N72,341,582,536.7 representing 6.56% of the total debt of the zone and the revenue of N105,581,073,327.91 accounting for 15.80% of the overall total net revenue allocated to the zone within the period under review.

On the other hands, Borno State Government has the highest total net revenue allocation within the zone as at 31st December,2024 to the tune of N139,696,372,274.04 (21.04%), followed by Adamawa State with N110,820,406,395.96 (20.10%) and least within the zone is Gombe State with N94,395,318,932.87 (14.21%) of the total net revenue allocation to the States in the region.

Table 5.6.6 NORTH WEST GEO-POLITICAL ZONE

S/N	State	Total Debt (₦)	Total Net Revenue (₦)	% of Total debt	% of Total Net Revenue
1	Jigawa	37,160,840,782.9	133,370,333,015.87	2.25	16.93
2	Kaduna	985,286,681,221.2	107,189,471,021.73	59.75	13.60
3	Kano	248,097,570,290.8	186,212,529,552.73	15.04	23.63
4	Katsina	179,887,289,616.9	134,308,524,085.13	10.91	17.05
5	Kebbi	94,051,386,050.3	117,932,384,992.21	5.70	14.97
6	Zamfara	104,421,402,965.8	108,875,890,459.46	6.33	13.82
	Total	1,648,905,170,927.9	787,889,133,127.13	100	100

Table 5.6.6 above indicated that, a total of N1,648,905,170,927.9 was borrowed by all the States in the North West Geo-Political Zone of the Country as at 31st December, 2024 and the total net revenue of N787,889,133,127.13 within same period.

Kaduna State Government have the highest amount of debt in the zone to the tune of N985,286,681,221.2, representing 59.75% of the overall total debt in the zone, with a net revenue of N107,189,471,021.73 accounting for 13.60% of the total revenue allocated to the states in the zone.

The second highest State is Kano State with a total debt figure of N248,097,570,290.8, representing 15.04% of the total debt of the zone and the net revenue figure of N186,212,529,552.73, accounting for 23.63% of the total net revenue allocation to the States Governments in the zone.

The least State within the zone in term of indebtedness is Jigawa State with a total debt figure of N37,160,840,782.9, representing 2.25% of the total debt of the zone and the net revenue of N133,370,333,015.87 accounting for 16.93 % of the overall total net revenue allocated to the zone.

In term of revenue allocation, Kano State Government received the highest net revenue allocation as at 31st December, 2024 to the tune of N186,212,529,552.73, representing 23.63% of the total net revenue allocation to the entire states in the zone. Followed by Katsina State with net revenue of N134,308,524,085.13 (17.05%) and the least State is Kaduna with N107,189,471,021.73 , accounting for only 13.60% of the total net revenue allocation for the States within the zone for the period under review.

**TABLE 5.6.7 ANALYSIS OF TOTAL INDEBTEDNESS AND TOTAL NET REVENUE
ALLOCATION BY GEO-POLITICAL ZONES**

S/N	ZONE	TOTAL DEBT	TOTAL REVENUE	% OF TOTAL DEBT	% OF TOTAL REVENUE
1	SOUTH- EAST	1,056,307,986,534.1	605,383,460,813.6	9.51	10.81
2	SOUTH -WEST	3,962,870,118,333.6	933,989,231,274.2	35.67	16.69
3	SOUTH- SOUTH	2,433,550,417,104.2	1,947,912,979,891.8	21.91	34.80
4	NORTH-CENTRAL	904,577,624,653.9	658,530,380,616.6	8.14	11.76
5	NORTH- EAST	1,103,081,152,546.8	664,067,469,147.6	9.93	11.86
6	NORTH- WAST	1,648,905,170,927.9	787,889,133,127.1	14.84	14.08
	TOTAL	11,109,292,470,100.5	5,597,772,654,870.9	100	100

The table 5.6.7 clearly reveals the level of indebtedness and total net revenue allocation across the six geo-political zones in the Country. According to the information from the table, shows that, South-West Geo-Political Zone has the highest debt figure of N3,962,870,118,333.6, accounting for 35.67% of the total debt figure of the zones.

The respective total net revenue figure of the same zone is N933,989,231,274.2, representing 16.69% of the total net revenue allocation for the six zones as at 31st December, 2024.

The second zone in term of debt is South-South geo-political zone with a total figure of N2,433,550,417,104.2, representing 21.91% of the overall total debt of the State governments in the zones. The zones is the highest in term of the total net revenue allocation in the zones to the tune of N1,947,912,979,891.8 accounting for 34.80%.

The least zone is North Central geo-political zone of the country with a total debt figure of N904,577,624,653.9, representing 8.14% of the total debt figures of the six zone in the Federation; and the total net revenue for the zone is N658,530,380,616.6, accounting for 11.76% of the total net revenue allocation for the six zones.

The least zone in term of total net revenue allocation as at 31st December, 2024 is South East zone with the revenue allocation to the tune of N605,383,460,813.6(10.81%) of the total net revenue allocation for the six zones in the country.

However, the main reason for this analysis is to have an insight on the level of indebtedness and net revenue allocation for each geo-political zone in the Country, which will determine the extent of the exposures economic growth and development of each of the geo-political zone.

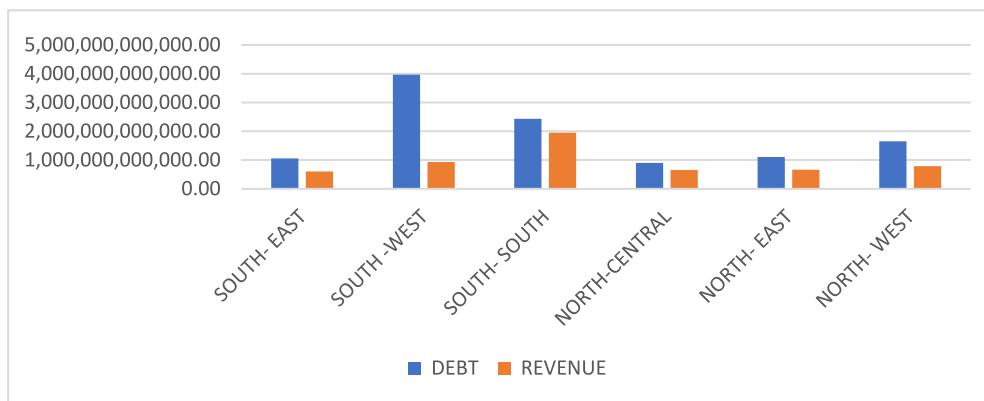


Fig.25 Debt and Net Statutory Allocation of the State Government by GEO-Political Zone, As at 31st Dec. 2024

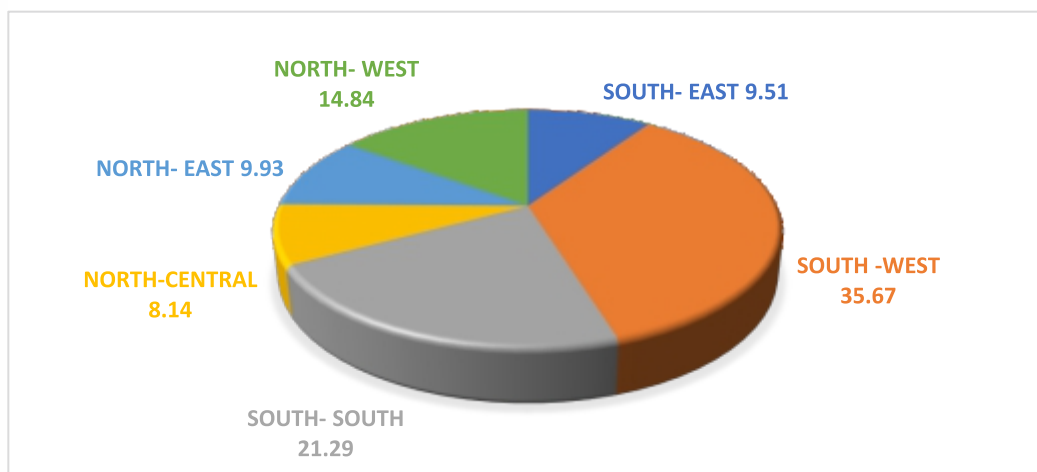


Fig.26 % of total Public Debt by GEO-Political Zone, As at Dec. 2024

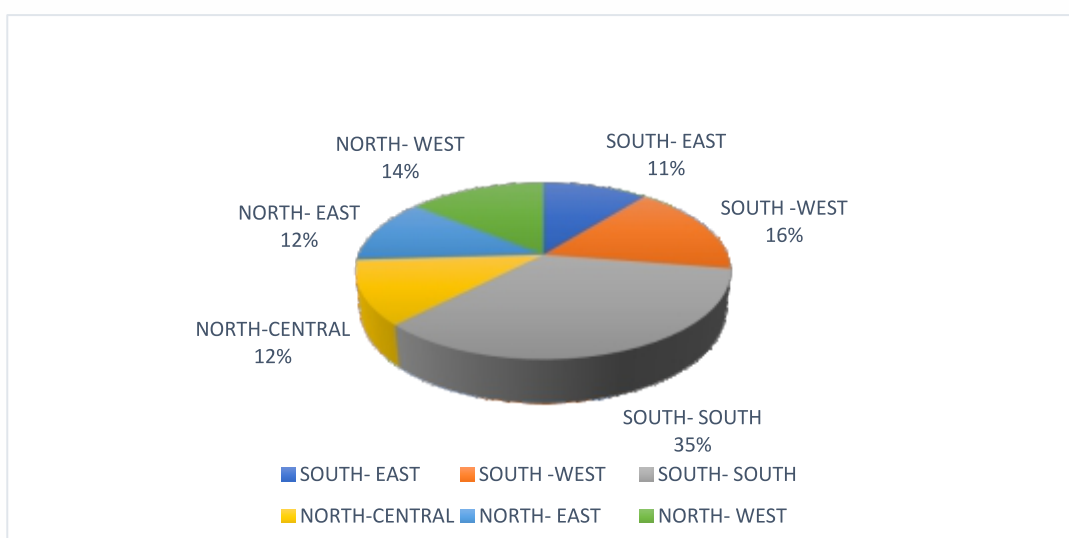


Fig.27 % of total Net Statutory Revenue by GEO-Political Zone, As at Dec. 2024

5.8 DEBT VERIFICATION EXERCISE

A vital aspect of the Commission's mandate is to monitor the borrowing and indebtedness of the three tiers of government in the Federation. The aim is to ensure full compliance with the provisions of the Fiscal Responsibility Act (FRA), 2007 for debt sustainability and value for money.

Sections 41 and 44 of the FRA 2007, set out the rules and conditions for borrowing by any Government in the country. Some of the provisions include that:

- Government at all levels must only borrow for capital expenditure and human development
- Any Government in the Federation desirous of borrowing must prepare the cost-benefit analysis, showing the economic and social benefits of the purpose to which the intended borrowing is to be applied.
- The intended borrowing must be authorised/approved by a proper legislative body. In the case of Federal, by the National Assembly and for the State, by the State House of Assembly.
- The intended loan must have been captured in Appropriation Act (For the Federal, the National Assembly Appropriation Act and for the States, each State Assembly Appropriation Act) for that year.

In order to ascertain compliance with the aforementioned conditions, the Commission embarked on the physical inspection of projects and financial records (verification of the loans procured) to ascertain whether such loans were applied for the purpose to which was obtained. The loans verified in 2024 fiscal year are briefly summarised in table 5.9.1 below:

Table 5.9.1 Total Loans Verified in 2024

S/N	Geo-Political zone	State Selected	Year of Borrowing	Purpose of Borrowing	Amount Borrowed (₦)	Source of Borrowing
1	North Central	Benue	2020	Capital Development	10,000,000,000	UBA plc
2	South-West	Ondo	2019	Infrastructural Development	30,000,000,000	Capital Market
3	South – West	Oyo	2021	Infrastructural Development	26,000,000,000	Access Bank
4	North- West	Kano	2021	Infrastructural Development	18,425,000,000	Capital Market
5	North – East	Bauchi	2023	Infrastructural Development	15,000,000,000	Fidelity Bank
6	North – East	Taraba	2023	Infrastructural Development	15,000,000,000	Fidelity Bank

5.8.2 Key Observations/Finding

- **Loan Purpose:** Most states applied loan proceeds for their intended purposes, primarily infrastructural development and human capital projects (compliant with Section 41(1)(a) of the FRA).
- **Compliance with Borrowing Conditions:** None of the verified states obtained a "Proof of Compliance" certificate from the Fiscal Responsibility Commission (FRC) before acquiring loans, as mandated by Section 45(1) of the FRA.
- **Project Completion:** A significant number of projects funded by the loans were completed or nearing completion at the time of verification.
- **Due Process:** Some states demonstrated adherence to due process for loan approvals, involving relevant government bodies and the Debt Management Office (DMO)
- **Cost-Benefit Analysis:** A critical shortcoming Identified across all states but one was the lack of cost-benefit analysis conducted before acquiring loans. This omission violates Section 44(1) of the FRA, which necessitates such assessments to evaluate project viability.
- **FRC Compliance Verification:** All states failed to obtain the mandatory "Proof of Compliance" from the Fiscal Responsibility Commission (FRC) before securing loans, as mandated by Section 45(1) of the FRA. This raises concerns about adherence to established loan approval procedures.
- **Loan Terms:** Some State Governments secured a loan with a significantly shorter repayment period than allowed by the FRA, potentially increasing financial strain.
- **Budget Transparency:** An assessment of transparency indicated that while information on the level of States' indebtedness was available, the level of transparency concerning specific projects on which proceeds of borrowing are deployed was inadequate.
- **High Interest Rates:** The interest rates for most of the loans exceeded 10%, which conflicts with Section 41(1a) of the FRA, which encourages concessionary interest rates.
- **Unsustainable Debt Practices:** All states borrowed for infrastructure projects, which typically require long-term financing. However, only one state utilized the capital market, a suitable source for such loans. The remaining states relied on commercial banks, which offer shorter-term loans with higher interest rates. This raises concerns about the long-term affordability of these states' borrowing practice.
- **Case of Non-Compliance with Debt-to-Revenue Ratio:** Some State Governments accessed facilities from the banks/financial institutions when its total outstanding loans plus the intended borrowings exceeded the benchmark of 50% of its actual revenue in the previous 12 months. This fell short of Debt Management Office (DMO) guidelines.

