



# The Fiscal Tightrope

Analyzing the N58.18 Trillion "Budget of Consolidation" and the Sustainability of Nigeria's Debt-to-Revenue Ratio.



# About Centre for Inclusive Social Development

The Centre for Inclusive Social Development (CISD) is a non-profit and non-governmental organisation committed to building a society where everyone, regardless of gender, background, or circumstance, can access quality healthcare, education, and opportunities for meaningful participation.

Our foundation is rooted in a vision of creating inclusive systems driven by rigorous evidence, co-created through genuine community partnerships, and firmly grounded in the principles of social justice. CISD collaborates with local communities, volunteers, and donors to achieve its goal of making a meaningful and positive impact on people's lives. CISD is committed to transparency and accountability, and its work is evidence-based, consistently striving to improve its impact through innovative solutions.

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# Table of Contents

- 03** The Numbers That Tell the Story
- 05** How Did We Get Here?
- 10** What This Means for You and Your Family
- 13** The Money That Never Arrives
- 16** The Currency Trap
- 18** Crossing Every Red Line
- 20** The Acceleration
- 22** What This All Means
- 24** Three Hard Truths
- 27** The Choice Before Us



# The Big Picture: What's Really Happening

Imagine you earn N100,000 every month. But before you can buy food, pay school fees, or go to the hospital, you must first pay N45,000 to people you borrowed money from years ago. That's what's happening to Nigeria right now.

In December 2025, President Tinubu presented a N58.18 trillion budget for 2026. He called it a "Budget of Consolidation, Renewed Resilience and Shared Prosperity." But here's the reality: Nigeria will spend more on debt repayment than on health and education combined.



# N165.08tn

*If we borrow the N13.08 trillion needed to cover the 2026 budget deficit, our total debt will jump to N165.08 trillion by December 2026. That's five times more than what we owed in 2020.*

## The debt crisis is worsening rapidly.

As of September 2025 (Q3 2025), Nigeria's debt stood at N153 trillion. If we borrow the N13.08 trillion needed to cover the 2026 budget deficit, our total debt will jump to N165.08 trillion by December 2026. That's five times more than what we owed in 2020.

Let's break down what this means for every Nigerian.

The 2026 Federal Budget, titled the "Budget of Consolidation, Renewed Resilience, and Shared Prosperity," presents a record-breaking expenditure profile of N58.18 trillion. However, the primary challenge to Nigeria's fiscal sovereignty is not the volume of spending, but the velocity of debt-service obligations. Currently, for every unit of revenue generated, approximately 45% is redirected toward debt servicing before a single Naira is allocated to social infrastructure or human capital. This "first charge" reality effectively halves the government's discretionary spending power, creating a precarious fiscal environment where the state must manage 100% of its national obligations on 55% of its earned income.

## The Human Capital Paradox

A comparative analysis of the 2026 allocations reveals a stark misalignment between policy rhetoric and fiscal reality. Despite the stated goal of "Shared Prosperity," the mandatory debt repayments now exceed the combined budgetary provisions for Health and Education. This creates a "Human Capital Deficit," in which the immediate requirement to maintain international creditworthiness is prioritised over long-term investment in a productive workforce. From a policy standpoint, this is not merely a financial strain; it is an erosion of the foundational pillars required for sustainable economic growth.

## Structural Fragility and the "Resilience" Gap

While the administration frames the 2026 budget as a tool for "Resilience," the high ratio of non-discretionary spending suggests a high degree of fiscal fragility. With nearly half of revenue already committed, the government has a diminished "buffer" to absorb global economic shocks or domestic emergencies. Consequently, the success of this fiscal year hinges entirely on an aggressive—and perhaps optimistic—revenue generation strategy. Without a significant expansion of the tax base or a breakthrough in oil production, the "Consolidation" phase risks devolving into a cycle of "Deficit-Financing," where new debt is sought simply to service the old.



