2025 Fiscal Policy Priorities

Towards improved competitiveness in Southwest Nigeria

Manager of Western Nigeria Integration Agenda

Outlines

Section One

Executive Summary

Whether in developed or developing countries, policy objectives of government often are achieved through budgetary allocations. Hence, every fiscal year, governments at all levels document the revenue projections and expenditure targets in a budget. The budget anchors government priorities in terms of public service delivery and effective governance, for the purpose of stimulating growth and improving living standards.

In Nigeria, there has been an increase in the budget size both at the Federal and state levels. This has been largely driven by macroeconomic conditions at both domestic and global environment. But, irrespective of the budget size, tracking budget performance in terms of meeting the stated objectives remains an important fiscal policy priority. Essentially, a country's budget performance largely depends on its effective and efficient implementation in achieving sustainable growth and improving socioeconomic conditions of citizens. Improved allocative efficiency demonstrates government's ability to distribute resources based on the effectiveness of public programs in achieving strategic objectives.

However, it is not uncommon for government-based budget report to show high performance index, without necessarily reflecting in the socioeconomic conditions and living standards in the country. This is because such impressive budget performance figures are sometimes calculated in terms of budget release rather than in terms of socioeconomic indicators. Yet, the international best practice requires a performance-based budgeting or performance budgeting, whereby from the outset, the targeted objectives, and the specific criteria upon which monitoring and evaluations are based.

This report presents the 2025 fiscal policy priorities for both national and subnational governments in Nigeria. It begins with the national context by highlighting the 2025 national budget in terms of revenue projections and expenditure targets. Thereafter, the 2025 budget highlights for the southwest regional aggregates are presented to identify the fiscal priorities in the region in 2025. The last section provides the state specific 2025 budget highlights for the purpose of comparative advantage for regional integration and competitiveness.

Section two

2025 National Budget Highlight

The Federal Government total approved budget for 2025 is ₦54.99 trillion, which represents 56.9% increase compared to 2024 total budget of ₦35.05 trillion; indicating an aggressive fiscal expansion in 2025. Specifically, aggregate revenue experienced a significant increase from ₦19.6 trillion in 2024 to ₦36.35 trillion in 2025, representing a notable growth of 85.46%.
The aggregate expenditure, which reflects the total amount of planned spending, grew from ₦35.05 trillion in 2024 to ₦54.99 trillion in 2025, marking a 56.89% increase. This rise underscores the government's focus on stimulating growth through targeted investments in critical sectors. The budget deficit has expanded by 45.9%, from ₦9.18 trillion in 2024 to ₦13.39 trillion in 2025. While this reflects increased government spending, it raises concerns about debt sustainability and its long-term implications on the economy.

Table 1: Federal Government 2024-2025 Budget Analysis

Description	2024 Budget (₦TRN)	2025 Budget (₦TRN)	% Change
Aggregate Revenue	19.6	36.35	85.46%
Aggregate Expenditure	35.05	54.99	56.89%
Budget deficit	9.18	13.39	45.86%
Capital Expenditure	8.77	23.96	173.20%
Recurrent (non-debt) Expenditure	10	13.06	30.60%
Debt Service	8.27	14.31	73.04%

Data: Budget Office | Table: DAWN Research

The most significant increase in Federal Government 2025 budget occurred in capital expenditure, which surged from ₦8.77 trillion to ₦23.96 trillion, a staggering 173.20% growth. This increase possibly reflects the government's drive to address infrastructural deficits and promote industrialization, which are critical for stimulating the economy for sustainable growth. Recurrent (non-debt) expenditure, increased from ₦10 trillion in 2024 to ₦13.06 trillion in 2025, representing a 30.60% rise. Debt service rose from ₦8.27 trillion to ₦14.31 trillion, reflecting a 73.04% increase. This highlights the growing burden of debt repayment, and raises a concern for fiscal sustainability in the country.

The basic assumptions underlining the 2025 budget shows some levels of optimisms to leverage the resilience of the Nigerian economy and expected recovery from the negative effects of mid-2023 to 2024 policy reforms. The performance of these budget parameters will be moderated by global economic dynamics such as the President Trump's restrictive policies; the macroeconomic environment such as exchange rate volatility, price volatility; and the ripple effects of the proposed fiscal policy and tax reforms of the Federal Government.

Table 2: 2025 Budget Federal Government Benchmarks

Year	Crude oil Production	Crude oil price	Average exchange rate	Inflation	GDP Growth
2024	1.78mbpd	$77.96	N800/$1	21.4%	3.88%
2025	2.06mbpd	N75	N1500/$1	15.75%	4.6%
% Change	15.7% ↑	3.7% ↓	87.5% ↑	26.4% ↓	18.5 ↑

Data: Federal Ministry of Budget and Economic Planning | Table: DAWN Research

The Nigeria's 2025 budget provides key insights into the implications for fiscal managements, macroeconomic performance and citizens' welfare. The budget-to-GDP ratio of 15.6% suggests that Nigeria's 2025 budget represents a moderate proportion of the country's overall economic output. The share of capital expenditure in the budget at 43.6% indicates a significant allocation toward long-term development projects. But, a real budget growth rate of 31.9% reflects a substantial expansion in fiscal spending after adjusting for inflation.

In addition, the annual budget per citizen of ₦235,706 highlights the average allocation of fiscal resources for each Nigerian in 2025, which represents a daily allocation of ₦645.77 per citizen. This figure provides an idea of per capita spending in 2025, however, its adequacy depends on the quality and efficiency of budget execution.

When converted to dollar, a daily allocation of $0.43 per citizen shows Nigeria's limited fiscal space relative to its population size and the need for significant external and domestic resource mobilization. For citizens living on less than $2 per day, this amount indicates the need for targeted social safety net programs and efficient resource allocation to maximize impact.

Essentially, Nigeria's 2025 budget highlights the Federal Government's fiscal priorities, especially the focus on capital expenditures for developmental purposes. However, to maximize impact, the government must prioritize efficiency in public finance management, by striking a balance between public spending and inflation control. Also, there must be an increased effort to bridge the gap between resource allocation and citizen welfare.