5.8.3 Recommendations

5.8.3.1 FRA Compliance and Loan Acquisition

- **Proof of Compliance:** State governments and lending institutions should obtain "Proof of Compliance" from the Fiscal Responsibility Commission (FRC) before acquiring loans, adhering to Section 45(1) of the FRA, 2007
- **Cost-Benefit Analyses:** All states should conduct cost-benefit analysis for loan applications, as mandated by Section 44(1) of the FRA, to ensure project viability. This practice ensures objective evaluation of project viability and prioritizes investments with the highest returns. It is further recommended that a standardized template and methodology for cost benefit analysis be developed and implemented to ensure future submissions meet the required standards.
- **Loan Tenor:** States should negotiate loan repayment periods that align with Section 41(1) of the FRA to avoid excessive financial strain.
- **Loan Purpose:** Loan proceeds should be used exclusively for capital projects that promote economic development, complying with Section 41(1) of the FRA (2007) and its amendments.
- **Education and Awareness:** Representatives from the State governments need to be educated on FRA, 2007 compliance requirements for borrowing.

5.8.3.2 Project Management and Financial Management

- **Enhanced Project Management:** State governments and other relevant stakeholder should improve on necessary project management practices to avoid delays and ensure efficient project completion.
- **Transparent Budgeting:** Budgetary allocations from all sources (internal and external) should be presented transparently with detailed project breakdowns.
- **Strengthen Internal Controls:** States should implement robust internal control systems to safeguard public funds, prevent financial mismanagement, and enhance transparency.
- **Debt Management:** States with high debt burdens should explore strategies to reduce their liabilities. This might involve refinancing or renegotiating loan terms.
- **Domestication of FRL:** The Adoption of Fiscal Responsibility Law by States should be prioritized in order to establish a legal framework for responsible management of public resources.

5.8.3.3 Others

- **Alternative Funding Mechanisms:** States should explore alternative funding sources for infrastructure development (Public-Private Partnerships (PPPs)).
- **Staff Development:** Invest in training programs for public service staff to equip them with the skills and knowledge to manage loan projects effectively.
- **Facility Maintenance:** A robust maintenance plan should be implemented for every loan based project, to ensure their long-term functionality and value for money.
- Robust transparency and accountability mechanisms should be implemented for all debt-funded projects.
- Public access to loan information: Public access to documentation and financial records involving loan funded projects should be standard.
- Mechanisms for community participation in project planning, implementation, and monitoring should be strengthened.
- Clear mechanisms for community feedback and grievance redress regarding capital projects, especially the loan-funded ones, should be established.



Fig. 28: The hospital facility at the University of Medical Science Ondo, Ondo State



Fig. 29: Ondo State Governor's lodge at Alagbaka Akure, Ondo State



Fig 30. Dialysis machine at Specialist hospital Bauchi, Bauchi State.



Fig 31: Justice Josephine Tukur hall (Main Campus) Taraba State University, Jalingo, Taraba State



Fig 32 : Completed dual carriage access road with street lights to Dala Inland Dry Port, Zawachiki, Kano, Kano State

5.9 DONOR SUPPORT AND INTERNATIONAL COOPERATION

There is need to analyze and appraise the contributions of the International Donor Agencies/Development Partners to the Nigerian economy, as well as the Technical/Financial support of the Donor agencies or international community to the Fiscal responsibility Commission (FRC) in 2024.

To carry out this important aspect of the responsibility of the Commission in ensuring transparency and accountability in government finances, the Commission requested the Honourable Minister of Budget and Economic Planning to avail it with the details of the various forms of intervention and assistance (Financial and Technical) given to Ministries, Departments and Agencies (MDAs) in Nigeria.

However, as at the time of compiling this report, the requested information has not yet been received from the Honourable Minister.

Further, in a bid to attract internal support (technical and financial), the Commission embarked on a follow-up of earlier contacts made with Development partners/supporting Organisations. It is necessary to note that in 2024, some staff of the Commission benefited a 1-week benchmarking visit to the Parliamentary Budget Office (PBO), Nairobi – Kenya, which was organized by Parliamentary Budget Office (PBO), Nairobi – Kenya, through the sponsorship of International Monetary Fund (IMF), AFRITAC West 2.

The major impact of participation in the above listed Seminar and training has widening the skills and enhancement of the quality of work of the Commission as well as the work performance of the Commission's Staff.

Key Findings

The benchmarking visit unearthed pivotal findings that illuminate the multifaceted activities among the government agencies to achieve an excellent Public Financial Management system in Kenya. The exploration extends to PBO's framework, relationship with National Assembly, Senate and relevant agencies in the area of Public Financial Management operations.

Lessons Learned:

The report distils essential lessons gleaned from Kenya's visit for benchmarking in the area of Public Financial Management operations. Adaptability, gradual transitions, and a well-

calibrated use of instruments/tools for analysis, forecasting and diagnostic of Macro-economic variables for decision-making. Kenya's commitment to transparency, efficiency in budgetary management, and sound fiscal policies offer profound insights for sustainable development.



Fig. 33 Group pictures with Directors PBO, Nairobi, Kenya



Fig. 34 Session with the Parliamentary Budget Office, Nairobi – Kenya



Fig. 35 Group photograph with the Clerk, National Assembly, Kenya and PBO

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CHAPTER
6
RESEARCH
AND STUDIES

CHAPTER**6****RESEARCH AND STUDIES****6.0 RESEARCH AND STUDIES**

In accordance with Section 3(1) (b) and (c) of FRA 2007, the Commission continued to carry out research activities on a number of financial issues relevant to its mandate. The outcome of such research ultimately culminates in the dissemination of international best practice. During the year under review, the Commission conducted the following research;

6.1 NIGERIA BUDGET PROCESS AND LESSON FROM INTERNATIONAL EXPERIENCE.

The budget is a veritable tool for effective service delivery to the people by any government, the level of performance of budget of the Ministries, Departments and Agencies has been an issue of concern in recent times. There has been lopsided budget performance with recurrent expenditure performing as high as 100% in a budget year while capital expenditure performing less than expected. With this situation, public sector budget implementation and performance needs a review.

This study critically examines the public sector budgeting in Nigeria, looking at the various types, processes involved in preparation as well as the implementation cycle and how these fared against international best practices and standards. The study adopts a simple percentage analysis to present and analyze data. The study reviewed and anchored on System Analysis Theory. However, the past empirical literature reviewed and trend analysis showed a huge funding gap that exist among the MDAs of government in terms of budget targets and actual budget performance over the years and especially in the last five years. The study via its literature review highlighted some of the issues with Public sector budget in Nigeria compared to other nations to include (1) Inadequate implementation of budget;

(2) Lopsidedness of budgetary allocation; (3) Corruption and wastages; (4) Inability to engage in international best practices; (5) Weak or nonexistence of the public participation in the budget process; (6) 24 % Open budget index (against 45% global average) and 22% to 26% participation rate within the last seven (7) years among others. The prospects however include its ability to prepare a Medium-Term Revenue Framework (MTRF) in pursuant of projected revenue from various oil and non-oil sources over the medium-term; it has attained improvement in the rating of international bodies in terms of budget transparency and

participation in the past among others. The study concludes with suggestions on ways to better the public sector budgeting process to include: (1) Engage in participatory budgeting (Citizenship Budgeting Process). (2) Engage in Eco and Green Budgeting; (3) Regular Review of budgetary control practices; (4) More deployment of ICT infrastructure in Budgeting processes, monitoring and controls; (5) Reorientation of stakeholders in the budgeting system (Executive and Legislature). The research revealed that the difference between Nigeria's budget and actual expenditure and revenue is large, indicating huge waste of resources. The study of different countries budget processes will help Nigeria identify best practices and implement reforms to improve budget transparency and efficiency. By analyzing the budget processes of countries such as US, United Kingdom, and China, Nigeria can learn valuable lessons on how to streamline its own budgeting system. This analysis helped to identify areas for improvement and guide the development of more effective budgeting strategies in Nigeria. By taking lessons from international experiences, Nigeria can enhance its budget process and ultimately drive sustainable growth and development.

6.2 DEVELOPMENT OF AN MTEF TEMPLATE ANALYSIS AND FRAMEWORK.

This report presents a comprehensive framework and an Excel-based dynamic template developed to empower the Fiscal Responsibility Commission (FRC) in conducting rigorous and insightful analysis of Medium-Term Expenditure Frameworks (MTEFs). The framework ensures MTEFs' alignment with the Fiscal Responsibility Act (FRA) 2007 and other fiscal policies, fostering fiscal discipline, transparency, and sustainability in Nigeria.

Key components of the template include:

- **Macroeconomic Framework Assessment:** It scrutinizes underlying macroeconomic assumptions and projections, evaluating their realism and consistency. It also examines the MTEF's sensitivity to potential shocks, ensuring resilience.
- **Fiscal Strategy Paper Review:** This delves into the Fiscal Strategy Paper (FSP), assessing its clarity, feasibility, and alignment with national development plans and fiscal guidelines. It also checks the FSP's consistency with the macroeconomic framework.
- **Revenue and Expenditure Framework Analysis:** It analyzes revenue and expenditure projections, evaluating the realism of revenue estimates and the alignment of expenditure allocations with national priorities and FRA guidelines.
- **Debt Sustainability Assessment:** It evaluates the sustainability of the government's debt position using debt sustainability indicators and stress tests. It also examines debt management strategies and their alignment with the FRA's debt limits.

- **Fiscal Risk Assessment:** It identifies and evaluates potential fiscal risks that could impact the MTEF's projections and fiscal sustainability, proposing risk mitigation strategies.
- **Overall Compliance with the Fiscal Responsibility Act:** Systematically checks the MTEF's compliance with the FRA 2007, ensuring adherence to fiscal rules, borrowing limits, and transparency requirements.

The report also provides a step-by-step guide for conducting MTEF analysis, recommendations for reporting findings, and an overview of the Excel-based dynamic template, showcasing its features and functionalities. By leveraging the template and framework, the FRC can enhance its capacity to provide timely and insightful feedback on MTEFs, contributing to improved fiscal discipline and accountability across all tiers of government, ultimately fostering sustainable and inclusive economic growth in Nigeria.

6.3 SECTORIAL ANALYSIS OF THE FEDERAL GOVERNMENT'S BUDGET 2021 – 2024.

The Government budget is a document estimating public revenue and expenditure over a specified future period of time that is often passed by the legislature and approved by the Executive.

The cardinal goal of the budget is to create jobs for the numerous unemployed people in the country. For the economy to be able to generate or create employment in the required magnitude, the government needs to channel substantial resources to key sectors of the economy that will have the greatest impact in the short to medium term. These areas include Agriculture, Power, Education, Health, Solid Minerals, Transportation, etc.

The table below shows the analysis of appropriation as allocated to various sectors of the economy.

Table 6.1: Budgetary Appropriation to some key Sectors of the Economy from 2021 to 2024

Year Sector	2021		2022		2023		2024	
	Appropriation (₦'bn)	% in Budget	Appropriation (₦'bn)	% in Budget	Appropriation (₦'bn)	% in Budget	Appropriation (₦'bn)	% in Budget
FGN BUDGET	14,570		16,390		21,830		28,777	
Power	207	1.42	302.9	1.85	258.49	1.18	418.37	1.45
Solid Minerals	24.5	0.17	23.45	0.14	21.9	0.10	31.24	0.11
Security and Defense	966.4	6.63	1,880	11.47	3,010	13.80	3,850	13.38

Education	771.4	5.29	1,180	7.20	1,090	4.99	2,360	8.20
Health	635.53	4.36	821.49	5.01	1,160	5.31	1,480	5.14
Agriculture	280.3	1.92	300.37	1.83	426.98	1.96	1,010	3.51
Communication, Innovation and Digital Economy	158.8	1.10	159.89	0.98	47.02	0.22	28.54	0.10
Transportation	210	1.44	205.8	1.26	141.34	0.65	110.06	0.38

Source: Computed from different years' appropriation acts retrieved from the Budget Office of the Federation website (www.bof.gov.ng)

CHART 1: Education Sector:

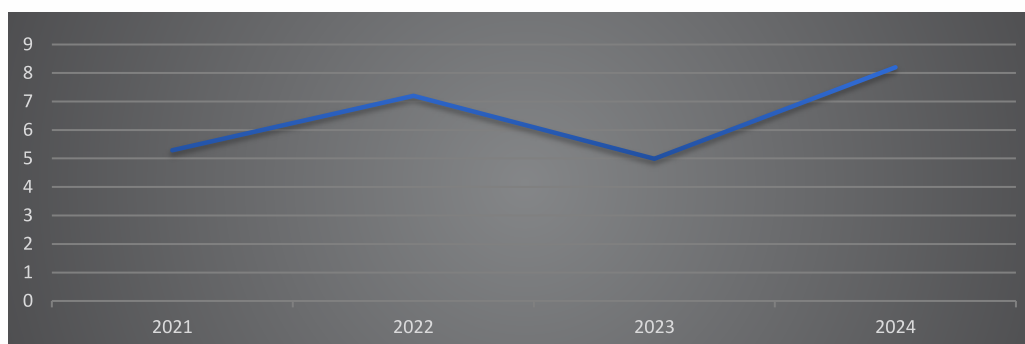


Fig. 36 Trend of the Percentages Appropriated to the Education Sector in the 2021-2024 Budgets

The importance of Education in National development is well recognized by Government. It has featured prominently in policy statements and over the years many innovative programmes and reforms have been put in place. However, in terms of actual investment, the Government has given little attention to the sector as it deserves. The UNESCO recommendation of 26% share of the National Budget for Education has never been met by Nigeria. The chart above depicts the sectorial allocation to Education from 2021 to 2024. Allocation of 5.29%, 7.20%, 4.99% and 8% from 2021 to 2024 budgets to Education. It shows that the commitment of the Government in reaching the UNESCO recommendation of 26% is far from being achieved.