## Chapter 1

# The Numbers That Tell the Story

## What Nigeria Will Spend in 2026

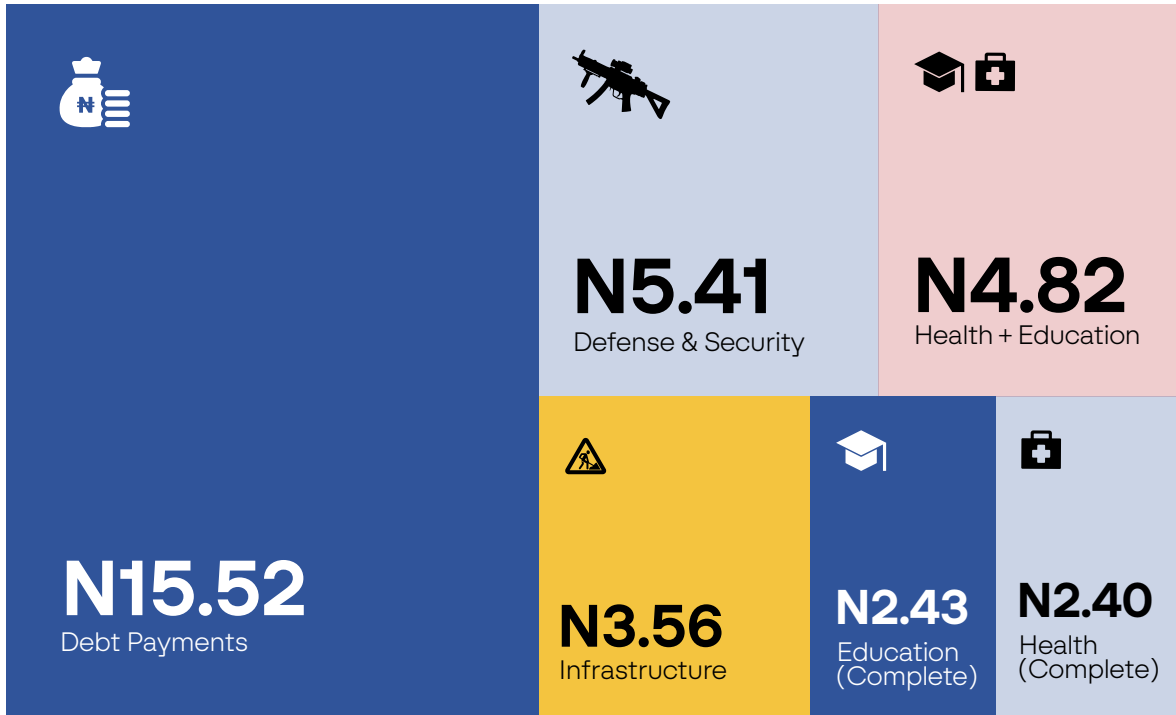


Figure 1: Where Nigeria's money goes in 2026

Category	Amount (Trillion)	% of Budget	Per Nigerian
Debt Payments	N15.52	26.68%	N67,478 (\$49.62)
Education (Complete)	N2.43	4.18%	N10,565 (\$7.77)
Health (Complete)	N2.40	4.12%	N10,435 (\$7.67)
Health + Education	N4.82	8.28%	N20,957 (\$15.41)
Defense & Security	N5.41	9.30%	N23,522 (\$17.30)
Infrastructure	N3.56	6.12%	N15,478 (\$11.38)
Total Per Nigerian			N252,957 (\$186.00)

### The stark reality

Debt servicing gets N15.52 trillion. Health and education together get only N4.82 trillion. That means we're paying creditors 3.22 times more than we're investing in our children's future.

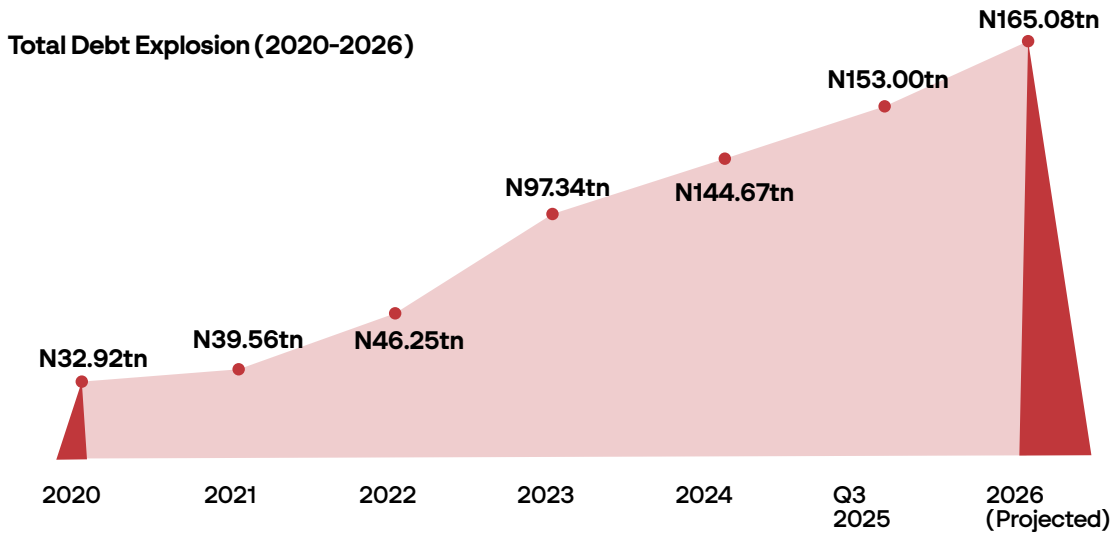
Think about it this way: For every N1 spent on your child's education and healthcare, the government is paying N3.22 to banks and foreign lenders.



## Chapter 2

# How Did We Get Here?

## The Debt Explosion (2020-2026)



### Domestic vs External Debt

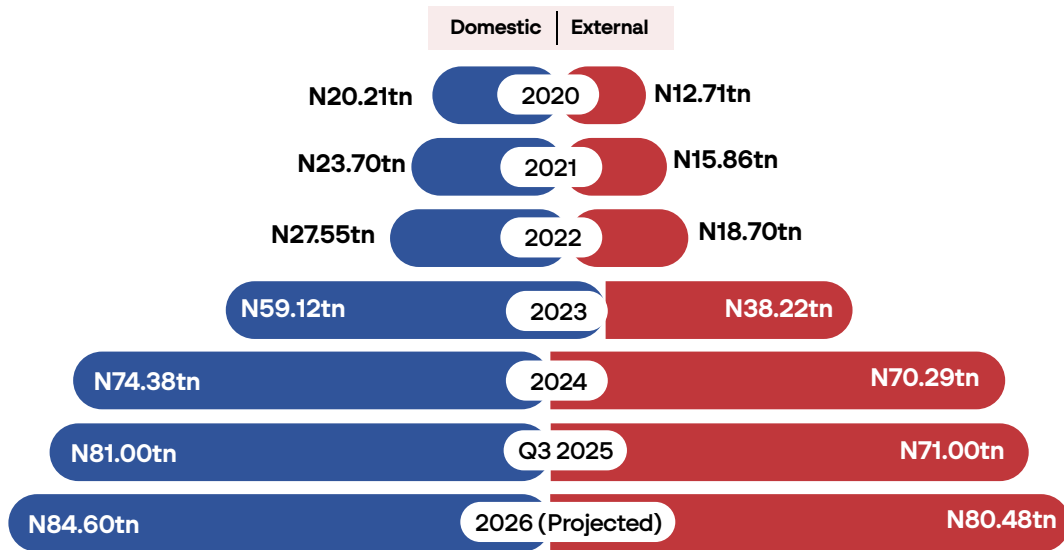


Figure 2: Watch how Nigeria's debt has exploded in just six years

Year	Total Debt	Domestic	External	Annual Change
2020	N32.92tn	N20.21tn	N12.71tn	---
2021	N39.56tn	N23.70tn	N15.86tn	+N6.64tn
2022	N46.25tn	N27.55tn	N18.70tn	+N6.69tn
2023	N97.34tn	N59.12tn	N38.22tn	+N51.09tn
2024	N144.67tn	N74.38tn	N70.29tn	+N47.33tn
Q3 2025	N153.00tn	N81.00tn	N71.00tn	+N9.12tn (9 months)
2026 (Projected)	N165.08tn	N84.60tn	N80.48tn	+N13.08tn

## What happened?

Between 2020 and 2022, Nigeria's debt grew slowly, adding about N6-7 trillion each year. That was concerning but manageable.