Table 3: Analysis of Federal Government Budget for 2025

Description	**2025 Budget**
Share of Capital in Budget	43.6%
Budget Growth (Real)	31.9%
Budget-GDP Ratio	15.6%
Budget Per Citizen (naira), Annual	N235,706
Budget Per Citizen (naira), Daily	N645.77
Budget Per Citizen (dollar), Dollar	$0.43

Data: Budget Office | Table: DAWN Research

Section three

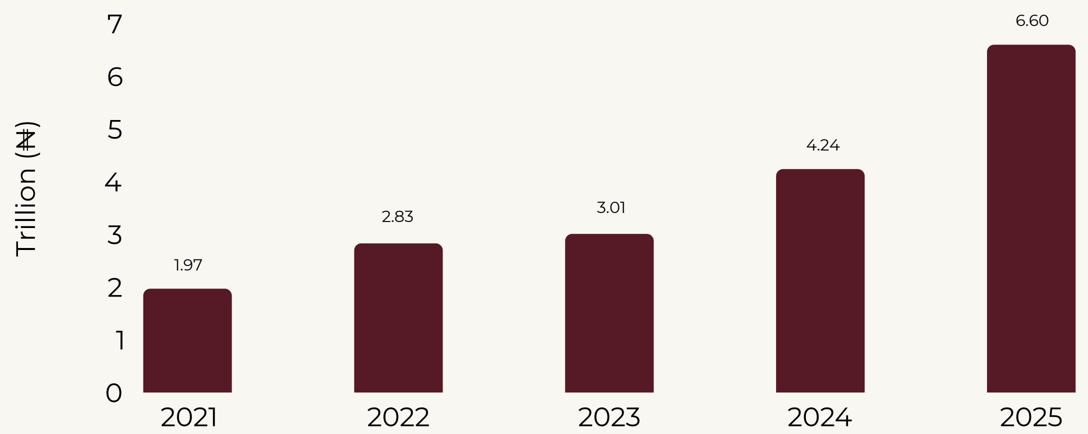
2025 Southwest Budget Highlights

Introduction

The 2025 fiscal outlook shows that there has been an increase in the budget size of the Federal and State Governments in Nigeria. This has been induced by various government reforms and changes in the macroeconomic environment at the global and domestic economy in 2024. Issues such as such as the fuel subsidy removal, FX unification policies and implementation of minimum wage review dominated the charts.

These orchestrated serious macroeconomic consequences such as price volatility and instability in foreign exchange market. Increase in shocks to household income was prominent due to rising inflation which worsened disposable income and high interest rates which offset investment returns. This backdrop induced a fiscal response which was factored into the formulation of 2025 budget

Figure 1: Trend of Southwest States Budget 2021-2025

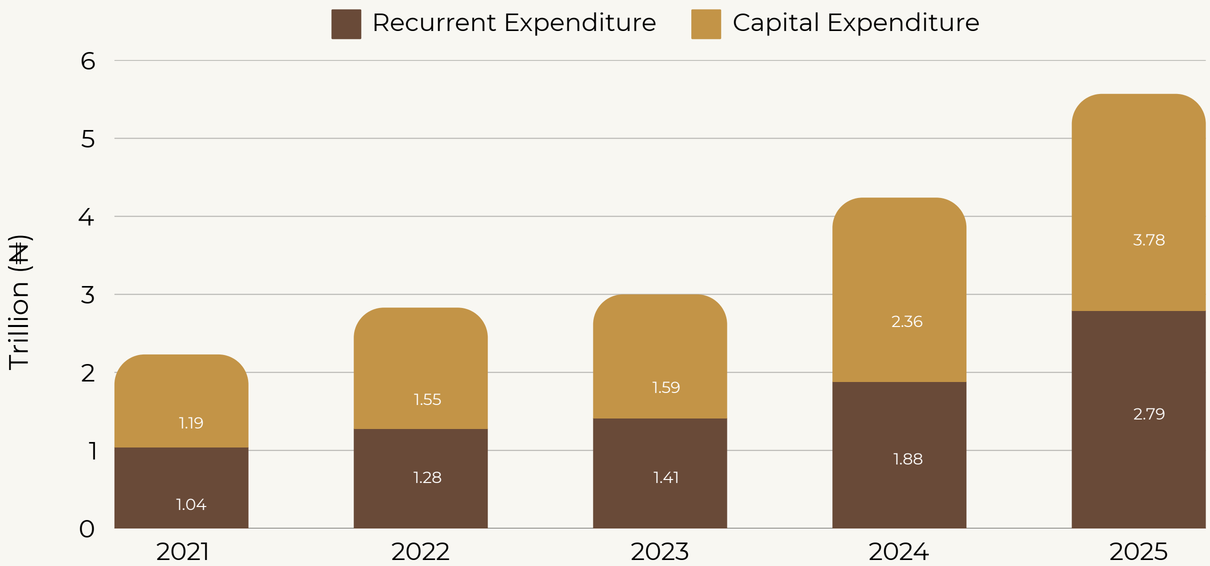


Data: State Ministries of Budget and Economic Planning | Chart: DAWN Research

The six southwest State governments proposed and/or passed a total budget of ₦6.60 trillion for 2025, representing a 56.03% increase from the total budget of N4.23 trillion for 2024, which was 11.34% of the region’s GDP (2022 estimates). These values vary widely across States. Specifically, Ondo, Oyo, Osun and Ekiti budgets are N698.66 billion, N678.08 billion, N427.74 billion, and N375.79 billion, respectively.

Lagos and Ogun States have whooping N3.36 trillion and N1.007trillion budget respectively for 2025. These variations reflect different State dynamics such population, State gross domestic product (GDP), and changes in price level.

Figure 2: Analysis of Southwest States Budgets 2021-2025



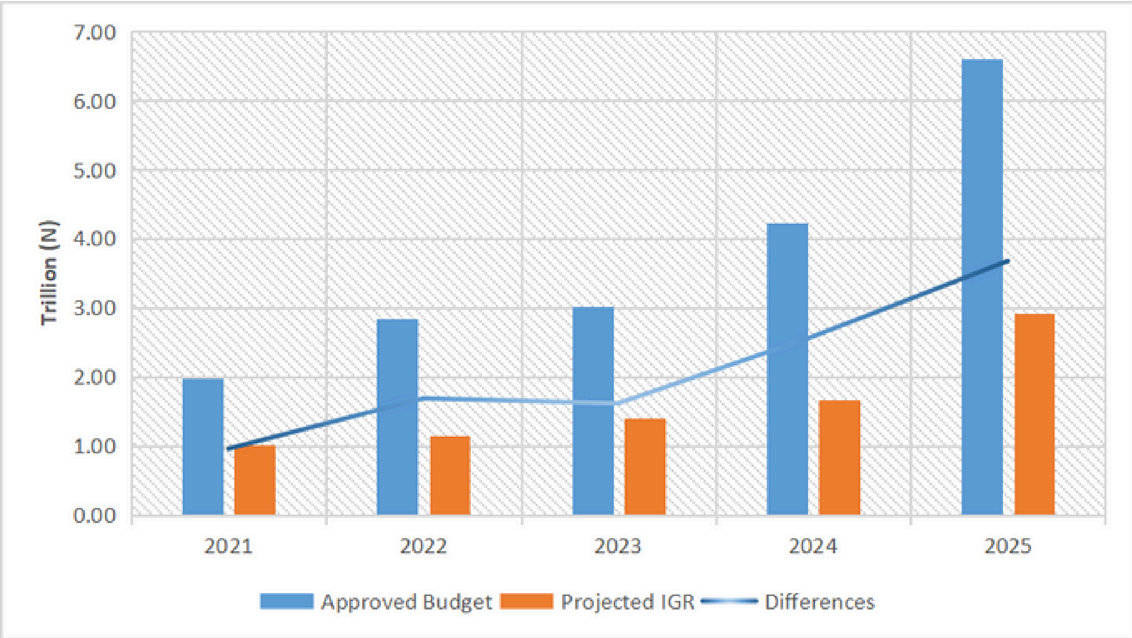
Data: State Ministries of Budget and Economic Planning | Chart: DAWN Research