CHART 2: Health Sector:

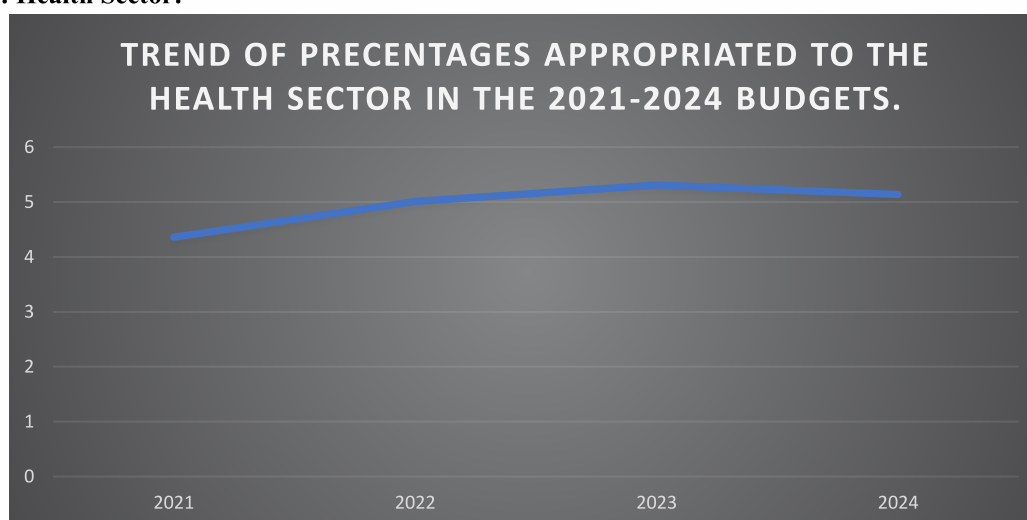


Fig. 37 Trend of Percentages appropriated to the Health Sector in the 2021-2024 Budgets

The Funding of the Healthcare Sector in Nigeria is relatively poor and this makes Nigeria stand out in the low level of public expenditure on health care when compared to other countries in its class.

The chart above depicts the Sectorial allocation to Health Sector from 2021 to 2024 the sector received less than 6% of the total Budget in all the years under review. Recent evidence from WHO ranking of world health system shows that Nigeria is presently not on course to achieve the Health related SDGs. This poses major development challenges, which can impede and undermine economic growth and development. Though, several policies and strategies have been developed over the years to achieve the vision of the Federal Government of Nigeria (FGN) on health care, the persistent poor national health indices points to the need to allocate more to the sector.

CHART 3: Agricultural Sector:

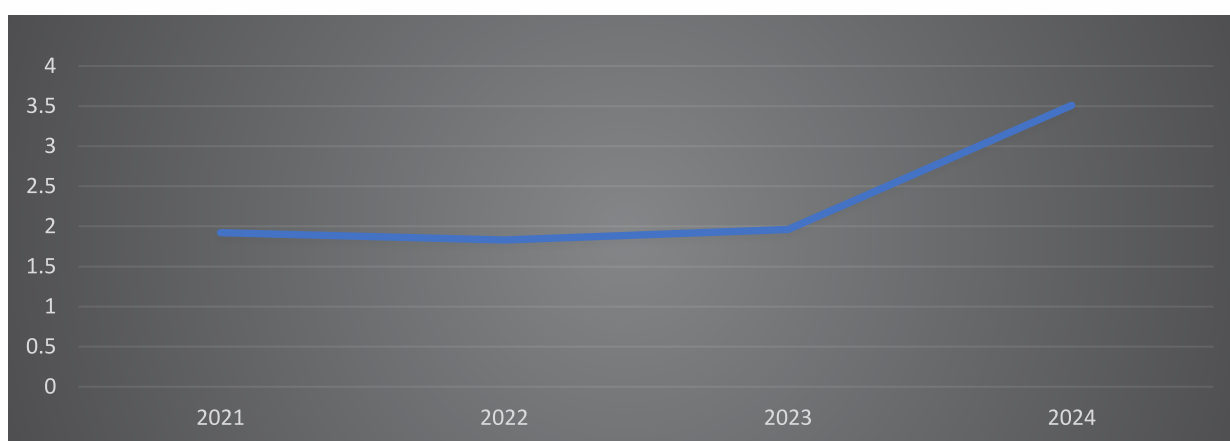


Fig. 38 Trend of Percentages Appropriated to the Agriculture Sector in the 2021-2024 Budgets

The agricultural sector used to be the pillar of the Nigerian economy prior to the advent of crude oil. Even beyond the discovery of oil and its subsequent neglect, the importance of the agricultural sector in terms of contribution to the GDP cannot be overemphasized. The sector also provides employment to up to sixty per cent of the population. This makes it the all time largest employer of labour in the economy. The sector also has the potential of providing the much needed base for diversify the economy.

Despite the strategic importance of this sector to National development, it has continued to be neglected in terms of budgetary appropriation as shown in the chart above.

The allocation to agriculture as a percentage of total budget shows that the sector was allocated only 1.92% in 2021 fiscal year. This marginally increased to 1.96% and 3% in 2023 and 2024

respectively. This shows in clear terms that the sector is still not receiving the desired attention in terms of funding. If the sector is to perform optimally and contribute towards employment generation, renew hope agenda and ultimately NDP 2021-2025 and eventually AGENDA 2025, then there is need to invest heavily in the sector.

CHART 4: Solid Mineral Sector:

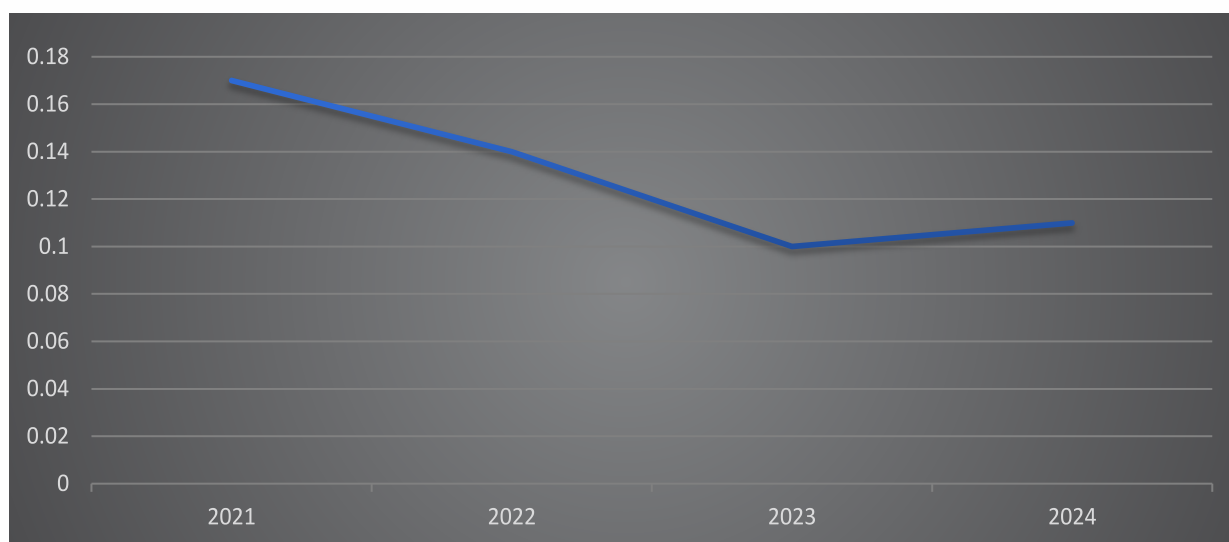


Fig. 39 Trend of Percentages Appropriated to the Solid Minerals Sector in the 2021-2024 Budgets

This is another sector that holds great potential for the National economy in terms of contributing to GDP, employment and ultimately achieving the Nigerian dream of AGENDA 2050. There are vast deposits of different solid mineral resources in most States and Geo-political zones of the country.

(In other climes, this is a multibillion dollar sector and a money spinner) In countries such as Zambia, South Africa and Sierra Leone the solid minerals sub-sector contribute largely to their GDP. This is due to the commitment and attention given to the sector in these countries.

From the chart above, the sector's budgetary allocation as a percentage of total budget steadily declined from 0.17% in 2021, 0.14% in 2022 to 0.10% and 0.11% in 2023 and 2024 respectively.

Especially bearing in mind the objectives of diversification, inclusive growth and employment generation drives being pursued.

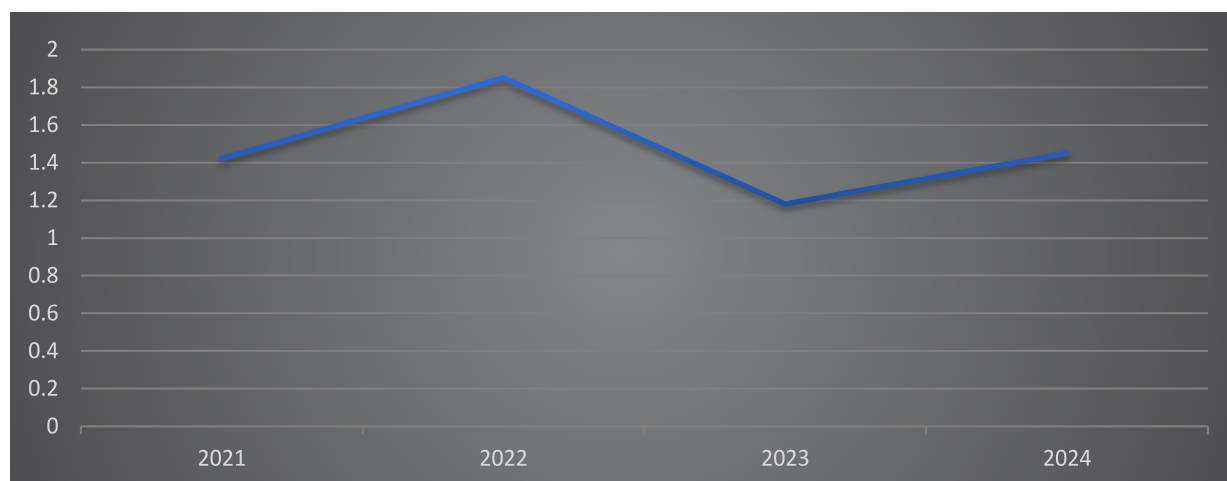
CHART 5: Power Sector:

Fig. 40 Trend of Percentages Appropriated to the Power Sector in the 2021-2024 Budgets

The place and importance of power in the life and economy of a Nation, especially a developing country like Nigeria cannot be overemphasized. This is because of the role that stable and adequate power supply plays a great role in providing enabling environment and securing both existing and new jobs/businesses.

At the moment, only about 5,000 megawatts of electricity is being generated in an economy of above 200 million people. This is equivalent to what about 1.5 million people use in the United Kingdom.

The power sector reform is currently on going on like the implementation of the National Independent Power Projects (NIPPs) that will add to the volume being generated, the sale of power distribution companies to private firms, etc.

But looking back, the government has not given the sector the required attention in terms of investments as far as the annual budgets are concerned. From the table, the percentage appropriated to the sector are 1.42% in 2021 and 1.85%, 1.18% in 2022 and 2023 respectively. The share of appropriation to the sector as a percentage of total budget in the 2024 budget stands at 1.45%. This will definitely not give this important sector the motivation desired to perform its role in the nation's economic life of providing the enabling energy requirement for existing industries to operate at full capacity thus leading to job creation and also encouraging new industries that can provide jobs.

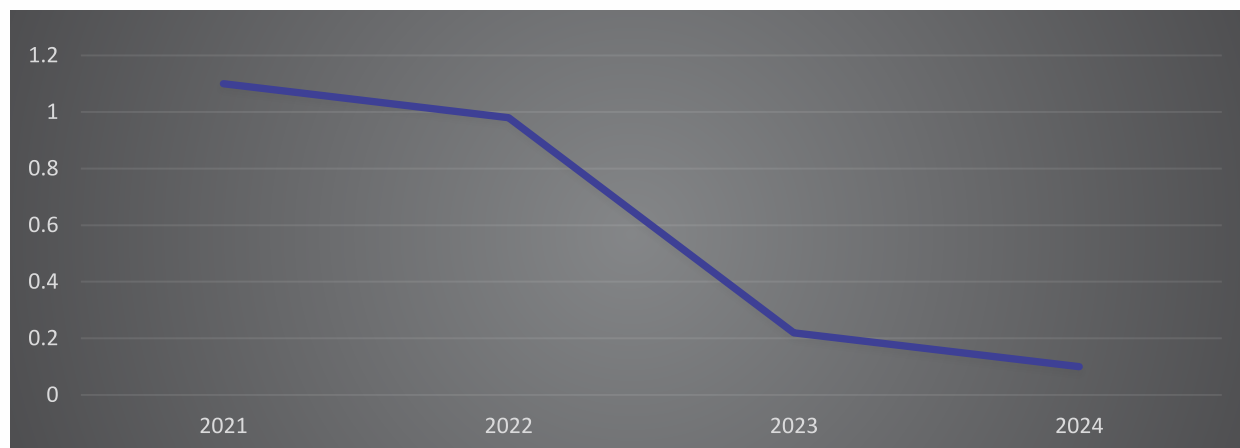
CHART 6: Communication, Innovation and Digital Economy:

Fig. 41 Trend of Percentages Appropriated to the Communication, Innovation and Digital Economy in the 2021-2024 Budgets

The Communication, Innovation and Digital economy sector is another area that contributes to the nation's desire to create employment and thus reducing poverty in the economy. The importance of this sector is evidenced from the number of people engaged in the informal sector.

Unfortunately, this sector also suffers the same neglect in budgetary appropriation. The chart above shows that in the last four years, the appropriation to the sector as a percentage of total budgets are 0.10% in 2021, 0.98% in 2012 and 0.22% in 2013 and further declined to 0.10% in the 2024.