Then came 2023. The debt jumped by N51 trillion in a single year. Why? The government decided to convert N22.7 trillion of "Ways and Means" advances (essentially money printed by the Central Bank) into official government debt. It was like your uncle saying, "Remember that N5 million I gave you? Now you must pay it back with interest."

In 2024, we added another N47 trillion. In just the first six months of 2025, we added N7.33 trillion more. If the 2026 budget goes as planned, we'll add another N13.08 trillion.

### The math is brutal

**401.58%** 

We went from owing 32.92 trillion in 2020 to a projected N165.08 trillion in 2026. That's a 401.58% increase in just six years.

# The Chokehold on Government Revenue

## When Debt Eats Everything

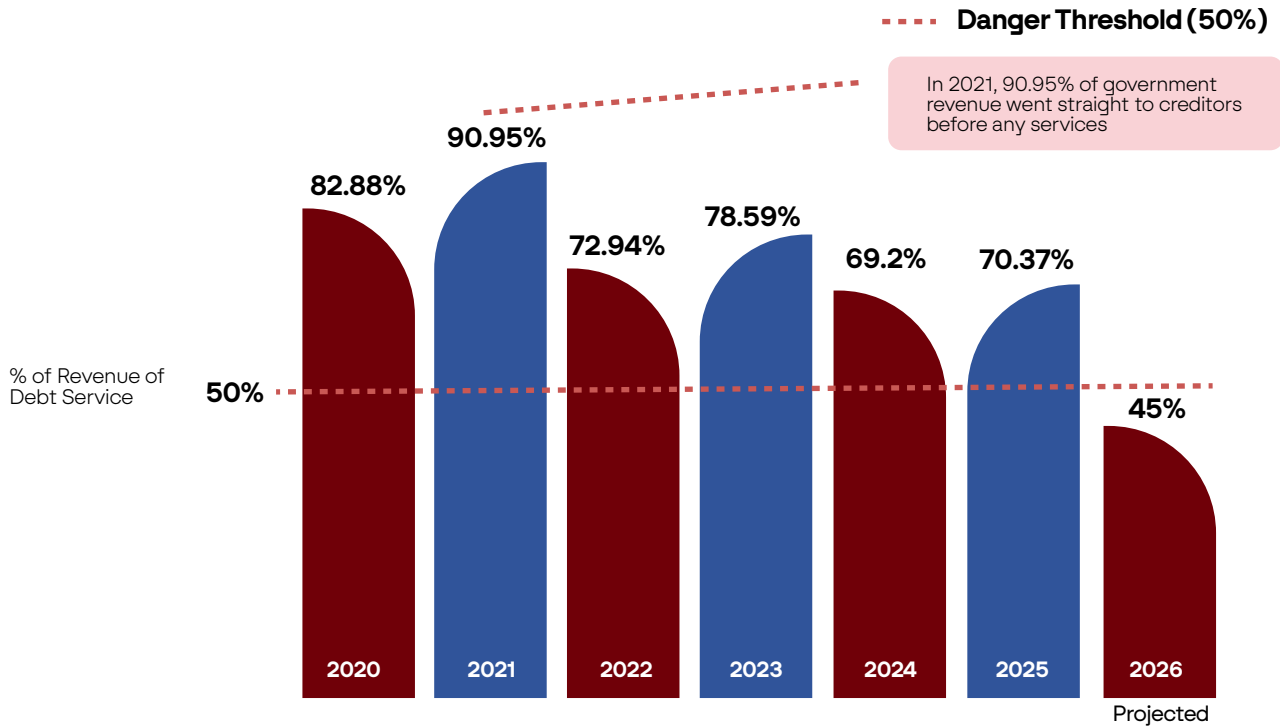


Figure 3: How much of government income goes straight to creditors

Year	Revenue Used for Debt (%)	Left for Everything Else
2020	82.88%	17.12%
2021	90.95%	9.5%
2022	72.94%	27.06%
2023	78.59%	21.41%
2024	69.20%	30.8%
2025	70.37%	29.63%
2026 (Projected)	45.0%	55.0%

In 2023, the fiscal situation was even more straining than previously thought: 78.59% of all revenue the federal government collected went straight to debt servicing. To put that in perspective, for every N100 collected, nearly N79 was handed over to creditors before a single school was built, a doctor was paid, or a road was fixed. This actually represented a slight "improvement" from the peak in 2021, when a staggering 90.95% of revenue was consumed by debt, leaving less than N10 out of every N100 for the entire country's needs.

## Is the 2026 Projection a Relief?

The 2026 projection showing a drop to 45% is encouraging, but it deserves a closer look before being celebrated.

For one, the 50% threshold referenced as a "danger line" is actually already above where most international bodies set the alarm. The IMF and World Bank typically flag a debt-service-to-revenue ratio above 30–35% as high-risk territory for developing economies. By that standard, 45% doesn't represent safety — it represents a government still leaning uncomfortably close to the edge.

There's also the question of what assumptions underpin that projection. The 45% figure is a best-case scenario, one that presumes no exchange rate shocks, steady revenue growth, and no unplanned emergency expenditure. Remove any one of those conditions, and the number moves.