For the expenditure components, the southwest 2025 total budgeted capital expenditure (CAPEX) is N3.77 trillion while the total recurrent expenditures (REC) is N2.78 trillion. The trend analysis shows that capital expenditure is increasing at a faster rate than recurrent expenditure, that is, the share of recurrent spending compared to capital spending has been decreasing from 0.87 in 2021 to 0.74 in 2025, indicating a shift towards capital investments. The emphasis on capital expenditure is that prioritizing long term infrastructural development projects is expected to boost economic growth and facilitate the level of development. This supports the various infrastructural projects across all the six States of the southwest region.

In terms of composition, the revenue component of the budget shows a revenue mix FAAC allocation, internally generated revenue (IGR) and others.

The 2025 total revenue projection for the six States of the southwest region is of #2.92 trillion represents only 44.24% of the budget for the region, implying that the deficit would be financed by debt. The revenue projection for the region witnessed a 76.69% increase from the N1.65 trillion projected for 2024. This suggests that public debt will rise in the course of implementing the 2025 budget. The data from Debt Management Office shows that the southwest region has a total domestic debt of N1.3 trillion as at September 2024, representing about 19.69% of the 2025 budget. This figure would spiral when the foreign debt is taken into consideration. The fluctuating revenue-to-budget ratio may trigger aggressive revenue drives that may have implications on the fiscal policy and tax reforms at the subnational level in line with the Federal government.

Figure 3: Projected Revenue and Budget Gaps in Southwest 2021-2025



Data: State Ministries of Budget and Economic Planning | Chart: DAWN Research

Towards Improved Budget Implementation in Southwest Nigeria

The implementation of the 2025 budget holds significant promise for the southwest region, but it also presents unique challenges that State governments must navigate carefully. The budget is designed to stimulate economic growth by addressing critical macroeconomic fundamentals, such as infrastructure development, human capital investment, and poverty reduction. However, the success of these fiscal policies will depend on the region's ability to adapt to the current macroeconomic environment, which is characterized by inflationary pressures, fluctuating exchange rates, and rising borrowing costs.

- Efficient execution of capital expenditures:

One of the key drivers of economic growth in the southwest region will be the efficient execution of capital expenditures.
Projects in infrastructure, healthcare, education, and agriculture are expected to generate employment opportunities, stimulate local economies, and reduce poverty levels. However, the ability of State governments to deliver these projects hinges on robust public finance management and governance systems. Performance-based budgeting models, which link funding to measurable outcomes, will be critical in ensuring that resources are allocated efficiently and transparently. This approach can help build public trust and ensure that budgetary goals are met.

- Drives towards improving internally generated revenue:

A major challenge for State governments in the southwest will be financing the growing wage bill and capital projects. The Federation Account Allocation Committee (FAAC) remains a central source of revenue, but over-reliance on federal allocations poses risks, especially in the face of potential shortfalls. To mitigate this, States must prioritize improving internally generated revenue (IGR) through tax reforms, broadening the tax base, and enhancing collection mechanisms. Failure to boost IGR could lead to increased public debt, which is already a concern given the rising cost of borrowing. High interest rates and the depreciation of the naira could further strain State government finances, particularly for States with significant foreign debt obligations. This could limit their ability to fund budget deficits, ultimately affecting public spending and service delivery.

- Align fiscal, monetary, and trade policies

To foster a better fiscal environment in southwest Nigeria in2025, the region must adopt a well-coordinated policy framework that aligns fiscal, monetary, and trade policies for better outcomes. This includes harmonizing the tax policies, incentivizing investment drives and promoting the business environment in the region for improved capital importation in 2025.

- Improve governance:

The 2025 budget presents an opportunity for the southwest States to drive economic growth and development in the region, its success will however, depend on effective implementation, prudent fiscal management, and a coordinated policy environment. By addressing revenue challenges, and fostering regional collaboration, the six State governments in the southwest can create a more resilient and prosperous fiscal environment in 2025 and beyond.

- Leverage strategic regional collaboration

Fostering regional collaboration among the six States will help to address shared challenges such as insecurity, out of school children and leverage economies of scale. For example, joint infrastructure projects, (such as the Lagos-Ogun and Oyo-Osun joint projects); harmonized tax policies, and regional investment initiatives could enhance efficiency and reduce costs.

Section four

State Specific Analysis

EKITI STATE BUDGET ANALYSIS

Introduction

For Ekiti State, 2025 has been tagged the Year of Ekiti's Accelerated Growth in Shared Prosperity. The State aspires to become the Agro-Allied export hub of the country. This is hinged on Ekiti State six-point agenda which include Youth Development and Job Creation, Human Capital Development, Agriculture & Rural Development, Infrastructure, Industrialization, Arts, Culture & Tourism. The State's 2025 budget potentially focuses on delivering on these fiscal priorities.

Highlights of Ekiti State 2025 Budget

Ekiti State's budget has experienced significant fluctuations over the years, with a notable surge in 2024 and 2025. Between 2021 and 2023, budget growth was relatively modest, increasing by 3.6% in 2023 after 8.1% decline in 2022. However, the 2024 budget witnessed a sharp rise of 40.5%, while 2025 saw an unprecedented increase of 135.4%, reflecting a more aggressive fiscal approach. Recurrent expenditure followed a similar pattern, rising consistently from 2021 to 2025.