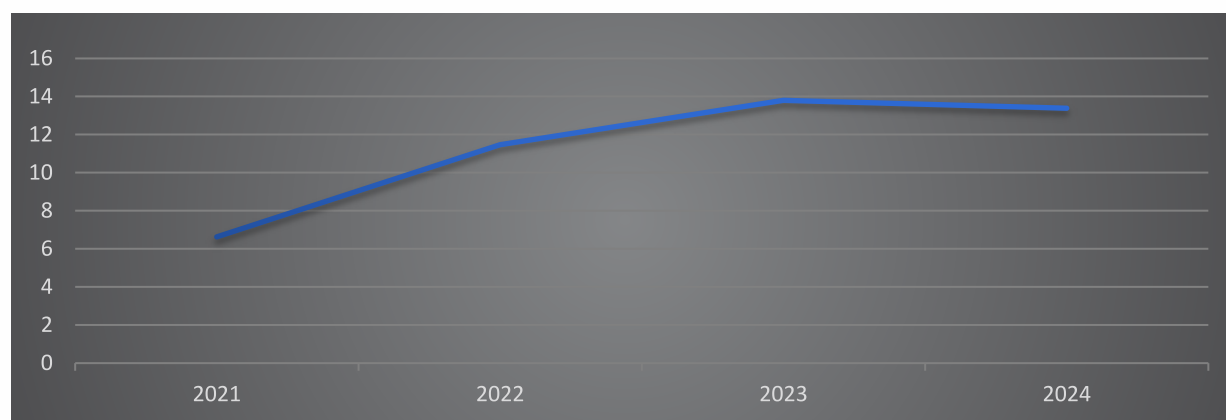
CHART 7: Security and Defence:

Fig. 42 Trend of Percentages Appropriated to Security and Defence in the 2021-2024 Budgets

Providing security and maintaining law and order is the responsibility of a number of Government Agencies, which include the Armed forces, the Police, States Security Service etc. This brings out the important role security plays in governance, economic development and welfare of the society in general. To address the security challenges, Government appropriated huge amount of resources in the previous year's budget. However, in 2021 Defence and Security has 6.63% of total budget, this increases rapidly to 11.47 in 2022, 13.80 and 13.38 in both 2023 and 2024 respectively. However, percentages given to security in the budgets over the years seems to be too high for a nation that wishes to create reasonable jobs and achieving the desire economic growth.

CHART 7: Security and Defence:

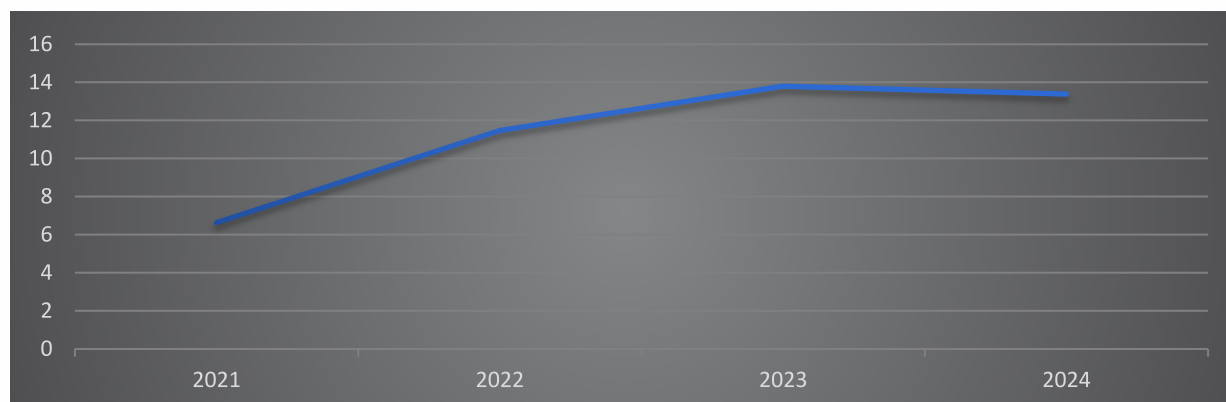


Fig. 43 Trend of Percentages Appropriated to Security and Defence in the 2021-2024 Budgets

Transportation is a key pillar for the micro and macro-economic development of any society. However, Nigeria has suffered from poor planning and inadequate investments in infrastructure over time. According to the revised National Integrated Infrastructure Master Plan (NIMP) published by the FGN in 2020, Nigeria requires a total infrastructure investment of US\$2.3 trillion over 23 years period (2020-2043) to raise its infrastructure stock to the international benchmark of 70% of GDP. Base on the plan, the country requires an annual investment of about US\$150 billion in the medium term to begin to bridge the infrastructure gap.

However, despite the plan, the country's infrastructure deficit has continued to increase with attendant impact on the existing structures by a fast-growing population. This is partly because the FGN has been unable to fully fund its budget expenditure components. For instance, the total allocations to transportation sector in the budget for 2021 and 2022 are just 1.44%, 1.26% this continued to reduce to 0.65 to 0.38% in both 2023 and 2024 respectively.

6.4 CONCLUSION:

In conclusion, the sectorial appropriation to each of these sectors of the Nigerian economy has to be reconsidered to meet up with standards set by UNESCO and other bodies involved in regulating the different sectors.

6.5 SUGGESTIONS AND RECOMMENDATIONS:

Thus, in our view, the key success factors for economic stability and development in the country include stable and investment-friendly policy and regulatory framework for PPPs and the following suggestions and recommendations should be considered.

There is need for the Government to develop innovative alternative mechanisms for the financing of the real sector of the economy.

- There is the need for the Government to improve transparency in public procurement processes and resolution of legacy legal issues across key infrastructure sectors.
- There is the urgent need for the inclusion of citizens in the budget process needs to be consciously done by the Government.
- There is the need for the Government to strengthen their institutions especially revenue generating\collecting agencies.
- There is need for the Government to mitigate crude oil thief and other revenue leakages so as to generate more revenue that can be channeled to the real sectors of the economy.
- There is need for the Government to increase the allocation to the real sector of the economy such as Agriculture, power, education, health, solid minerals etc. which has the potential to diversify the economy and also generate employment.
- There is need for Government to develop a comprehensive framework of determining the benchmark price of crude oil as it has become subject of controversy between the executive and legislature.
- There is need for legislation on project implementation continuity to correct the trend of several uncompleted white-elephant projects across the country, and the practice of having several capital programs and initiatives whimsically discarded by political

administrations. The amendment of the Fiscal Responsibility Act if passed will halt such conduct and abuses. The Act will have legal sanctions for shortcomings, remissness, and negligence and for criminal responsibility for deliberate sabotage or delay.

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CHAPTER
7
**MACRO-FISCAL
FORECASTS
COMPUTATION AND
ANALYSIS**

CHAPTER**7****MACRO-FISCAL FORECASTS COMPUTATION
AND ANALYSIS****7.0 FISCAL FORECASTING ERRORS AND THEIR IMPLICATIONS FOR
POLICY DESIGN****7.1 Introduction**

At its core, government budgeting involves forecasting fiscal variables - such as revenue, expenditure, and borrowing - based on macroeconomic assumptions like GDP growth, inflation, exchange rates, and oil production volumes. These forecasts, however, are inherently uncertain, as they predict future outcomes in a volatile economic landscape. Forecast errors, defined as the difference between budgeted and actual values, are inevitable and can significantly disrupt fiscal planning. In Nigeria, where oil dependency amplifies economic volatility, these errors - can lead to revenue shortfalls, unplanned borrowing, and delayed infrastructure projects.

This chapter examines fiscal forecast errors from 2011 to 2021, analyzing their magnitude, volatility, and macroeconomic impact using data from Tables 7.1–7.3. By understanding these deviations, we uncover systemic biases, such as persistent optimism in revenue and GDP projections, and propose reforms to enhance forecasting accuracy, fiscal stability, and policy credibility. This analysis informs strategies to align budgets with realistic economic assumptions, ensuring sustainable development and resilience against external shocks.

7.2 Empirical Framework**7.2.1 Database**

The data for this analysis are sourced from the budget breakdown provided by the Federal Ministry of Budget and Economic Planning, as approved by the National Assembly, as well Budget Implementation Reports from the Budget Office of the Federation. Additional fiscal and macroeconomic data are drawn from bulletins of the National Bureau of Statistics and the Central Bank of Nigeria. Covering the period from 2011 to 2021, these datasets provide a comprehensive view of budgeted versus actual values for key parameters, including revenue, expenditure, fiscal balance, borrowing, oil benchmarks, and GDP growth, as summarized in the accompanying tables.

7.3. Ascertaining Differences Between Projections and Actuals

Table 7.1 provides a detailed view of budgeted versus actual values for key macroeconomic

and fiscal parameters from 2011 to 2021, allowing us to calculate forecast errors and assess vulnerabilities. Forecast errors are computed as relative errors (budget - actual) / actual * 100) for Table 7.2, and as a percentage of GDP for Table 7.3. Below, we analyze how projections differ from actuals, identify the most vulnerable subheads and discuss implications.

a) FGN Revenue (N billion):

Pattern: Revenue is consistently overestimated across all years, with budget figures exceeding actuals (e.g., 2017: budgeted 5,084 vs. actual 2,658; 2018: 7,166 vs. 3,866). Relative errors (from Table 7.2) average 43.0%, peaking at 91.3% in 2017 and 85.3% in 2018, with high volatility (standard deviation 30.0). Errors trend upward (+5.66% per year), indicating worsening accuracy.

Drivers: Overestimation likely stems from optimistic assumptions about oil prices (e.g., 2011: budgeted \$75 vs. actual \$111.26, but production often underperforms, e.g., 2020: 2.18 vs. 1.78 mbpd) and economic growth (e.g., 2016: budgeted 4.37% vs. actual -1.58%).

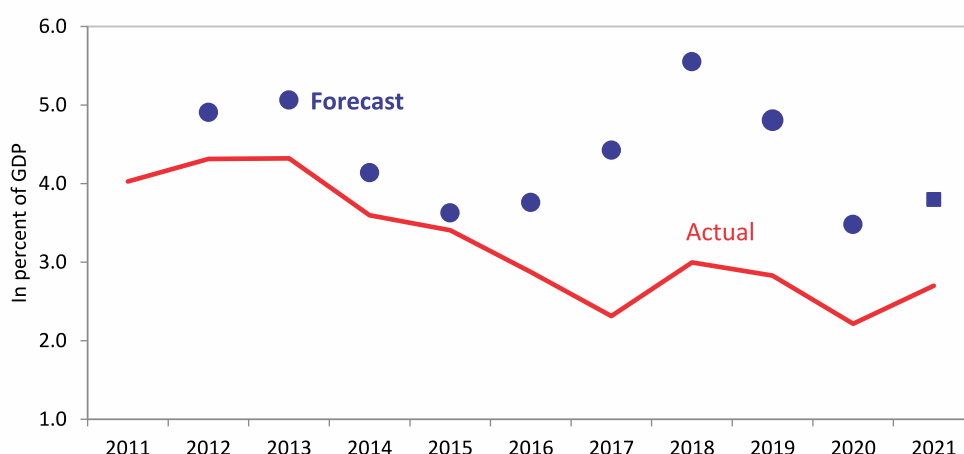


Fig. 44 FGN Revenue Forecast and Out turn, 2011-2021 (% of GDP)

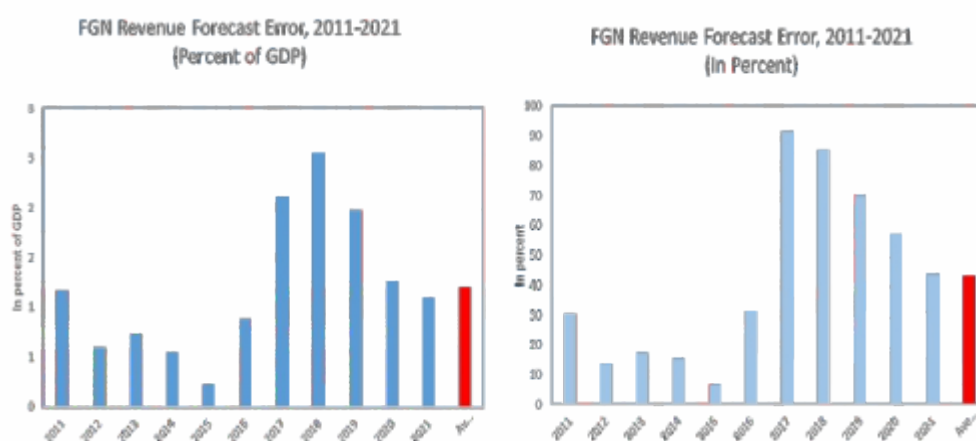


Fig. 45 FGN Revenue Forecast Error, 2011-2021

b) FGN Expenditure (N billion):

Pattern: Expenditure is generally overestimated (average error 11.8%, Table 7.2), though less severely than revenue. Budgets exceed actuals in most years (e.g., 2018: 9,120 vs. 7,511), but 2020 shows slight underestimation (9,973.92 vs. 10,017.30). Volatility is moderate (standard deviation 6.4), with a stable trend (+0.05% per year).

Drivers: Overestimation may reflect unspent allocations due to inefficiencies or delays, particularly in capital spending. Table 7.3 shows errors averaging 0.6% of GDP, with low volatility (standard deviation 0.3).