History suggests it can move fast. Between 2022 and 2023, the ratio climbed from 72.94% to 78.59% — nearly six percentage points in a single year. That kind of volatility is a reminder that projections built on favorable assumptions can unravel quickly when reality intervenes.



## Chapter 3

# What This Means for You and Your Family

## The Per Capita Reality

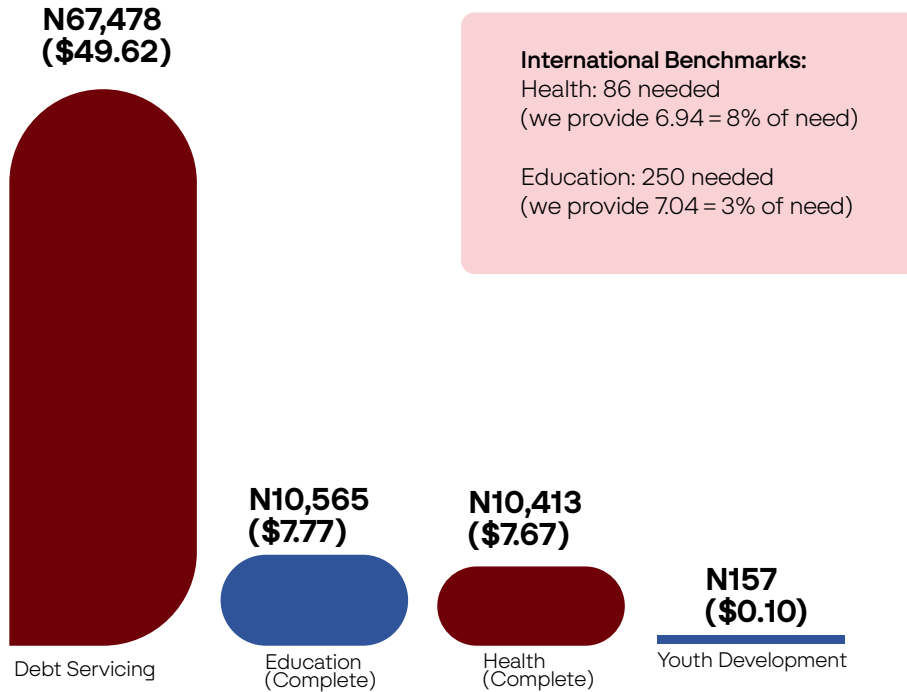


Figure 4: What the government spends on each Nigerian

Category	Per Nigerian (N)	Per Nigerian (\$)	WHO/World Bank Need (\$)	Gap
Paying Debts	N67,478	\$49.62	---	---
Your Education	N10,565	\$7.77	\$250	97% short
Your Healthcare	N10,435	\$7.67	\$86	92% short
Youth Programs	N157	\$0.10	---	---

Let's make this real. Nigeria has 230 million people. When you divide the 2026 budget by population, here's what each Nigerian gets:

- N67,478 (\$49.62) per person for debt servicing, money you'll never see because it goes to creditors
- N10,565 (\$7.77) per person for education, compared to the World Bank's recommended \$250
- N10,435 (\$7.67) per person for healthcare, compared to the WHO's recommended \$86
- N157 (\$0.10) per person for youth development, less than the price of a bag of pure water

## What this means in practice

Nigeria spends \$7.67 per person on healthcare when the World Health Organization says we need \$90<sup>1</sup> to provide basic health coverage. We're spending 92% less than required.

We spend \$7.77 per person on education, when a quality basic education requires \$250. We're spending 97% less than needed. Meanwhile, creditors get \$45 per Nigerian, more than health and education combined.

## The Human Cost

**18.3 million**

Nigerian children are not in school

Nigeria has one of the world's highest maternal death rates

**73% of children aged 7-10**

cannot read a simple sentence

Our hospitals lack basic equipment and medicines

**This isn't happening because we're poor. It's happening because debt is eating the money before it reaches citizens.**

<sup>1</sup>[https://www.financialnigeria.com/low-income-countries-spend-just-17-per-capita-annually-on-health-wb-sustainable-1791.html#:~:text=The%20report%2C%20%E2%80%9CAt%20a%20Crossroads,half%20the%20benchmark%20of%20\\$90.](https://www.financialnigeria.com/low-income-countries-spend-just-17-per-capita-annually-on-health-wb-sustainable-1791.html#:~:text=The%20report%2C%20%E2%80%9CAt%20a%20Crossroads,half%20the%20benchmark%20of%20$90.)