The 2024 recurrent budget grew by 11.9% from 2023, indicating a steady increase in personnel and administrative costs. In 2025, recurrent expenditure surged by 115.5%, showing a major expansion in government operations and possible wage adjustments. The capital expenditure trend, however, was more volatile. After a decline in 2022 and 2023, the 2024 capital budget rose by 107.4%, demonstrating renewed investment in infrastructure and development. In 2025, it increased further by 160.7%, suggesting a strong push for capital-intensive projects.

Table 4: Trend Analysis of Ekiti State Budget from 2021-2025

Year	Approved Budget	Recurrent Expenditure	Capital Expenditure
2021	₦109,666,376,722.61	₦57,997,989,982.65	₦51,668,386,739.97
2022	₦100,753,993,241.60	₦60,686,914,229.22	₦40,067,079,012.38
2023	₦113,572,718,523.82	₦79,510,633,058.89	₦34,062,085,464.93
2024	₦159,572,481,916.00	₦88,952,583,682.00	₦70,619,898,233.00
2025	₦375,790,077,618.15	₦191,652,939,585.26	₦184,137,138,032.89

Data: State Ministries of Budget and Economic Planning | Table: DAWN Research

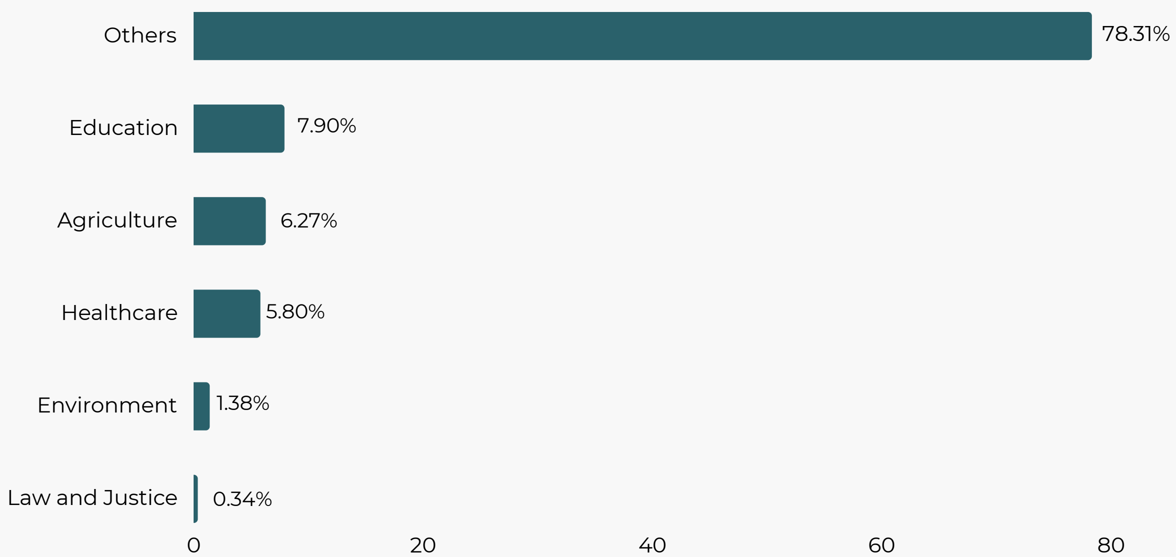
Ekiti State

The projection of the 2025 budgets indicates a growth strategy aimed at massive infrastructural expansion and economic stimulation. A major capital expenditure highlight for the State is the completion and readiness of Ekiti State Airport. The commencement of flights at the airport is expected to enhance expansion of Ekiti economy into new arena of prosperity and opportunities.

However, the significant rise in recurrent expenditure raises concerns about sustainability, as it could strain State finances if revenue generation does not keep pace.

The increase in capital spending in 2025 suggests that Ekiti State is prioritizing long-term developmental projects, which, could enhance economic growth and social welfare, if well executed. The challenge, however, lies in ensuring that these investments yield tangible results and that revenue generation mechanisms are strengthened to prevent fiscal instability. Ekiti's 2025 budget could set the stage for accelerated development, if the State sustains the 2024 revenue performance improvements.

Fig 4 Sectoral Analysis of Ekiti State 2025 Budget



Data: State Ministries of Budget and Economic Planning | Chart: DAWN Research

In terms of the sectoral composition of 2025 budget, the following areas represents the focus of Ekiti State for the fiscal year. Education economy accounts for 7.9% of total expenditure while agriculture takes 6.27%.

Infrastructure and industrial development, social investment and other sectors accounted for the remaining percentage of the 2025 appropriation bill.

LAGOS STATE BUDGET ANALYSIS

Introduction

As a beacon of progress and innovation, Lagos State has described 2025 as a transformative year. The State is poised at setting new benchmarks for excellence in governance, infrastructure, and social development. This is anchored on the THEME agenda which covers, Traffic Management and Transportation, Health and Environment, Education and Technology, Making Lagos a 21st Century Economy, Entertainment and Tourism, as well as Security and Governance. Lagos State has made significant investment in transportation infrastructure which reflects in different modes of transportation.

Highlights of Lagos State 2025 Budget

As shown, Lagos State's budget from 2021 to 2025 witnessed a significant growth, reflecting government's fiscal priorities and responses to economic conditions. The growth in the State's budget growth underscored its commitment to infrastructure development, public services, and economic resilience. In 2021, Lagos State's approved budget stood at ₦971.03 billion, with recurrent expenditure accounting for ₦458.66 billion and capital expenditure making up ₦704.86 billion. The budget was targeted at addressing healthcare, social, and economic needs, highlighting the State's adaptive fiscal response.