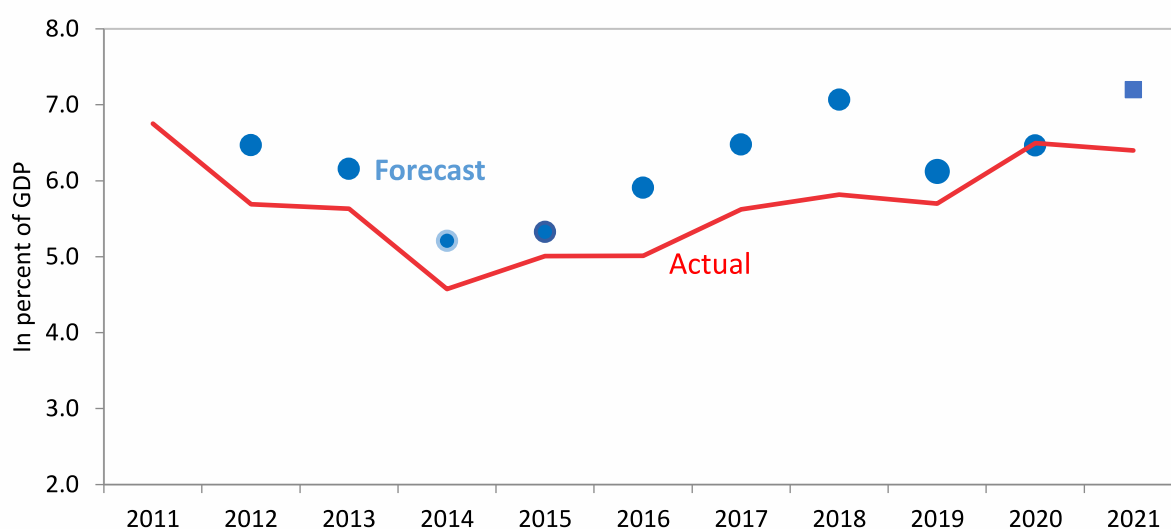


Fig. 46 FGN Expenditure Forecast and Outturn, 2011-2021 (Percent of GDP)

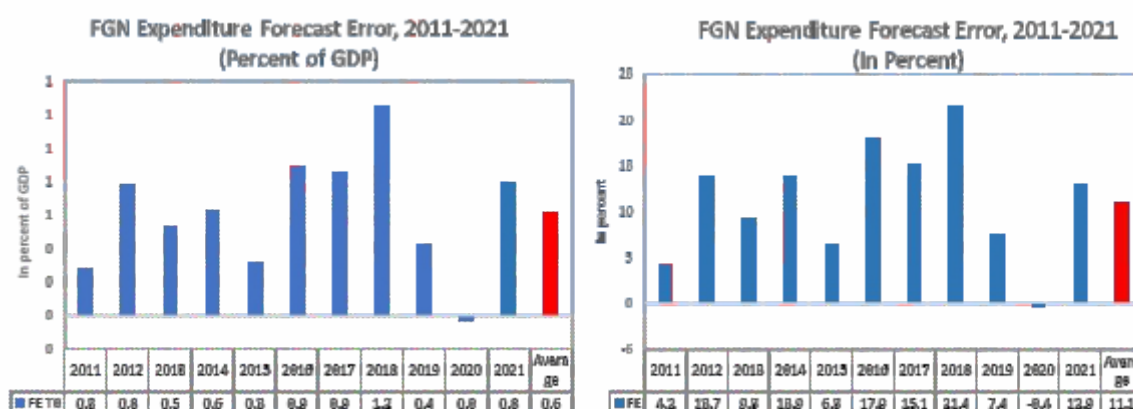


Fig. 47 FGN Expenditure Forecast Accuracy

Components of FGN Expenditure (₦billions):

Capital Spending: Grossly overestimated (average error 70.6%, Table 7.2), with budgets far exceeding actuals (e.g., 2016: 1,587 vs. 174; 2021: 4,188.32 vs. 1,903.55). High volatility (standard deviation 35.4) and an increasing trend (+3.98% per year) point to systemic issues like project delays or overambitious plans. Table 7.2 errors average 0.7% of GDP.

Non-Capital Spending: Slightly underestimated on average (-1.7%, Table 7.2), with mixed errors (e.g., -11.1% in 2020, +8.3% in 2015) and moderate volatility (standard deviation 6.6). Table 7.3 shows a negligible -0.1% of GDP, with low volatility (standard deviation 0.3).

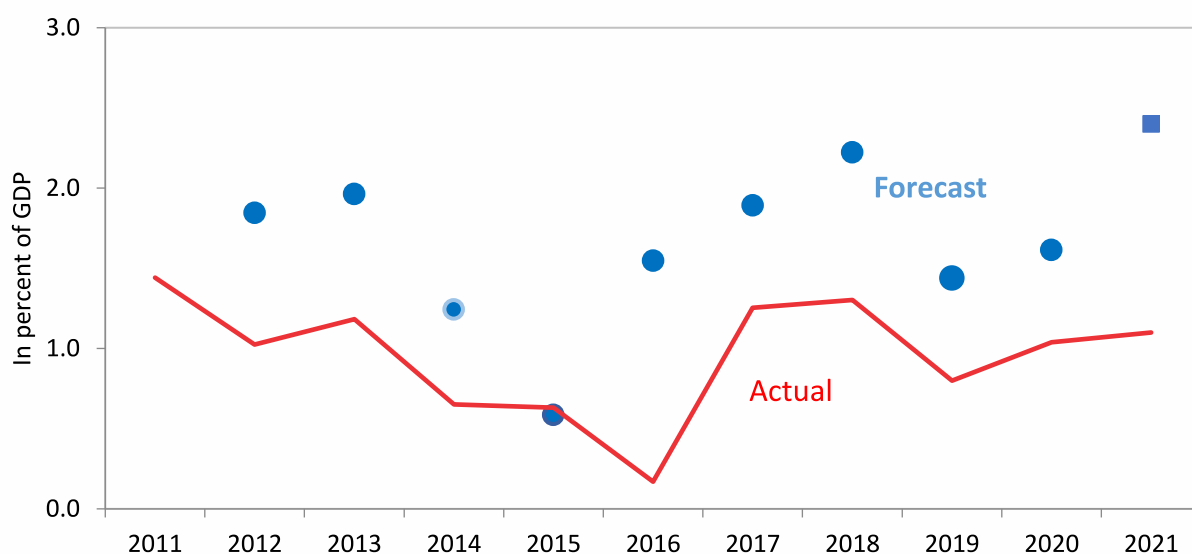


Fig. 48 FGN Capital Spending Forecast and Outturn, 2011-2020 (Percent of GDP)

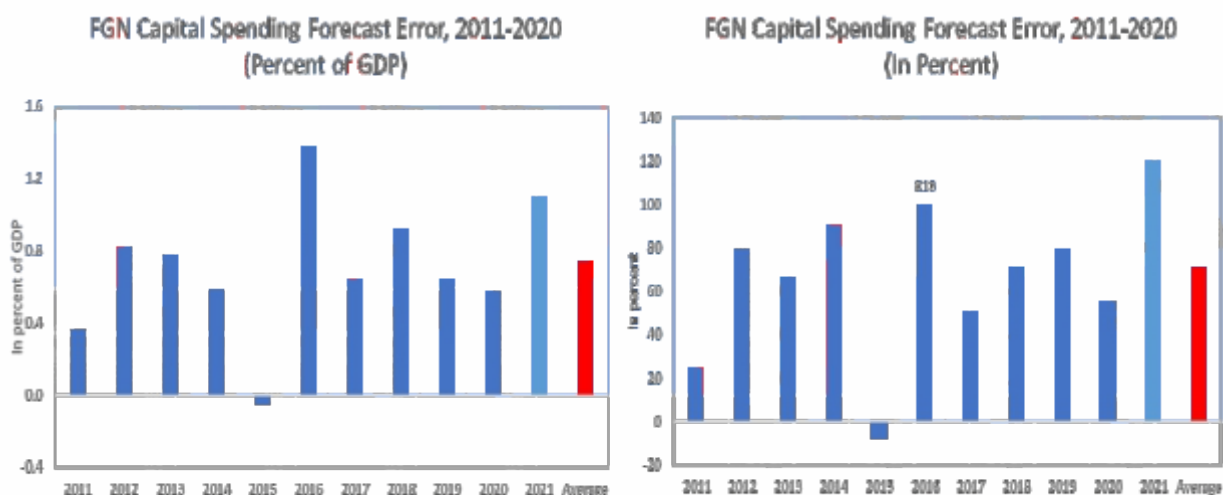


Fig. 49 FGN Capital Spending Forecast Error, 2011-2020 (Percent of GDP)

c) FGN Fiscal Balance (N billion):

Pattern: The fiscal balance (deficit) is frequently underestimated (average error -16.5%, Table 7.2), with budgets predicting smaller deficits than actuals (e.g., 2019: -1,918 vs. -4,178.73). High volatility (standard deviation 23.8) and a deepening negative trend (-2.86% per year) suggest conservative projections. Table 7.2 shows a positive average of 0.6% of GDP, indicating underestimated improvements relative to the economy.

Drivers: Underestimation may result from revenue shortfalls exceeding expenditure adjustments, with unexpected deficits emerging.

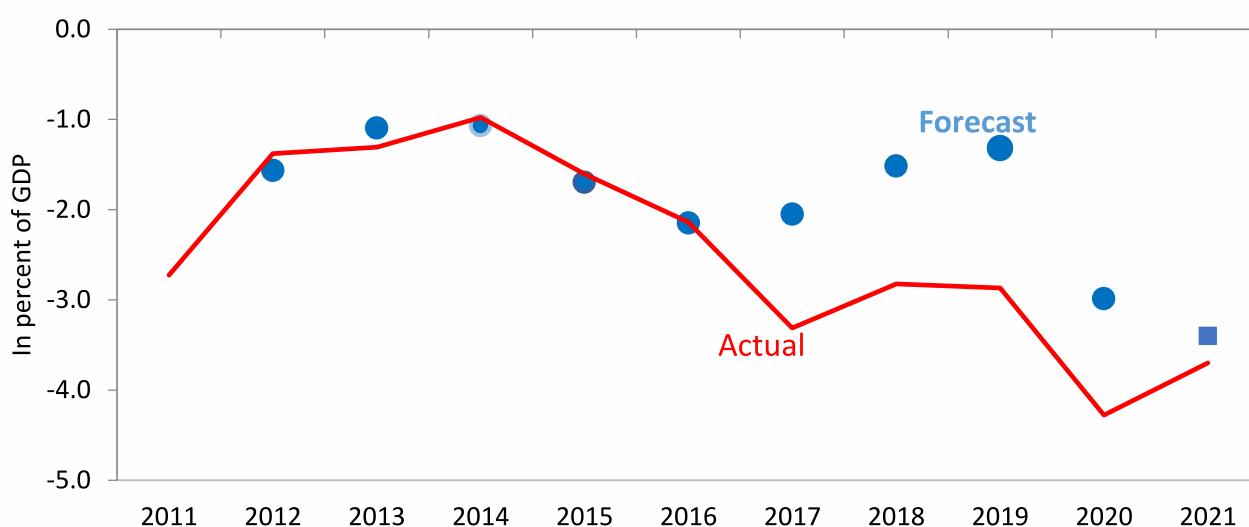


Fig. 50 FGN Fiscal Balance Forecast and Outturn, 2011-2021, (% of GDP)

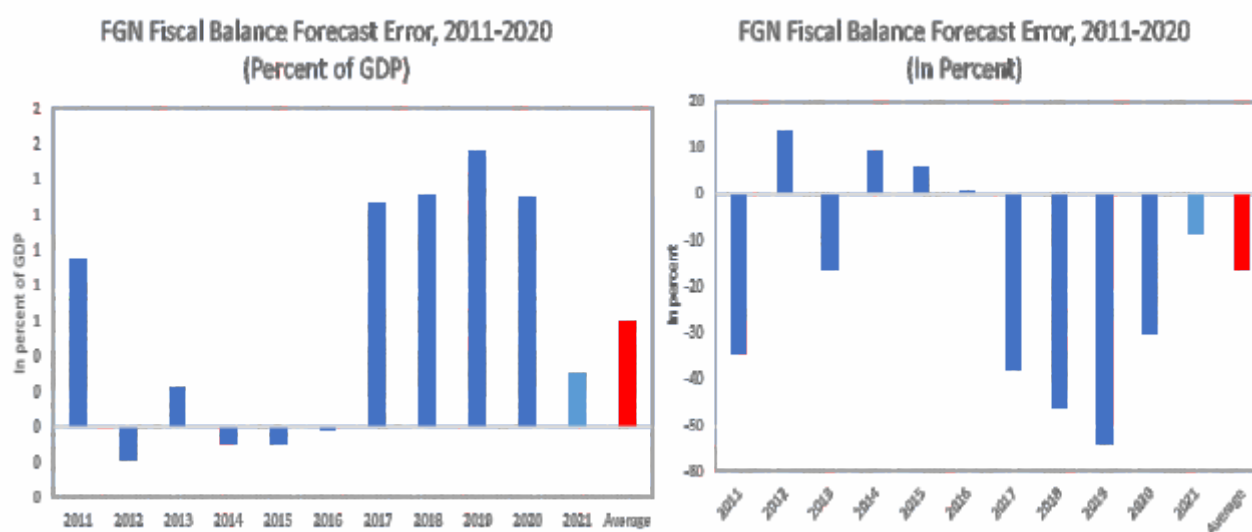


Fig. 51 FGN Fiscal Balance Forecast Error, 2011-2020 (Percent of GDP)

d) Borrowing (N billion):

Pattern: Borrowing forecasts are highly erratic (average error 96.9%, Table 3), with extreme overestimation in some years (e.g., 2016: 1,819 vs. 300, error 506.2%) and perfect forecasts in others (e.g., 2011, 2012: 0% error). Volatility is extreme (standard deviation 161.0), with an increasing trend (+6.24% per year). Table 7.2 errors average 0.5% of GDP, with high volatility (standard deviation 0.7).

Drivers: Errors likely reflect reactive borrowing to cover revenue shortfalls or unplanned deficits, tied to volatile oil revenues and GDP growth misestimates.