## Chapter 4

# The Money That Never Arrives

## Why Even Budgeted Money Doesn't Reach Schools and Hospitals

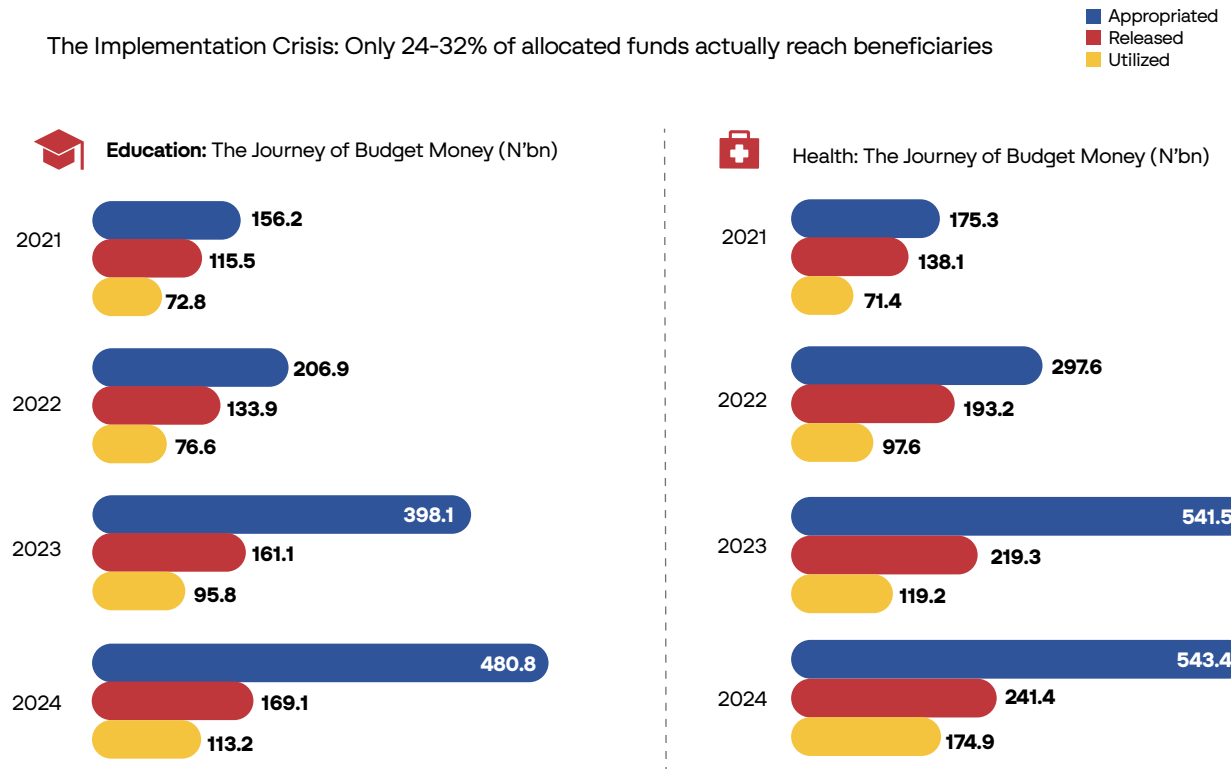


Figure 5: The journey of budget money—from promise to reality

### Education Budget Implementation

Year	Promised (Nbn)	Released	Actually Spent	Reached Schools
2021	N156.2	N115.5	N72.8	47%
2022	N206.9	N133.9	N76.6	37%
2023	N398.1	N161.1	N95.8	24%
2024	N480.8	N169.1	N113.2	24%

### Health Budget Implementation

Year	Promised (Nbn)	Released	Actually Spent	Reached Schools
2021	N175.3	N138.1	N71.4	41%
2022	N297.6	N193.2	N97.6	33%
2023	N541.5	N219.3	N119.2	22%
2024	N543.4	N241.4	174.9	32%

Here's a painful truth: Even when money is budgeted for education and health, it often doesn't reach schools and hospitals.

## How the system fails

**N480.8 billion**

**First gap:** Government promises N480.8 billion for education in 2024

**N169.1 billion**

**Second gap:** Only N169.1 billion is actually released from the treasury

**N113.2 billion**

**Third gap:** Of that amount, only N113.2 billion is spent

**24%**

**Final reality:** Only 24% of the original promise reaches schools

### Why does this happen?

**Debt crowds out releases:** When debt servicing is mandatory, there's limited cash flow for discretionary spending.

**Bureaucratic delays:** Money moves slowly through government systems.

**Corruption and inefficiency:** Some money gets lost or misused along the way.

**Budget rigidity:** The government can't easily redirect money once allocated.



## Chapter 5

# The Currency Trap

## How the Falling Naira Multiplies Our Debt

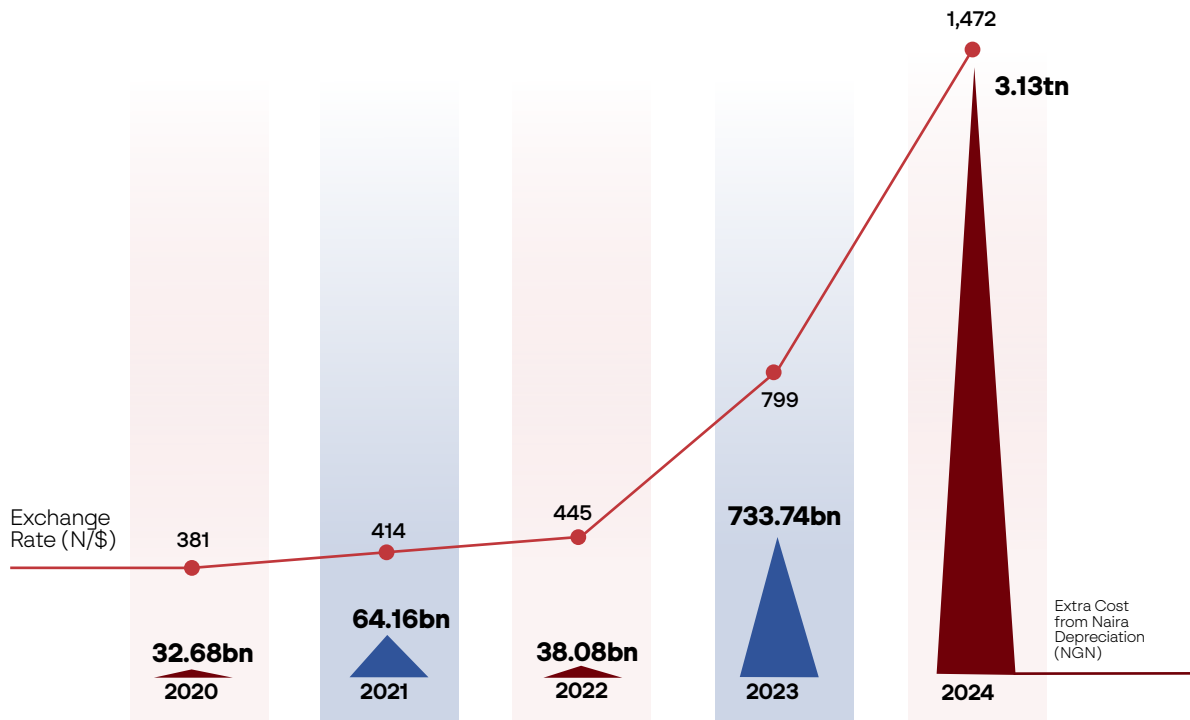


Figure 6: When the naira falls, our debt automatically grows

Year	Exchange Rate (N/\$)	Budget Rate	Extra Cost from Naira Fall
2020	N381	N380	N32.68 billion
2021	N414	N410	N64.16 billion
2022	N445	N435	N38.08 billion
2023	N799	N700	N733.74 billion
2024	N1,472	N800	N3.13 trillion