Table 5: Trend Analysis of Lagos State Budget from 2021-2025

Year	Approved Budget	Recurrent Expenditure	Capital Expenditure
2021	₦971,028,385,166.53	₦458,661,317,445.81	₦704,861,143,271.61
2022	₦1,758,196,646,844.00	₦762,278,176,184.71	₦995,918,470,659.29
2023	₦1,695,670,649,640.39	₦746,412,324,492.54	₦946,258,325,147.85
2024	₦2,267,976,121,869.00	₦952,430,567,998.00	₦1,315,545,553,871.00
2025	₦3,366,815,224,144.00	₦1,295,630,197,452.00	₦2,071,185,026,692.00

Data: State Ministries of Budget and Economic Planning | Table: DAWN Research

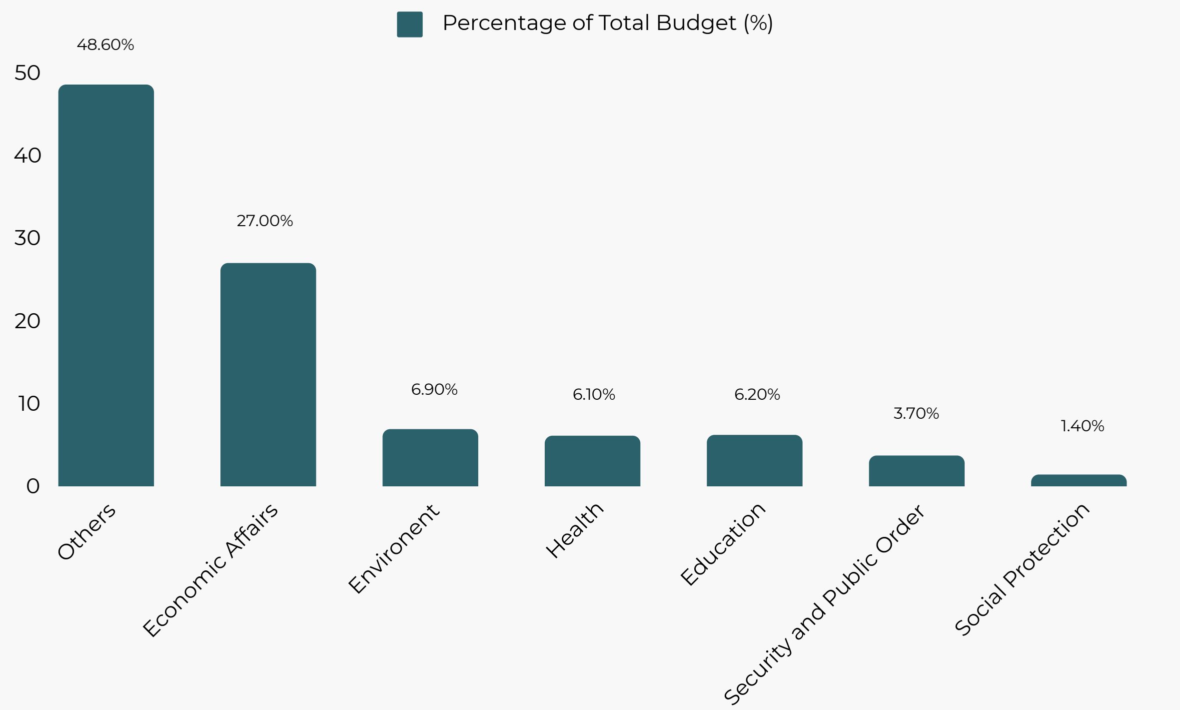
The budget rebounded significantly in 2022, reaching ₦1.758 trillion, a clear indication of the government's plans to stimulate economic growth. Of this amount, ₦762.28 billion was allocated to recurrent expenditure, while ₦995.92 billion was dedicated to capital expenditure.

In 2023, the budget saw a marginal decrease to ₦1.696 trillion, with recurrent expenditure at ₦746.41 billion and capital expenditure at ₦946.26 billion. The budget expanded in 2024, rising to ₦2.268 trillion, with recurrent expenditure at ₦952.43 billion and capital expenditure at ₦1.316 trillion.

This increase signals the State's commitment to addressing infrastructure gaps; and by prioritizing capital expenditure, Lagos State aimed to maintain its economic competitiveness.

The Lagos State 2025 budget of ₦3.367 trillion represented 48.45% of 2024 budget; with recurrent expenditure allocated at ₦1.296 trillion, while capital expenditure accounted for ₦2.071 trillion. This represents a significant shift toward capital-intensive projects, reflecting the State's strategic focus on sustainable development and economic transformation.

Fig 5: Sectoral Composition of Lagos State 2025 Budget



Data: State Ministries of Budget and Economic Planning | Chart: DAWN Research

OGUN STATE BUDGET ANALYSIS

Introduction

The year 2025 is a year of renewed opportunity to foster an economy that promotes growth, equity, and resilience through sustainable development plans. The **ISEYA** mantra focuses on State Development Agenda which includes industrialization and infrastructure development, Human Capital Development, Oil and Gas, among others. Ogun is set to join the league of oil-producing States in the country with the receiving of a delegation from the Federal Government in Abeokuta, the State capital. Similarly, the Ogun State Electricity Commission (OGERC), has been approved by the Nigerian Electricity Regulatory Commission (NERC) to provide regulatory oversight, thereby allowing Ogun State to regulate the generation, transmission, and distribution of power.

Highlights of Ogun State 2025 Budget

The trend analysis of Ogun State's total budget shows that the size of the State's annual budget has fluctuated significantly from 2021 to 2025. In 2021, the approved budget was ₦338.61 billion, with recurrent expenditure at ₦166.71 billion (49.2%) and capital expenditure at ₦171.90 billion (50.8%).

By 2022, the budget increased by 3.6% to ₦350.74 billion, with recurrent expenditure dropping to 43.7% and capital expenditure rising to 56.3%, indicating a shift toward infrastructure and development projects.

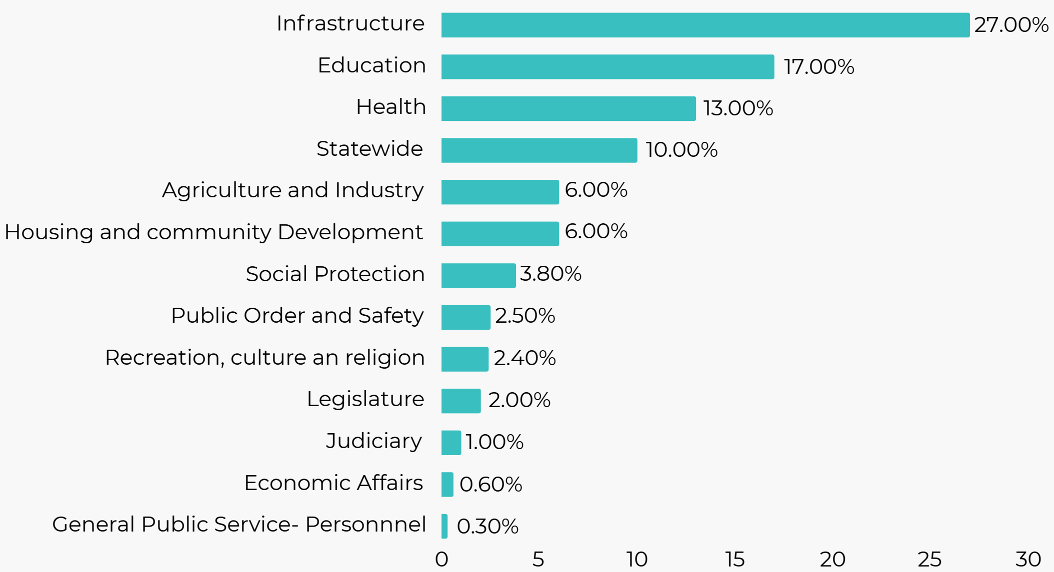
In 2023, the budget saw a 34.6% increase to ₦472.25 billion. Recurrent expenditure accounted for 42.9%, while capital expenditure rose to 57.1%, continuing the trend of prioritizing development. The 2024 budget experienced a remarkable 48.9% growth to ₦703.03 billion, with recurrent expenditure at 40.9% and capital expenditure at 59.1%. This significant rise underscores the State's focus on long-term infrastructure and economic projects. The 2025 budget is projected to grow by 49.9% to ₦1.05 trillion, with recurrent expenditure at 43.0% and capital expenditure at 57.0%. The 2025 budget suggests a strong commitment to infrastructure and economic growth. The consistent increase in capital expenditure indicates a focus on long-term development, which is likely to enhance the State's economic performance and improve citizens' quality of life. However, nominal value of recurrent expenditure increased in 2025 compared to 2024, mainly due to increased wage bills and other personnel costs. The State must ensure efficient public finance management and explore innovative revenue generation strategies to sustain this growth trajectory and achieve its developmental goals.