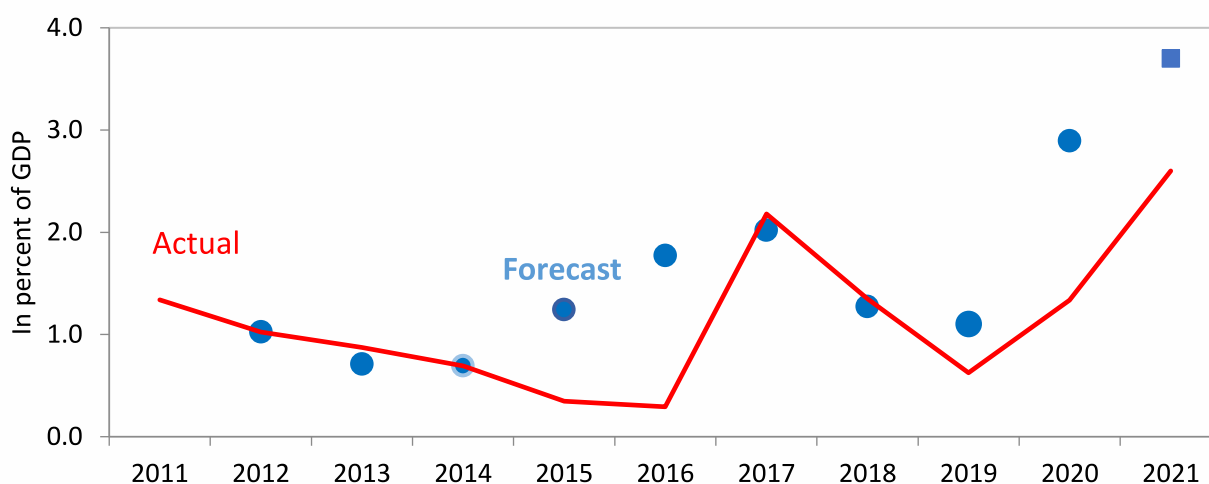


Fig. 52 FGN Borrowing Forecast and Outturn, 2011-2021 (Percent of GDP)

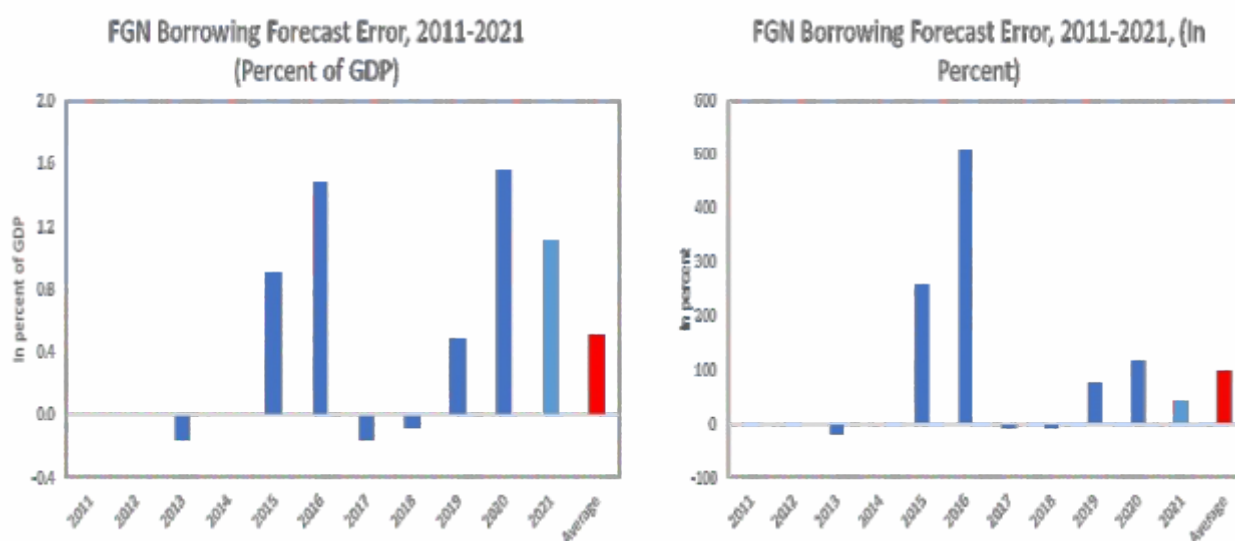


Fig. 53 FGN Borrowing Forecast Error, 2011-2021 (Percent of GDP)

e) Oil Benchmark (\$):

Pattern: Oil prices are often underestimated (e.g., 2011: \$75 vs. \$111.26; 2014: \$79 vs. \$98.97), though some years show overestimation (e.g., 2019: \$57 vs. \$56.99). Errors are moderate but volatile, driven by global oil market unpredictability.

The under-projections could have increased savings into the Excess Crude Account for the period. However, lack of accountability of the Excess Crude Account and fall in volume of production, price or recession affected our economy and eroded the possible increase in Excess Crude Account.

Drivers: Underestimation in early years and mixed errors later suggest challenges in predicting global prices, impacting revenue forecasts.

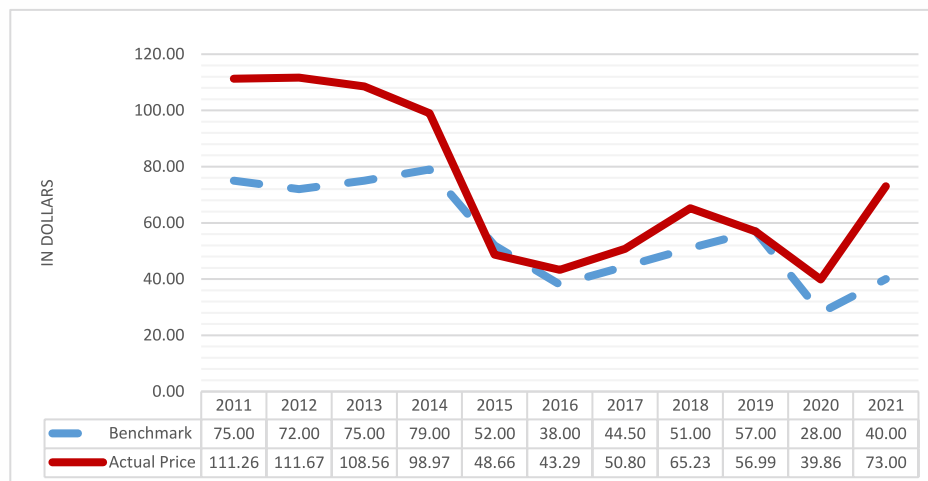


Fig. 54 FGN Oil Benchmark Forecast and Outturn, 2011-2021

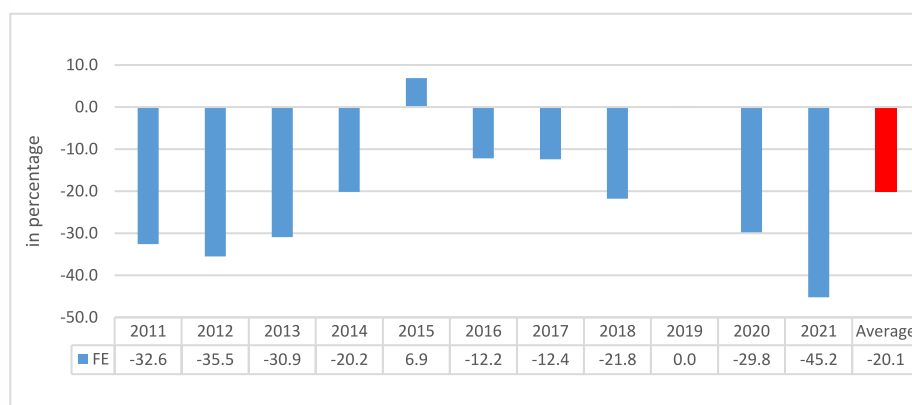


Fig. 55 FGN Oil Benchmark Forecast Error, 2011-2021 (In Percent)

f) Oil Production Volume (mbpd):

Pattern: Production is consistently overestimated (e.g., 2016: 2.20 vs. 1.81; 2021: 1.86 vs. 1.60), reflecting operational or geopolitical disruptions.

Drivers: Overestimation contributes to revenue errors, as oil is a key income source. Factors that could be responsible for inability to meet production projection include oil theft, oil spillage, pipeline vandalism, etc.



Fig. 56 FGN Oil Production Forecast and Outturn, 2011-2021

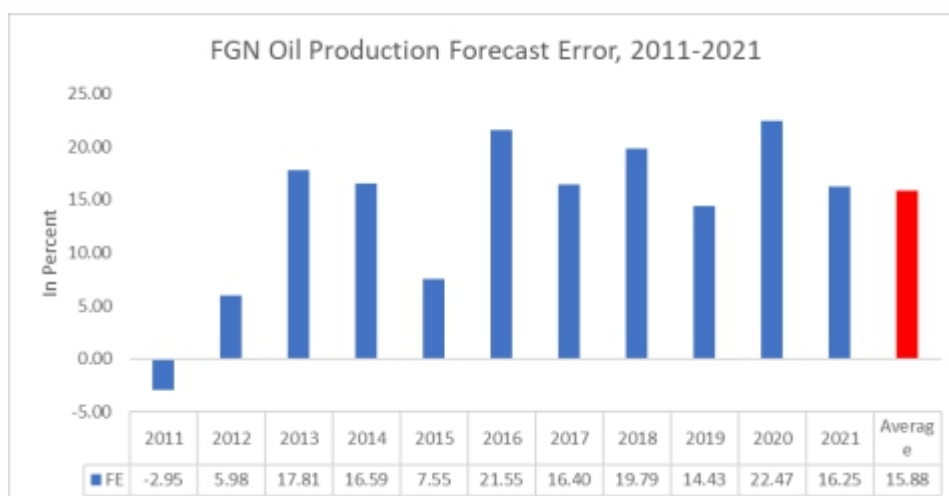


Fig. 57 FGN Oil Production Forecast Error, 2011-2021

g) Inflation Rate (%):

Pattern: Inflation forecasts are mixed, with overestimation in some years (e.g., 2017: 12.90% vs. 15.40%) and underestimation in others (e.g., 2020: 10.81% vs. 15.75%). Errors are moderate but volatile.

Drivers: External factors like exchange rate fluctuations (e.g., 2020: 305 vs. 382.08) complicate predictions.

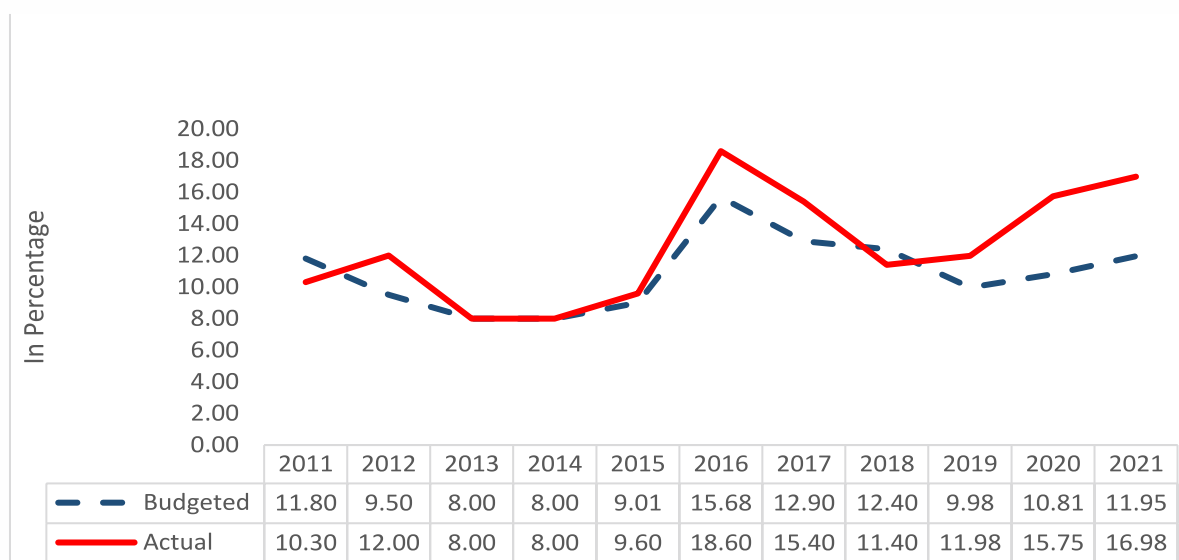


Fig. 58 FGN Inflation Rate Forecast and Outturn, 2011-2021

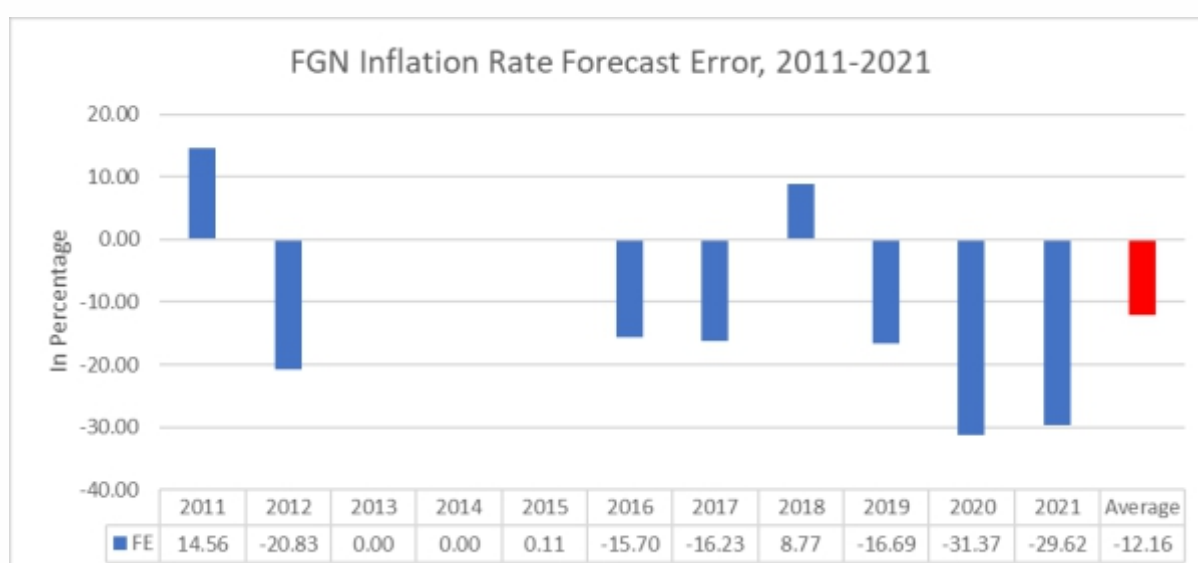


Fig. 59 FGN Inflation Rate Forecast Error, 2011-2021

h) Average Exchange Rate (\$):

Pattern: The exchange rate is consistently underestimated (e.g., 2016: 197 vs. 253.49; 2021: 379 vs. 409.08), reflecting currency depreciation pressures. The actual dollar exchange rate exceeded the budgeted rate in 2011, 2012, 2015, 2016, 2017, 2019, 2020 and 2021. The highest outturn occurred in 2016 with forecast error of 22.28%. The forecast errors of actual and budgeted exchange rate were positively biased in 2013 and 2014, and slightly higher by 1.71% and 0.91% in 2013 and 2014 respectively.

