

2026 BUDGET ANALYSIS

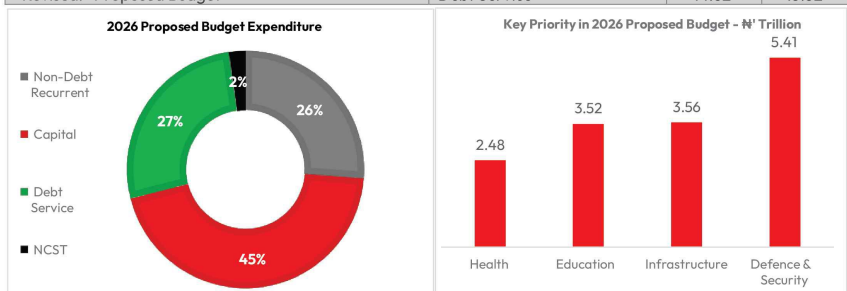
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Proposed 2026 Budget of Consolidation, Renewed Resilience and Shared Prosperity

Bottomline: The Federal Government of Nigeria (FGN) proposed a budget expenditure of N 58.18tn for 2026, with projected revenue of N34.33tn, resulting in an expanded budget deficit of N23.85tn. This deficit represents 4.25% of Gross Domestic Product (GDP). The financing plan includes N0.19tn (1%) from privatisation proceeds, N2.05tn (9%) multilateral and bilateral project-tied loans, N17.29tn (72%) from domestic borrowing, and N4.32tn (18%) from foreign borrowing. Key assumptions, as well as revenue and expenditure details for the proposed 2026 budget compared to the revised 2025 figures, are presented in the accompanying tables and charts.

Key Assumptions			Key Revenue and Expenditure (N' Trillion)		
Parameters	2025*	2026^	Indicators	2025*	2026^
Oil Price Benchmark (US\$/b)	75	64.85	Total Expenditure	54.99	58.18
Oil Production (mbpd)	2.06	1.84	Total Revenue	40.89	34.33
Exchange Rate (US\$/N)	1,500	1,400	Non-Debt Recurrent Exp.	13.59	15.25
GDP Growth Target	4.60%	4.68%	Capital Expenditure	23.44	26.08
Inflation Rate Target	15.75%	14%	Budget Deficit	14.10	23.85
*Revised, ^Proposed Budget			Debt Service	14.32	15.52



Note: NCST – Non-Capital Statutory Transfers: This is our deduction from the budget figures.

Objectives of the Proposed 2026 Budget:

The FGN states that the proposed 2026 budget is anchored on four key objectives: consolidating macroeconomic stability; improving the business and investment climate; promoting inclusive, job-rich growth and reducing poverty; and strengthening human capital development while safeguarding the vulnerable. FGN anticipates stronger revenue performance driven by the new National Tax Acts and ongoing reforms in the oil and gas sector. Additionally, the government plans to leverage technology to enhance revenue mobilisation and eliminate leakages.

Key Priority Sectors in the Proposed 2026 Budget:

Allocations to defence & security, infrastructure, education, and health are strategic for attracting investments, boosting productivity, and stimulating job creation through private sector participation. However, our analysis of the projected crude oil price for 2026 suggests that the proposed benchmark of US\$64.85/b is optimistic. This may raise concerns that the revenue target may not be achieved. A sustainable approach would involve continued expansion of domestic refining capacity and accelerate development of non-crude oil revenue sources.

Recommendations:

Efficient infrastructure is essential for driving shared economic prosperity in Nigeria. United Capital Research observes that the resources required to finance infrastructure cannot be met solely through annual budgetary allocations. Therefore, it is crucial for governments at all levels to deepen partnerships with the private sector by adopting various Public-Private Partnership (PPP) models to fund infrastructure development. Such collaboration will help unlock investments, accelerate growth, and guarantee shared prosperity.

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