Table 6: Trend Analysis of Ogun State Budget from 2021-2025

Year	Approved Budget	Recurrent Expenditure	Capital Expenditure
2021	₦338,610,943,021.86	₦166,712,804,295.18	₦171,898,138,726.68
2022	₦350,735,149,739.57	₦153,180,475,947.76	₦197,554,673,791.81
2023	₦472,250,694,447.58	₦202,644,755,724.27	₦269,605,938,723.31
2024	₦703,028,013,432.00	₦287,371,611,154.00	₦415,656,402,278.00
2025	₦1,054,152,458,405.00	₦453,169,476,000.00	₦600,982,982,405.00

Data: State Ministries of Budget and Economic Planning | Table: DAWN Research

Fig 6: Sectoral Analysis of Ogun State 2025 Budget



Data: State Ministries of Budget and Economic Planning | Chart: DAWN Research

For sectoral priorities, Ogun State's 2025 budget shows that infrastructure received the largest share at 27%, emphasizing road construction and development of other public amenities. Education follows at 17%, highlighting investments in schools and teacher training, while health gets 13% to improve healthcare services.

Housing and community development was 6%, focusing on affordable housing while the State also paid attention to social protection, economic affairs other economic activities. This approach aims to drive sustainable development and improve residents' quality of life.

ONDO STATE BUDGET ANALYSIS

Introduction

For Ondo State, 2025 has been declared as a year of infrastructural development for the purpose of improving the welfare of the citizen. This is predicated upon the State's strategic focus which includes Agriculture, Energy and Mining, The Blue Economy, Oil and Gas, ICT Tourism, Transportation and Logistics. Ondo State is among the four southwest States whose capital expenditure exceeds the recurrent expenditure, thereby underscoring the focus on infrastructural development.

Highlights of Ondo State 2025 Budget

Like other States in the region, the size of Ondo State budget grew consistently from 2021 to 2025. From N174.87billion in 2021, Ondo State budget grew to N199.28billion in 2022 representing a 14% increase from the 2021 budget. This trend continued in 2023 and 2024 with the budget of N275.97billion and N395.25billion respectively, representing another 38.48% and 98.33% increase compared to 2022 budget.

The 2025 budget of N698.65 billion depicts about 76.76% increase from 2024 budget and in fact surpassed the cumulative budget of the State between 2022 to 2024 respectively.

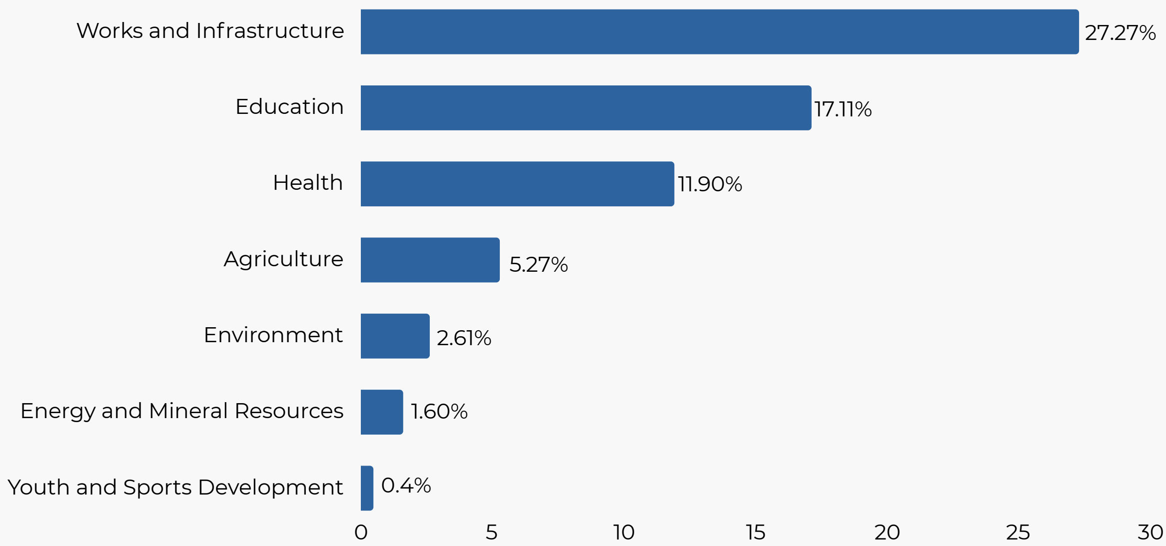
The 2021 recurrent expenditure was 70.5% (₦166.71 billion) of the total budget, while capital expenditure was 29.5% (₦69.92 billion). By 2022, recurrent expenditure decreased to 56.9% (₦113.31 billion), and capital expenditure increased to 43.1% (₦85.97 billion). In 2023, recurrent expenditure further dropped to 47.0% (₦129.84 billion), with capital expenditure rising to 53.0% (₦146.14 billion). This trend continued in 2024, with recurrent expenditure at 43.8% (₦173.00 billion) and capital expenditure at 56.2% (₦222.26 billion). By 2025, recurrent expenditure is projected to be 37.9% (₦265.04 billion), while capital expenditure will dominate at 62.1% (₦433.62 billion), reflecting a strong focus on infrastructure and development projects.