### Total extra cost (2020-2024): N3.97 trillion

Remember how we said nearly half our debt is in dollars? Here's why that's catastrophic.

In 2020, \$1 cost N381. By 2024, \$1 cost N1,472. That's a 286% increase in just four years.

When you borrow \$1 billion in 2020 at N381/\$, you owe N381 billion. But when the naira crashes to N1,472/\$, you now owe N1,472 billion for the same \$1 billion loan. You haven't borrowed more dollars, but your naira debt has quadrupled.



## Chapter 6

# Crossing Every Red Line

## From Safe to Crisis

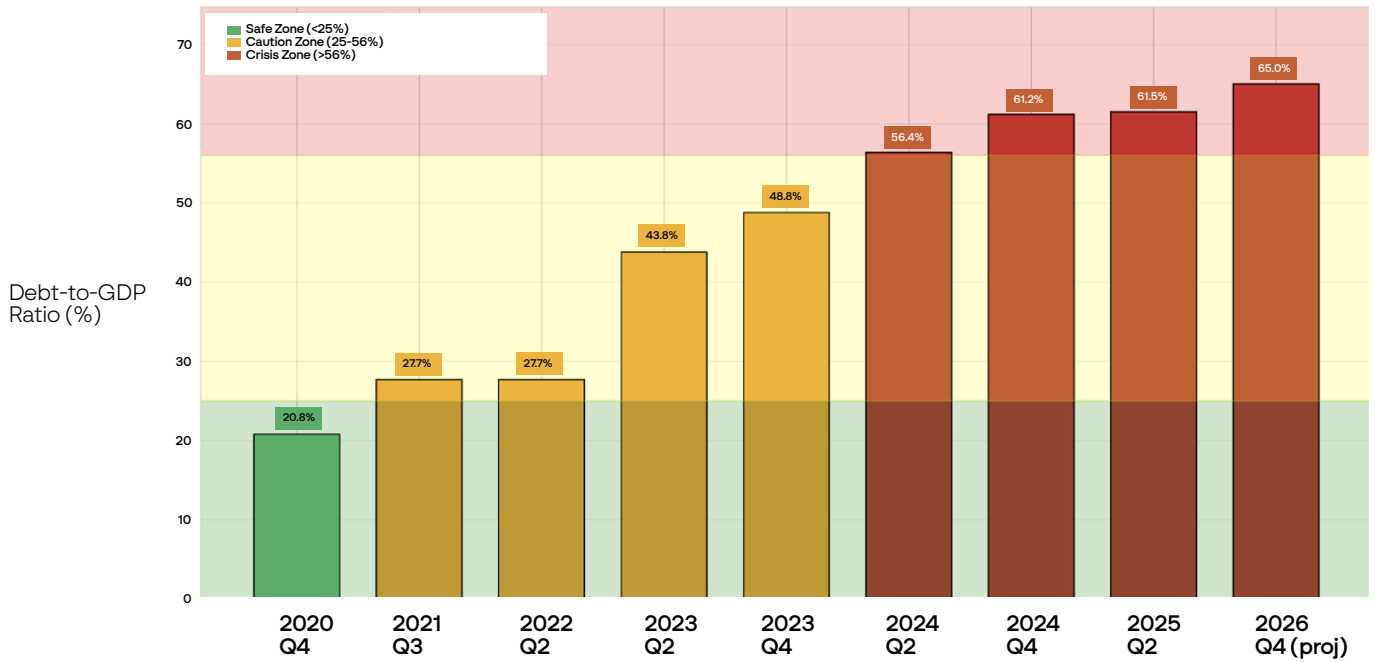


Figure 7: Nigeria's journey from fiscal safety to crisis territory

Period	Debt-to-GDP	Zone	Status
2020 Q4	20.8%	Safe	Below 25% threshold
2021-2022	27.7%	Caution	Crossed 25%
2023 Q2	43.8%	Caution	Rising rapidly
2024 Q2	56.4%	Crisis	Crossed 56% threshold
2024 Q4	61.2%	Crisis	Deep in the red zone
2025 Q2	61.5%	Crisis	Still rising
2026 Q4 (Proj)	65.0%	Crisis	9 points above the limit

Nigeria started at 20.8% in 2020—safely below the 25% target. By 2021, we crossed into the caution zone. By 2024, we breached the international 56% crisis threshold. By 2026, we're projected to reach 65%—nine full percentage points above the safe limit.

**What's alarming:** There's no plateau. Every quarter, every year, the ratio keeps climbing. This is an accelerating crisis, not a stable problem.



