

Despite Over Borrowing By Over 1.54 Trillion, FG Only Implement 17 Percent Of Capital Budget

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The federal government borrowed N1.54 trillion more than it had projected for the first nine months of 2025, yet left 82 per cent of its capital budget unspent — a fiscal paradox that analysts said raises serious questions about how Nigeria's growing debt stock is being deployed. Official data from the 2025 third-quarter budget implementation report, released by the Budget Office of the Federation, show that actual borrowings reached N11.89 trillion between January and September 2025, surpassing the N10.34 trillion projected for the same three-quarter window by N1.54 trillion, or 14.91 per cent. Against this backdrop, total capital expenditure stood at only N3.10 trillion — a figure that represents a mere 17.66

per cent of the N17.58 trillion budgeted for capital projects in the period. Put differently, for every N100 allocated to building infrastructure and executing government programmes, only N17.66 was actually spent. The remaining N82.34 sat dormant, leaving a capital expenditure shortfall of N14.48 trillion. There is no official information to show how the balance was spent or where it was deployed. A breakdown of the N11.89 trillion in fresh loans shows that domestic borrowing accounted for N7.08 trillion, exceeding its N6.44 trillion budget provision by N639.89 billion, or 9.94 per cent. Multilateral and bilateral project-tied loans, however, recorded a far more dramatic overrun — reaching N4.81 trillion against a three-quarter target of N2.52 trillion, an excess of N2.28 trillion, or 90.54 per cent. No foreign commercial borrowing was recorded within the period, despite a N1.38 trillion budget provision earmarked for that item over the first three quarters. Total deficit-financing items stood at N12.07 trillion for the nine-month period, exceeding the N10.58 trillion budgeted by N1.49 trillion, or 14.12 per cent.

The Budget Office disclosed that the third-quarter deficit was financed through privatization proceeds and domestic borrowing, with available financing for Q3 comprising N970 billion in domestic borrowing, N120.61 billion in privatization proceeds, and N3.13 trillion in multilateral and bilateral project-tied loans. Perhaps the starkest figure in the report is the ratio between borrowing and capital spending. The N11.89 trillion raised in fresh loans was approximately 3.83 times the N3.10 trillion spent on capital projects. Capital expenditure, in other words, amounted to only 26.13 per cent



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of total borrowings for the period — a disproportion that raises pointed questions about where the remaining borrowed funds are being channeled. Disaggregating the capital expenditure figures further deepens the concern. For example, capital spending by Ministries, Departments and Agencies (MDAs) and other government bodies came in at N1.21 trillion, against a nine-month target of N13.90 trillion — a shortfall of N12.69 trillion, or 91.31 per cent. Capital expenditure by government-owned enterprises fared better, matching its N615.68 billion budget provision exactly. Grants and donor-funded projects outperformed, recording N1.08 trillion against a

N541.43 billion target. Notably, the capital expenditure line for multilateral and bilateral project-tied loans — the fastest-growing borrowing category — recorded zero spending, despite N2.52 trillion having been budgeted under that capital category. This suggests that, even where loans were ostensibly secured for specific projects, actual project disbursements had yet to materialize during the reporting period.

Cash Release Process Cited as Constraint. The Budget Office, in its commentary, attributed the capital spending underperformance to the bottom-up cash release process, resource availability, and shifting government priorities. It said N780.28 billion was released to MDAs and other entities for 2025 capital projects and programmes in the third quarter alone — suggesting that the pace of releases remained well below what would be required to close the widening expenditure gap. The pattern reflects a recurring structural challenge in Nigeria's fiscal management: the government consistently borrows ahead of its ability — or willingness — to deploy capital, leaving large tranches of the budget unexecuted while debt obligations accumulate. With the country's debt servicing costs already consuming a significant share of revenues, the continued divergence between borrowing volumes and productive capital deployment is likely to attract fresh scrutiny from fiscal analysts, the legislature, and Nigeria's external creditors.