Table 7: Trend Analysis of Ondo State Budget from 2021-2025

Year	Approved Total Budget	Recurrent Expenditure	Capital Expenditure
2021	₦174,873,305,526.00	₦166,712,804,295.18	₦69,915,484,356.00
2022	₦199,282,437,000.00	₦113,314,604,011.00	₦85,967,832,989.00
2023	₦275,979,184,000.00	₦129,839,411,000.00	₦146,139,773,000.00
2024	₦395,257,000,000.00	₦172,997,172,500.00	₦222,259,827,500.00
2025	₦698,659,496,000.00	₦265,037,496,000.00	₦433,622,000,000.00

Data: State Ministries of Budget and Economic Planning | Table: DAWN Research

Fig 7: Sectoral Analysis of Ondo State 2025 Budget



Data: State Ministries of Budget and Economic Planning | Chart: DAWN Research

Further analysis shows that the three important sectoral focus of Ondo State's budget in 2022 include works and infrastrucuture (27.27%), education (17.11%) and health (11.90%) respectively. Works and Infrastructure receive the highest allocation at 27.27%, indicating a strong focus on developing and maintaining physical infrastructure to drive economic growth and improve living standards.

Education follows with 17.11%, highlighting the importance of investing in human capital through schools and training programs. Health is allocated 11.90%, reflecting the need to enhance healthcare services and public health outcomes. Agriculture, with 5.27%, underscores efforts to boost food security and support the agricultural sector, which is vital for economic stability and rural development.

OYO STATE BUDGET ANALYSIS

Introduction

Referencing the nation's struggle with economic challenges throughout 2024, with high inflation which eroded the people's purchasing power, Oyo State focus in 2025 is to ease resident's economic burdens in the year. In addition to the establishment of Oyo State Ministry of culture and Tourism on tourism investment, the State's policy attention, as contained in the State's Development Plan, include Agriculture, poultry, livestock, Solid mineral, Sustainable Energy and Tourism.

Highlights of Oyo State 2025 Budget

In terms of budget analysis, the size of the State's budget has increased over time similar to other States in the region. As shown, Oyo State budget for 2022 was N294.70billion which is about 9.65% growth from the 2021 budget of N268.77billion. Furthermore, Oyo State's budget increased by 5.33% and 41.15% in 2023 and 2024 respectively with the budget size of N310.42billion and 438.44billion. In 2025, State's fiscal allocation increased by 54.65% to stand at 678.08billion.

Table 8: Trend Analysis of Oyo State Budget from 2021-2025

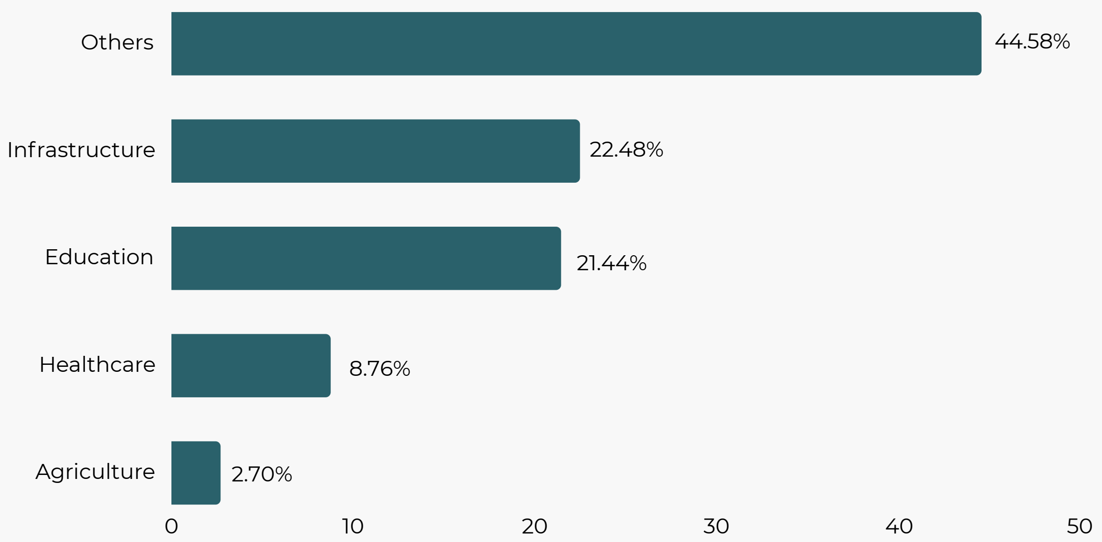
	Approved Budget	Recurrent Expenditure	Capital Expenditure
2021	₦268,770,552,584.00	₦138,389,688,354.49	₦130,381,276,505.52
2022	₦294,704,585,356.00	₦140,026,448,385.94	₦154,678,136,971.00
2023	₦310,432,500,000.00	₦155,677,133,034.38	₦154,755,366,965.64
2024	₦438,447,878,548.00	₦213,538,475,739.00	₦224,909,402,809.45
2025	₦678,086,767,332.18	₦335,057,819,115.98	₦343,028,948,216.20

Data: State Ministries of Budget and Economic Planning | Table: DAWN Research

In terms of composition, the trend is similar to some of other States in the region and thus depicts the structure of the State's economy which concentrates on maintaining government statutory responsibilities in those periods. In 2021, the recurrent expenditure was ₦138.39 billion (51.5% of the total budget), while capital expenditure was ₦130.38 billion (48.5%). By 2022, recurrent expenditure slightly increased to ₦140.03 billion (47.5%), and capital expenditure rose to ₦154.68 billion (52.5%). In 2023, recurrent expenditure grew to ₦155.68 billion (50.1%), with capital expenditure at ₦154.76 billion (49.9%).

The 2024 budget saw a substantial rise, with recurrent expenditure at ₦213.54 billion (48.7%) and capital expenditure at ₦224.91 billion (51.3%). By 2025, recurrent expenditure is projected to increase to ₦335.06 billion (49.4%), and capital expenditure to ₦343.03 billion (50.6%). The percentage increase in recurrent expenditure from 2021 to 2025 is 142.1%, while capital expenditure increased by 163.1%. This indicates focus on development projects, with a slight emphasis on capital expenditure to drive infrastructure and economic growth.