## Chapter 7

# The Acceleration

## How Fast Are We Accumulating Debt?

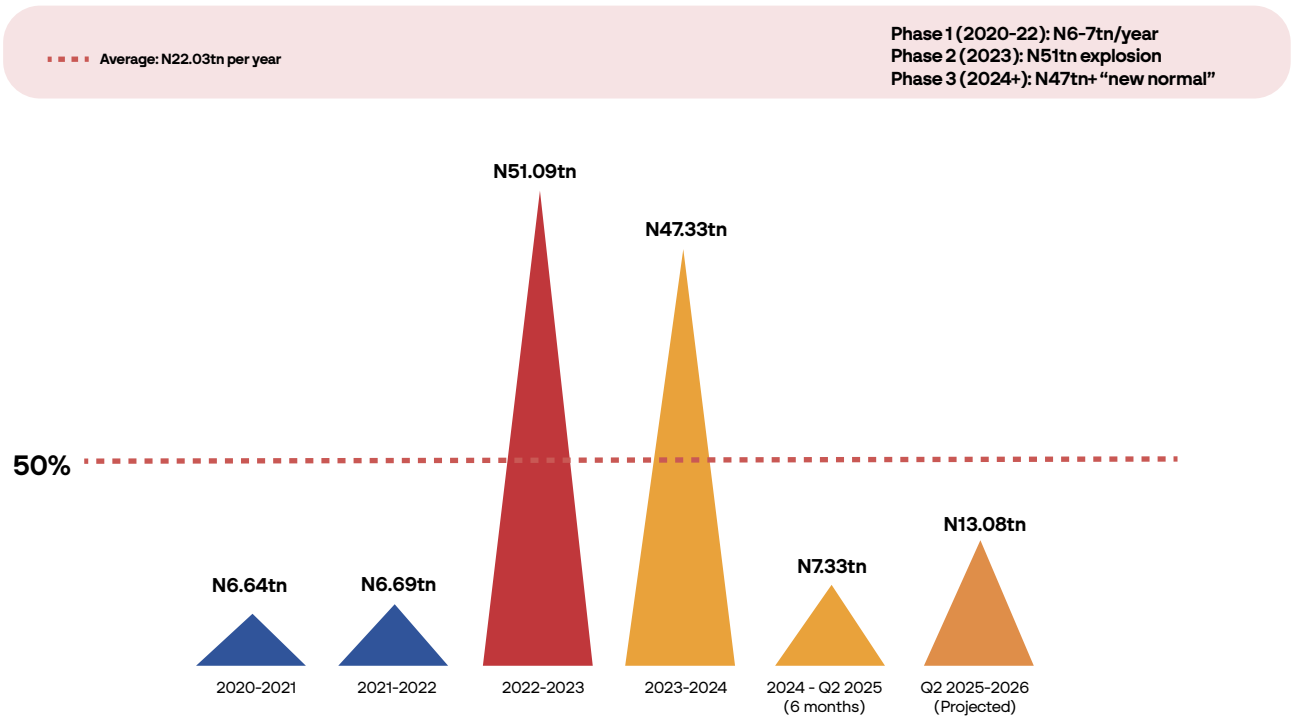


Figure 8: Annual debt additions show the crisis timeline

Period	Debt Added	What Happened
2020-2021	N6.64tn	Normal yearly deficits
2021-2022	N6.69tn	Normal yearly deficits
2022-2023	N51.09tn	Ways & Means shock
2023-2024	N47.33tn	Continued high deficits
2024-Q2 2025	N7.33tn	Just six months
Q3 2025-2026 (Proj)	N13.08tn	Projected deficit
Average	N22.03tn/year	2/3 of the 2020 debt annually

Nigeria is now adding an average of N22 trillion to its debt every year. That means every year, we add two-thirds of what our entire 2020 debt was. In 18 months, we added more debt than we had accumulated in our entire history up to 2020.