The dollar exchange rates were mostly under-projected in most of the years, hence resulting in high negative forecast error average of -10.36%.

Drivers: Underestimation impacts import costs and debt servicing, indirectly affecting fiscal balance.



Fig. 60 FGN Dollar Exchange Rate Forecast and Outturn, 2011-2021

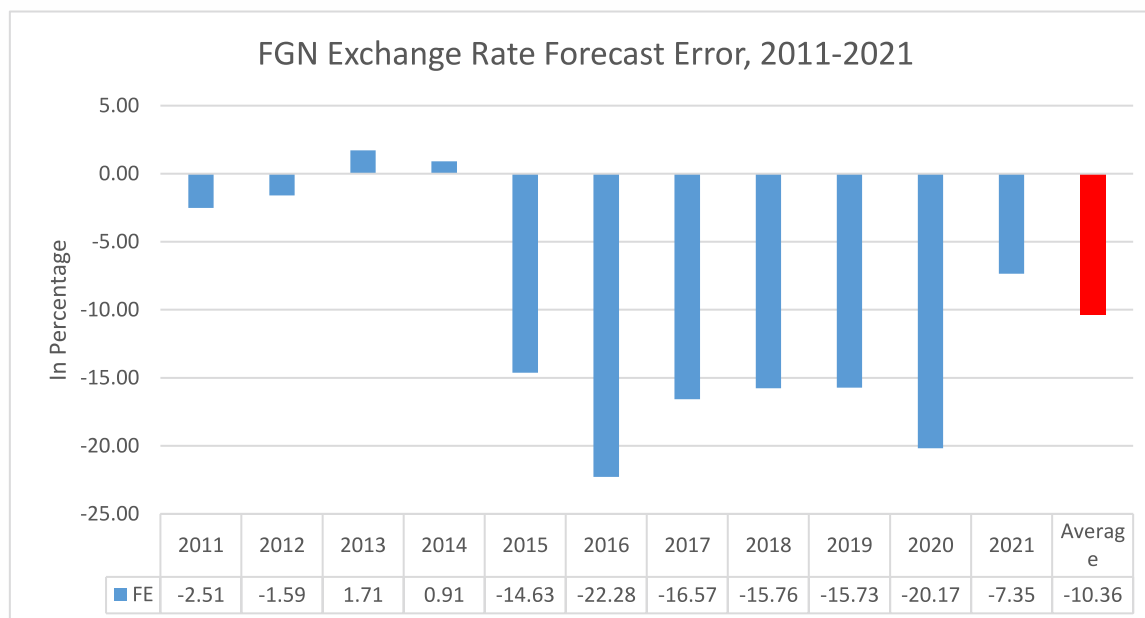


Fig. 61 FGN Exchange Rate Forecast Error, 2011-2021

I) GDP Growth Rate (%):

Pattern: GDP growth is overestimated (average error 2.1%, Table 7.2), with budgets consistently higher than actuals (e.g., 2016: 4.37% vs. -1.58%; 2020: 2.93% vs. -1.92%). Low volatility (standard deviation 1.5) and a flat trend (-0.02% per year) indicate relative accuracy.

Drivers: Mild optimism in GDP forecasts cascades into fiscal errors, particularly for revenue and borrowing.

7.3.1. Budget/MTEF/FSP Subheads Most Vulnerable to Wrong Projection

•**Capital Spending (70.6% average error, standard deviation 35.4):** This is the most

vulnerable, with massive overestimation and high volatility. Errors peak at 120.0% (2021) and 100.0% (2016), reflecting systemic issues like project delays, cost overruns, or unrealistic plans. Table 7.3 shows 0.7% of GDP, a significant economic drag.

•**Borrowing (96.9% average error, standard deviation 161.0):** Extreme volatility and large errors (e.g., 506.2% in 2016) make borrowing highly unpredictable. Table 7.3's 0.5% of GDP underscores its macroeconomic risk.

•**Revenue (43.0% average error, standard deviation 30.0):** Persistent overestimation and high volatility, especially post-2016, make revenue forecasts unreliable. Table 7.3's 1.2% of GDP indicates a substantial fiscal impact.

•**Fiscal Balance (-16.5% average error, standard deviation 23.8):** High volatility and consistent underestimation reflect challenges in balancing revenue and expenditure forecasts. Table 7.3's 0.6% of GDP suggests moderate but cumulative effects.

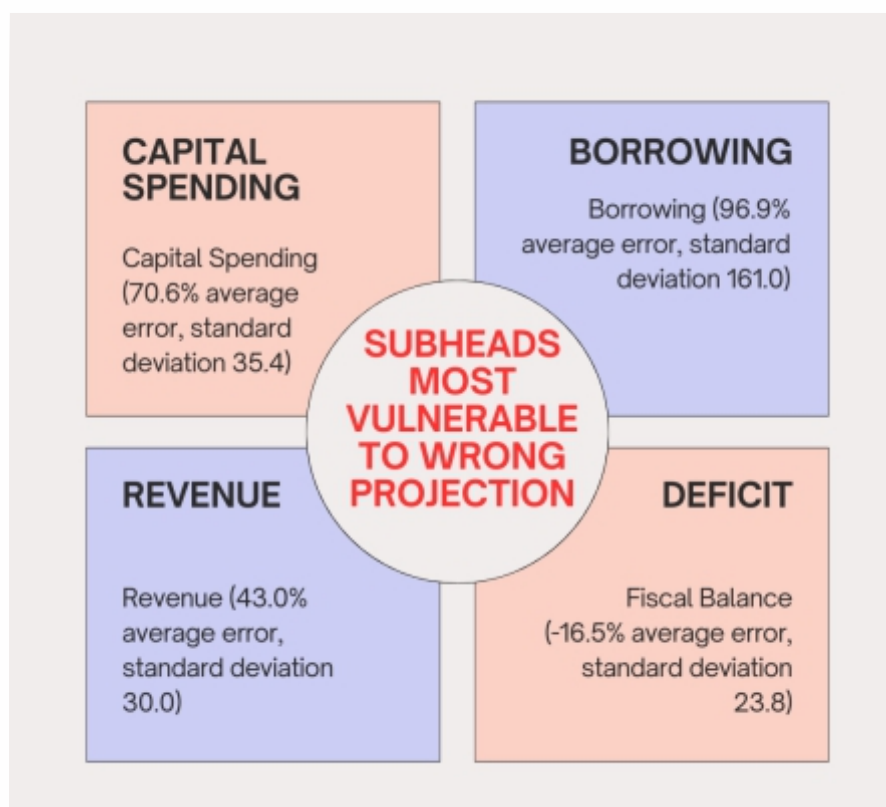


Fig. 62 Sub-Heads Most Vulnerable to Wrong Projection

7.5. Less vulnerable subheads include:

- **Non-Capital Spending (-1.7% average error, standard deviation 6.6):** Smaller, mixed errors indicate better control, with minimal GDP impact (-0.1%).
- **Expenditure (11.8% average error, standard deviation 6.4):** Moderate errors and low volatility suggest reasonable forecasting, with 0.6% of GDP impact.

GDP Growth (2.1% average error, standard deviation 1.5): Low errors and volatility make this the least vulnerable, though optimism affects other subheads.

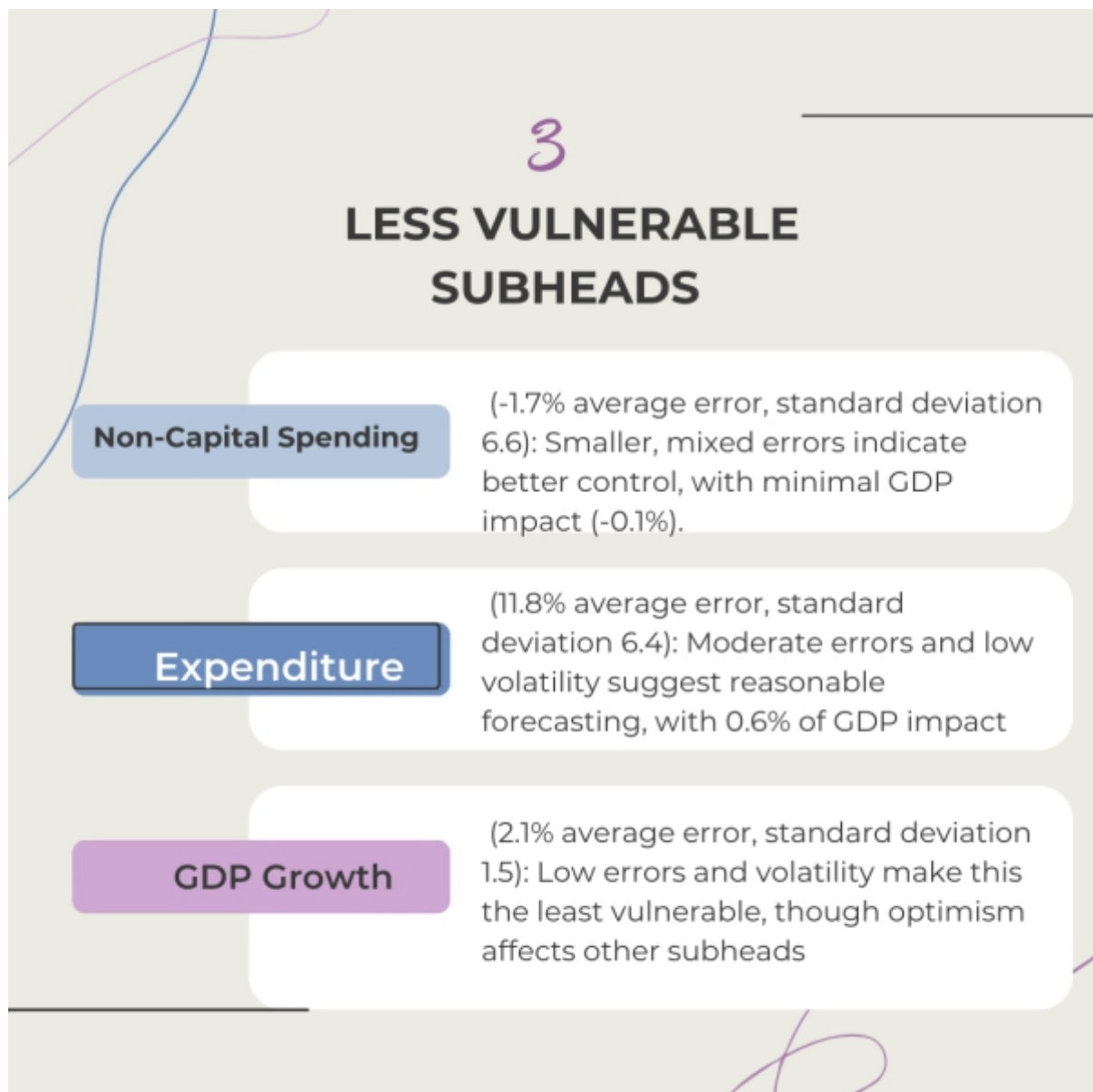


Fig. 63 Subheads Less Vulnerable Forecast Errors

7.6. Vulnerability to error Among non-fiscal parameters:

- **Oil Production Volume:** Consistent overestimation (e.g., 2021: 1.86 vs. 1.60 mbpd) makes it vulnerable, directly impacting revenue.
- **Exchange Rate:** Persistent underestimation (e.g., 2020: 305 vs. 382.08) introduces vulnerability, affecting fiscal planning via import and debt costs.
- **Oil Benchmark and Inflation:** Moderate errors and volatility make these less critical but still challenging due to external unpredictability.