Fig 8: Sectoral Analysis of Oyo State 2025 Budget



Data: State Ministries of Budget and Economic Planning | Chart: DAWN Research

The sectoral composition of Oyo State's budget shows that 44.58% is allocated to "Others," indicating significant funding for various unspecified sectors or administrative costs. Infrastructure receives 22.48%, reflecting the government's focus on roads, transport, and public utilities. Education follows with 21.44%, emphasizing investments in learning facilities and teacher welfare. Healthcare gets 8.76%, suggesting a need for increased funding to enhance medical services and facilities. Agriculture receives the smallest share at 2.70%, indicating limited direct investment despite its economic importance. The dominance of "Others" highlights potential for reallocation to critical sectors like healthcare and agriculture for balanced development.

OSUN STATE BUDGET ANALYSIS

Introduction

The Osun State's strategic focus for 2025 is to facilitate ease of doing business, intensify existing hard infrastructure upgrades across the State and improve on citizens' welfare through inclusive governance. This focus is in tandem with the State's 5-Point Agenda which include workers' welfare, financial inclusion, localization, people-centered infra upgrade, social sector upliftment, and agro-industrialisation. Although, infrastructural development accounts for about 25% of the total proposed expenditure for 2025, the recurrent expenditure still exceeds capital expenditure, which calls for a strategic approach to change this trajectory.

Highlights of Osun State 2025 Budget

The budget analysis presented depict that the Osun State's budget trajectory has increased in size, similar to other States in the region. Specifically, from N109.85billion in 2021, the State's budget increased to 129.75billion in 2022 but increased slightly to 138billion in 2023. During these years capital expenditure was more than the recurrent expenditure. indicating the government's prioritization of creating productive sector instead of maintaining the status quo. In 2024, the State's budget was 273.90billion while maintaining the episodes of higher capital expenditure more than recurrent expenditure. In 2025, the budget grew by 41.12% from N273.90 in 2024 to N427.74 in 2025.

Table 9: Trend Analysis of Osun State Budget from 2021-2025

Year	Approved Budget	Recurrent Expenditure	Capital Expenditure
2021	₦109,855,051,640.00	₦50,620,283,140.00	₦59,234,768,500.00
2022	₦129,756,450,790.00	₦53,893,627,990.00	₦75,862,822,800.00
2023	₦138,265,988,140.00	₦99,206,540,430.00	₦39,059,447,710.00
2024	₦273,908,997,410.00	₦164,060,976,700.00	₦109,848,020,710.00
2025	₦427,746,925,170.00	₦245,797,093,940.00	₦144,231,183,800.00

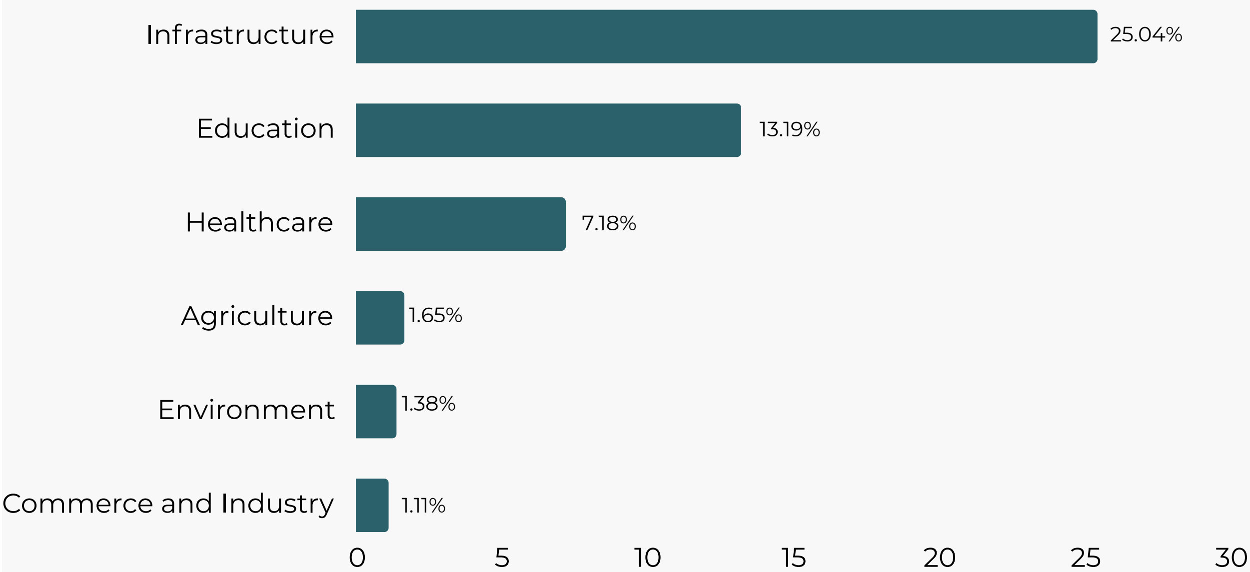
Data: State Ministries of Budget and Economic Planning | Table: DAWN Research

In terms of sectors, the infrastructure accounts for 25.04% of the 2025 budget while others include education (13.19%), health (7.18%) and agriculture (1.65%). The remaining percentage account for the other sectors that are not captured under the items we already discussed. Specifically, the sectoral analysis shows that the percentage allocation to infrastructure receives the highest allocation, reflecting a strong government focus on roads, transport, and public utilities. Education follows with 13.19%, emphasizing investment in learning facilities and workforce development.

Healthcare gets 7.18%, indicating moderate attention to medical services, though potentially insufficient given sector demands. Agriculture is allocated 1.65%, suggesting limited direct investment despite its economic importance.

Environment receives 1.38%, indicating minimal funding for sustainability and climate-related concerns. Commerce and Industry get the lowest share at 1.11%, highlighting a limited focus on business and economic diversification

Fig 9: Sectoral Analysis of Osun State 2025 Budget



Data: State Ministries of Budget and Economic Planning | Chart: DAWN Research

About DAWN Commission

The Development Agenda for Western Nigeria (DAWN) Commission is the think-tank established in July 2013 by the six Governments of the States of Southwest region of Nigeria to manage their regional integration and development agenda. Our mandate is to strengthen socio-economic competitiveness of the region by facilitating sustainable working relationships among state and non-state development stakeholders.

Operating on the five pillars of economic development, social and human development, infrastructure, building inclusive institutions, and homeland affairs, DAWN Commission is a valuable partner to development stakeholders and enthusiasts interested in leveraging the regional integration agenda to promote shared goals and objectives.

Credits

This Budget Analysis is published by the Economic Development and Research Department of the Development Agenda for Western Nigeria (DAWN) Commission.

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