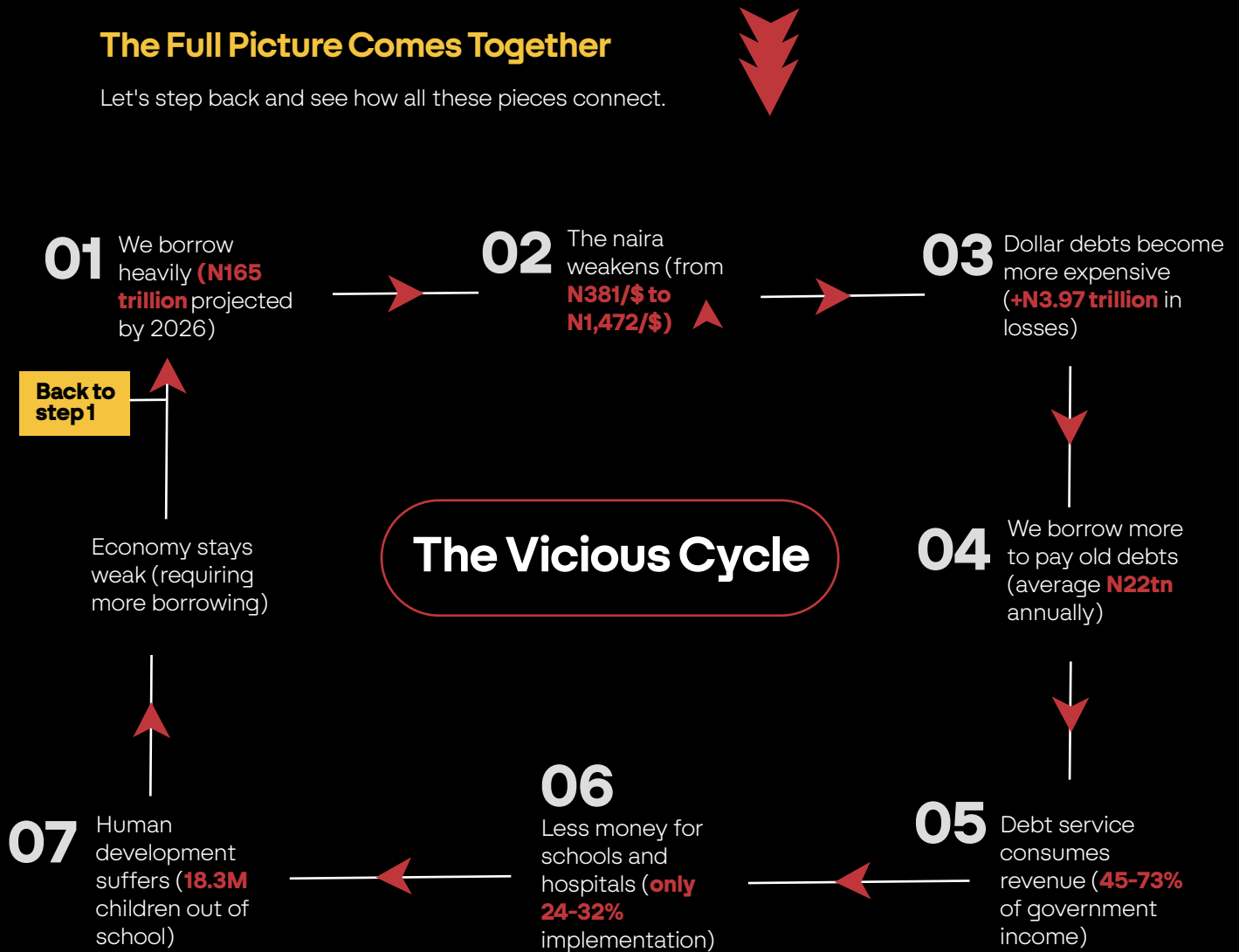


## Chapter 8

# What This All Means

## The Full Picture Comes Together

Let's step back and see how all these pieces connect.



**Every naira paid in interest is a naira stolen from Nigeria's future.**

## The generational theft

Today's 10-year-old Nigerian will spend their entire adult life paying for debts incurred before they could vote, before they could work, before they could have any say in how their country was run.



## Chapter 9

# Three Hard Truths

## What Must Happen

Nigeria's debt crisis won't fix itself. Here are three unavoidable truths:

### Truth #1: We Must Increase Revenue—The Right Way

Nigeria collects about 6-8% of GDP in taxes. Similar countries collect 15-20%. We have a collection problem, not just a spending problem.

The right approach:

**Expand the tax base:** Bring the informal sector into the formal economy

**Progressive taxation:** Those who earn more should pay more

**Close loopholes:** Stop illicit financial flows (Nigeria loses \$18 billion annually)

**Tax the wealthy:** Luxury goods tax, property tax on high-value estates

**Improve efficiency:** Modernize tax collection, reduce corruption

### Truth #2: We Must Stop Reckless Borrowing—Now

We're borrowing to pay salaries, not to build assets. That's like using your credit card to buy food instead of to start a business.

What must stop:

Borrowing for recurrent expenditure (salaries, allowances)

Borrowing in foreign currency for non-revenue-generating projects

Secret borrowing (like Ways & Means without approval)

What must start:

Borrow only for productive investments that generate revenue

**Domestic borrowing preference:** Borrow in naira when possible

**Debt restructuring:** Negotiate with creditors to extend timelines

**Strict debt ceiling:** Legislate and enforce maximum limits



## Truth #3: We Must Fix Budget Execution—Urgently

It's not just that we allocate too little. It's that even the little we allocate doesn't reach its destination.

What must change:

**1. Direct disbursement:** Send money directly to schools and hospitals

**2. Transparency:** Every naira must be traceable—publish monthly releases

**3. Accountability:** Consequences for non-performance

**4. Quarterly reviews:** Track monthly, adjust quarterly

**5. Citizens' oversight:** Let communities monitor projects



Conclusion

**The Choice Before Us**

Nigeria stands at a crossroads. We can continue on the current path—borrowing more to pay old debts, watching the naira collapse, seeing our children's future mortgaged to foreign creditors. Or we can make hard choices now to secure a better future.

**The current trajectory is unsustainable.**

A country where 78.59% of revenue goes to debt service cannot develop. A country that spends N67,478 per citizen on creditors but only N21,000 on health and education is not investing in its people. A country adding N22 trillion in debt annually is digging its grave deeper every year.

**The data is clear**

<p><b>5x</b></p> <p>Debt is growing 5x faster than our economy</p>	<p><b>N717,391</b></p> <p>Every Nigerian child carries N717,391 in debt before they can walk</p>	<p>▶</p> <p>We're spending on debt what we should be spending on the future</p>	<p>▶</p> <p>Implementation failures mean promises never become reality</p>
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But change is possible—if we act now:

- 1. Stop the bleeding:** No more borrowing for consumption
- 2. Restructure existing debt:** Negotiate better terms with creditors
- 3. Fix revenue collection:** Double our tax-to-GDP ratio through fair taxation
- 4. Enforce budget discipline:** Every naira allocated must reach its destination
- 5. Invest in the future:** Redirect resources from debt to human capital



**The choice is ours. We can continue feeding the debt monster, or we can starve it and feed our children instead.**

# Data Sources & References

## Primary Sources

1. Federal Government of Nigeria 2026 Appropriation Bill (December 2025)
2. Debt Management Office Quarterly Reports (2020-2025)
3. Central Bank of Nigeria Exchange Rate Data
4. Budget Implementation Reports (2020-2024)
5. National Bureau of Statistics

## Calculation Methodology

This analysis utilizes comprehensive sector spending (Federal Ministries and all related programs) to provide a complete picture of the government's commitment.

## Education (N2.43 trillion)

Federal Ministry of Education: N2.40tn (Lines 237-238)  
TETFUND/Education Tax: N0.013tn  
Scholarships & Other Programs: N0.017tn

## Health (N2.40 trillion)

Federal Ministry of Health: N2.15tn (Lines 241-242)  
NHIS: N0.20tn (276 line items)  
Other Health Programs: N0.05tn (Teaching hospitals, PHC, etc.)

**Ratio: N15.52tn (Debt): N4.82tn (Health + Education) = 3.22:1**

*All figures verified against official budget documents. Every statistic in this report can be traced to government sources.*