TABLE 7.1: MACROECONOMIC FISCAL PARAMETER - BUDGET & ACTUAL FROM 2011 TO 2021

Macroeconomic Parameter	2011		2012		2013		2014		2015		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
FGN Revenue (Nbillion)	3,348	2,567	3,561	3,131	4,100	3,500	3,731	3,242	3,452	3,240	3,856	2,947
FGN Expenditure (Nbillion)	4,485	4,302	4,697	4,131	4,986	4,561	4,695	4,123	5,068	4,767	6,060	5,142
FGN Fiscal Balance Nbillion	-1,137	-1,735	-1,136	-1,000	-886	-1,060	-964	-881	-1,616	-1,527	-2,205	-2,194
FGN Capital Spending Nbillion	1,147	919	1,340	744	1,591	958	1,120	588	557	601	1,587	174
FGN Non Capital Spending Nbillion	3,338	3,384	3,357	3,387	3,396	3,603	3,576	3,536	4,511	4,166	4,473	4,968
Borrowing Nbillion	852	852	744	744	577	707	624	624	1,182	330	1,819	300
Oil Benchmark (\$)	75.00	111.26	72.00	111.67	75.00	108.56	79.00	98.97	52.00	48.66	38.00	43.29
Oil Production Volume (mbpd)	2.30	2.37	2.48	2.34	2.53	2.19	2.39	2.05	2.28	2.12	2.20	1.81
Inflation Rate (%)	11.80	10.30	9.50	12.00		8.00	8.00	8.00		9.60		18.60
Average Exchange Rate (\$)	150.00	153.86	155.00	157.50	160.00	157.31	160.00	158.55	165.00	193.28	197.00	253.49
GDP Growth Rate (%)	7.85	5.31	7.20	4.21	6.50	5.49	6.75	6.22	5.50	2.79	4.37	-1.58

Macroeconomic Parameter	2017		2018		2019		2020		2021	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
FGN Revenue (Nbillion)	5,084	2,658	7,166	3,866	6,998	4,120	5,365	3,418	6,638	4,643
FGN Expenditure (Nbillion)	7,441	6,464	9,120	7,511	8,916.96	8,298.82	9,973.92	10,017.30	12,512.24	11,079.70
FGN Fiscal Balance Nbillion	-2,357	-3,645	-1,954	-3,645	-1,918	-4,178.73	-4,608.25	-6,598.96	-5,874.66	-6,436.19
FGN Capital Spending Nbillion	2,175	1,440	2,870	1,682	2,094.95	1,165.51	2,488.79	1,601.75	4,188.32	1,903.55
FGN Non Capital Spending Nbillion	5,267	5,024	6,251	5,829	6,822	7,133	7,485	8,416	8,076	8,680
Borrowing Nbillion	2,322	2,503	1,643	1,742	1,606	913.00	4,462	2,058	6,449	4,519
Oil Benchmark (\$)	44.50	50.80	51.00	65.23	57.00	56.99	28.00	39.86	40.00	73.00
Oil Production Volume (mbpd)	2.20	1.89	2.30	1.92	2.30	2.01	2.18	1.78	1.86	1.60
Inflation Rate (%)	12.90	15.40	12.40	11.40	9.98	11.98	10.81	15.75	11.95	16.98
Average Exchange Rate (\$)	305.00	365.58	305.00	362.05	305.00	361.93	305.00	382.08	379.00	409.08
GDP Growth Rate (%)	2.50	0.82	3.50	1.91	3.50	2.27	2.93	-1.92	3.00	3.40

Table 7.2: Forecast Errors measured as relative change from actuals (forecasts - actuals)/actuals*100

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Avg
Revenue	30.4	13.7	17.1	15.1	6.5	30.8	91.3	85.3	69.9	57.0	43.5	43.0
Expenditure	4.2	13.7	9.3	13.9	6.3	17.9	15.1	21.4	7.4	-0.4	12.9	11.8
Capital Exp	24.8	80.0	66.0	90.5	-7.4	100.0	51.0	70.6	79.7	55.4	120.0	70.6
Non-capital	-1.3	-0.9	-5.8	1.1	8.3	-10.0	4.8	7.2	-4.4	-11.1	-6.9	-1.7
Balance	-	13.6	-	9.4	5.8	0.5	-	-	-	-30.2	-8.7	-
	34.5		16.5				38.1	46.4	54.1			16.5
Borrowing	0.0	0.0	-	0.0	258.2	506.2	-7.2	-5.7	75.9	116.9	42.7	96.9
			18.3									
GDP	1.7	3.0	1.0	0.5	2.7	6.0	1.7	1.6	0.8	1.8	2.1	2.1

Table 7.3: Forecast Errors measured in percent of GDP

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Avg
Revenue	1.2	0.6	0.7	0.5	0.2	0.9	2.1	2.6	2.0	1.3	1.1	1.2
Expenditure	0.3	0.8	0.5	0.6	0.3	0.9	0.9	1.2	0.4	0.0	0.8	0.6
Capital Exp	0.4	0.8	0.8	0.6	0.0	1.4	0.6	0.9	0.6	0.6	1.1	0.7
non-capital	-0.1	0.0	-0.3	0.0	0.4	-0.5	0.2	0.3	-0.2	-0.6	-0.1	-0.1
Balance	0.9	-0.2	0.2	-0.1	-0.1	0.0	1.3	1.3	1.6	1.3	0.3	0.6
Borrowing	0.0	0.0	-0.2	0.0	0.9	1.5	-0.2	-0.1	0.5	1.6	1.1	0.5
GDP	1.7	3.0	1.0	0.5	2.7	6.0	1.7	1.6	0.8	1.8	2.1	2.1

7.7. Key Insights from the Forecast Error Analysis

Tables 7.2 and 7.3 present forecast errors for key fiscal and economic variables from 2011 to 2021, drawn from Table 7.1. While Table 7.2 measures relative errors as $(\text{forecast} - \text{actual}) / \text{actual} \times 100$, Table 7.3 expresses the errors as a percentage of GDP, providing a view of their macroeconomic impact. Positive values indicate overestimation (forecasts higher than actuals), while negative values indicate underestimation (forecasts lower than actuals). The average errors across the period, along with measures like standard deviation (indicating volatility) and trends (linear slopes), highlight systemic biases in forecasting, which can undermine fiscal planning, resource allocation, and policy credibility. Below are the main insights:

7.7.1. Revenue Overestimation is Persistent and Severe:

Revenue forecasts are consistently overestimated, with an average error of 43.0% in Table 7.2. Errors peak in later years (e.g., 91.3% in 2017, 85.3% in 2018) and show high volatility (standard deviation of 30.0), with a worsening trend (slope of +5.66% per year), suggesting optimistic assumptions about tax collections, economic growth, or other income sources. In Table 7.3, these errors average 1.2% of GDP, with moderate volatility (standard deviation of 0.7) and a slight upward trend (+0.11% of GDP per year), indicating a notable but contained economic footprint. This could lead to overstated fiscal space, prompting unplanned borrowing or spending cuts when actual revenues fall short.

7.7.2. Expenditure Forecasts Show Moderate Overestimation:

Total expenditure errors average 11.8% in Table 7.2, with positive errors in most years (e.g., 21.4% in 2018) and relatively low volatility (standard deviation of 6.4), alongside a stable trend (slope of +0.05% per year). This indicates a tendency to budget more than what is ultimately spent, possibly due to inefficiencies in execution or unutilized allocations. However, the errors are less extreme than for revenue, implying better control over spending projections. In Table

7.3, errors average 0.6% of GDP, with low volatility (standard deviation of 0.3) and minimal trend (+0.01% of GDP per year), underscoring their limited but persistent macroeconomic drag.

7.7.3. Capital Expenditure is Grossly Overestimated:

With an average error of 70.6% in Table 7.2, capital expenditure (e.g., infrastructure, investments) is the most inaccurately forecasted category. Errors are highly volatile (standard deviation of 35.4) and often exceed 50% (e.g., 120.0% in 2021, 100.0% in 2016), with an increasing trend (+3.98% per year), pointing to systemic issues like project delays, cost overruns, or overly ambitious planning. This overestimation could result in "ghost projects" or reallocated funds, distorting long-term development goals. Table 7.3 shows an average of 0.7% of GDP, with comparable volatility (standard deviation of 0.4) and a mild upward trend (+0.03% of GDP per year), highlighting its significance for economic productivity.

7.7.4. Non-Capital Expenditure is Slightly Underestimated on Average:

Averaging -1.7% in Table 7.2, non-capital (recurrent) expenditure errors are mixed but lean toward underestimation (e.g., -11.1% in 2020), with moderate volatility (standard deviation of 6.6) and a slightly negative trend (-0.51% per year). This suggests forecasts may not fully account for rising operational costs like salaries or subsidies, potentially leading to mid-year budget adjustments or deficits. In Table 7.3, the average is -0.1% of GDP, with low volatility (standard deviation of 0.3) and a minor downward trend (-0.02% of GDP per year), indicating minimal but recurring pressure on fiscal operations.

7.7.5. Fiscal Balance is Frequently Underestimated:

The balance (fiscal surplus/deficit) has an average error of -16.5% in Table 7.2, with predominantly negative values (e.g., -54.1% in 2019), high volatility (standard deviation of 23.8), and a deepening negative trend (-2.86% per year). This means forecasts often predict worse balances than actual outcomes, possibly due to conservative deficit projections or unexpected revenue windfalls. While this could provide fiscal buffers, it risks overly cautious policies that stifle growth. Table 7.3 reveals a contrasting positive average of 0.6% of GDP, with volatility (standard deviation of 0.7) and an upward trend (+0.10% of GDP per year), suggesting underestimated improvements relative to the economy's size.

7.7.6. Borrowing Forecasts are Highly Erratic and Overestimated:

Borrowing errors average 96.9% in Table 7.2, with extreme variability (standard deviation of

161.0, e.g., 506.2% in 2016, 258.2% in 2015, but 0% in several years) and an increasing trend (+6.24% per year). This indicates poor predictability of debt needs, often leading to overestimation. Such inaccuracies could increase borrowing costs or signal weak fiscal management to markets and creditors. In Table 7.3, errors average 0.5% of GDP, with high volatility (standard deviation of 0.7) and a rising trend (+0.12% of GDP per year), emphasizing potential risks to debt sustainability.

7.7.7. GDP Growth Forecasts are Relatively Accurate but Slightly Optimistic:

GDP errors are the smallest at an average of 2.1% (identical in both tables), with low volatility (standard deviation of 1.5) and a flat trend (-0.02% per year), with consistent mild overestimation (e.g., 6.0% in 2016 as the highest). This suggests macroeconomic models are reliable for GDP but may embed upward biases, which cascade into overoptimistic fiscal assumptions (e.g., linking revenue to GDP growth).

7.8. Overall Trends:

- **Bias Toward Optimism:** Most categories (revenue, expenditure, capital exp, borrowing, GDP) show positive average errors in both tables, indicating a systemic overestimation bias. This could stem from political pressures for favorable budgets, inadequate data, or failure to incorporate downside risks like economic shocks (e.g., noticeable spikes around 2020, possibly COVID-related).
- **Increasing Errors Over Time:** Errors generally worsen from 2011–2015 (lower averages) to 2016–2021 (higher, more volatile), as seen in positive slopes for key variables in both tables, suggesting deteriorating forecast quality amid global uncertainties.
- **Implications for Fiscal Sustainability:** Large relative errors in Table 7.2 (e.g., high standard deviations in borrowing and capital exp) could erode trust in budgets, increase reliance on borrowing, and hinder counter-cyclical policies, while Table 7.3's GDP-scaled errors (averaging 0.5-1.2% annually) imply cumulative impacts of 5-13% of GDP over a decade. The contrast between high fiscal errors and low GDP errors highlights a disconnect between macroeconomic and fiscal forecasting, amplified by differing volatilities.

7.9. Recommendations for Fiscal Policy Planners

To address these forecasting inaccuracies, policy makers should prioritize reforms that enhance accuracy, transparency, and resilience. Below is targeted advice, structured by priority areas:

7.9.1. Enhance Forecasting Methodologies with Data and Technology:

Integrate machine learning and real-time data (e.g., tax receipts, economic indicators) into models to reduce optimism biases in revenue and GDP forecasts. Use probabilistic scenarios and stress tests for volatile items like capital expenditure and borrowing, incorporating external risks like pandemics.

Track KPIs such as error volatility and correlations (e.g., target std dev below 10% for relative expenditure errors) to monitor progress.

7.9.2. Promote Transparent and Inclusive Processes:

Establish consensus forecasting involving executive, legislative, and independent bodies like the Fiscal Responsibility Commission, to depoliticize estimates and balance conservative vs. optimistic tendencies.

Publish detailed error analyses (like these tables) in annual fiscal reports as required by the Fiscal Responsibility Act - including explanations for deviations, standard deviations, and trends, along with corrective actions. This builds public trust and encourages market discipline. Set performance targets for forecast accuracy (e.g., aim to reduce average revenue errors below 20% and standard deviations below 20 within 3 years) and tie them to policy maker incentives.

7.9.3. Adopt Conservative yet Flexible Budgeting:

Set realistic assumptions (e.g., buffer revenue forecasts by 10-20% below optimistic levels) and conduct mid-year reviews to address trends like increasing capital errors. For balance and borrowing, implement fiscal rules that cap debt based on GDP-linked scenarios to curb volatility.

Maintain data integrity and flexibility, updating forecasts dynamically with new information to reverse worsening trends.

7.9.4. Build Institutional Capacity and Risk Management:

Foster collaboration across agencies (particularly the Federal Ministry of Finance, the Federal Ministry of Budget and Economic Planning, the Central Bank of Nigeria, National Bureau of Statistics and Fiscal Responsibility Commission) for integrated macro-fiscal forecasting, addressing GDP-fiscal disconnects. Train staff on bias recognition (e.g., over-optimism from growth expectations) and use risk analysis tools for probabilistic outcomes.

For capital projects, tie budgets to execution milestones to reduce overestimation, and explore public-private partnerships to share risks.

For borrowing, develop contingency clauses to go with the medium-term debt management strategy, avoiding erratic projections by linking them to probabilistic balance scenarios and monitoring trends.

7.9.5. Monitor and Evaluate Long-Term Impacts:

Aim for phased improvements, e.g., reduce average revenue errors below 20% relative and 0.5% of GDP within 5 years. Regularly assess against benchmarks like reduced debt costs or improved growth.

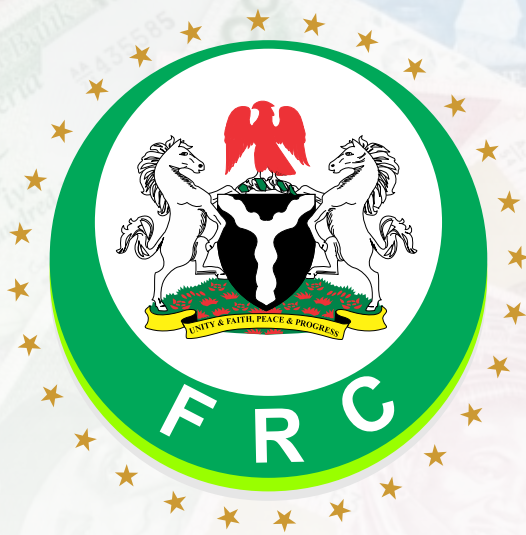
7.9.6. Incorporate Broader Economic Reforms:

To tackle root causes like capital exp delays, streamline procurement and regulatory processes to improve execution rates and reduce volatility.

In volatile periods (e.g., post-2016 trends), prioritize counter-cyclical fiscal rules that cap spending growth to GDP forecasts, mitigating the impact of errors on deficits and macroeconomic stability.

7.10. Conclusion

By implementing these measures, fiscal policy can become more reliable, reducing surprises and supporting sustainable growth. Long-term, accurate forecasts enable better resource allocation, lower debt costs, and enhanced resilience to economic uncertainties.



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