

Our Ref. No. DB/510/88
Ondo State Budget Office,
Ministry of Economic Planning
& Budget, Alagbaka, Akure.
19th October, 2026

CIRCULAR LETTER TO:

The Chief of Staff to Mr. Governor,
The Deputy Chief of Staff to Mr. Governor,
The Head of Service,
The Secretary to the State Government,
State Commissioners,
Special Advisers,
The Chairmen of Commissions/Boards/Agencies,
Senior Special Assistants to Mr. Governor,
The Permanent Secretaries/Tutors-General/Directors-General,
The Clerk, Ondo State House of Assembly,
The Chief Registrars,
The State Accountant-General,
The State Auditor-General,
The Auditor-General for Local Government,
The State Statistician-General,
Registrars of State-Owned Tertiary Institutions,
General Managers/Heads of Non-Ministerial Departments,
All Budget Officers.

2027 ADVANCE PROPOSALS AND DRAFT ESTIMATES

INTRODUCTION

Pursuant to Section 121(1) of the Constitution of the Federal Republic of Nigeria, 1999, as amended, each State Government is required to present its annual estimates of revenue and expenditure to the State House of Assembly for consideration and approval. In accordance with the provisions of the Ondo State Fiscal Responsibility Law, 2017, this Office has commenced the processes for the preparation of the 2027 Budget Estimates. The Estimates shall be guided by the vision and strategic objectives of the present Administration, as articulated in the OUR EASE Agenda and the State Development Plan (2026-2055).

2. An effective budget process is essential for planning the annual revenue and expenditure of government and ensuring prudent fiscal management, transparency, and accountability. Accordingly, this Circular sets out the criteria for revenue estimation and the guidelines for preparing expenditure proposals covering Personnel Costs, Overhead Costs, and Capital Expenditure for the 2027 Budget. All Ministries, Extra-Ministerial Departments, and Agencies

(MEDAs) are hereby enjoined to comply strictly with the guidelines and procedures contained in this Circular.

OVERVIEW OF THE ECONOMY

Global Economic Outlook

3. As of October 2026, the global economic outlook remains characterised by resilience amid heightened geopolitical uncertainty, energy-market disruptions, renewed inflationary pressures and persistent trade fragmentation. In its October 2026 World Economic Outlook (WEO), the International Monetary Fund (IMF) projects global growth of 3.1% in 2026 and 3.4% in 2027, compared with 3.5% in 2025. The 2026 projection represents an upward revision from the July 2026 forecast of 3.0%, reflecting stronger-than-expected investment in artificial intelligence (AI) infrastructure and related technologies. However, benefits remain unevenly distributed. Advanced economies are projected to grow by 2.1% in 2026, while Emerging Market and Developing Economies (EMDEs) are expected to expand by 3.7%, constrained by energy-price shocks, external financing pressures and geopolitical tensions (IMF, October 2026).

4. The ongoing Middle East conflict remains a major source of global economic uncertainty, affecting energy supplies, shipping routes, commodity prices and production costs. Brent crude oil prices have remained above US\$100 per barrel amid supply disruptions, increasing transport, food, fertilizer and manufacturing costs. The IMF projects global headline inflation at approximately 4.7% in 2026, moderating to 4.1% in 2027. However, elevated energy prices could delay disinflation and complicate monetary policy decisions. India is projected to grow by 7.0% in 2026, China by 4.5% and the United States by 2.3%, while euro area growth is expected to remain subdued at approximately 1.1%. These differences reflect variations in domestic demand, exposure to energy shocks, investment conditions and participation in technology-related supply chains (IMF, October 2026).

5. Key downside risks include an escalation of the Middle East conflict, further global trade fragmentation, a correction in AI-related investment and financial-market valuations, rising sovereign debt and higher borrowing costs. Climate-related disruptions affecting agricultural production and food supplies could intensify inflationary pressures. EMDEs are particularly vulnerable because of limited fiscal space, high debt-servicing costs, commodity-price volatility, unemployment and poverty. These risks underscore the need to maintain price stability, rebuild fiscal buffers, strengthen energy and supply-chain resilience, improve productivity and implement structural reforms. Although the global economy remains resilient, stronger growth in 2027 will depend on easing geopolitical tensions, stabilising energy supplies

and translating technology investment into sustainable productivity gains. Policymakers must balance inflation control with measures that promote investment, employment, inclusive growth and long-term economic resilience.

Nigerian Economic Outlook

6. Nigeria's economic outlook remains moderately positive, supported by ongoing macroeconomic reforms, growth in non-oil activities and the potential benefits of higher international oil prices. According to the IMF's October 2026 World Economic Outlook, Nigeria's real Gross Domestic Product (GDP) is projected to grow by 4.2% in 2026, reflecting continued economic expansion despite external uncertainties and domestic structural constraints. This outlook is consistent with the broader resilience observed across Sub-Saharan Africa, where growth is supported by domestic economic adjustments and structural reforms. Nevertheless, the extent to which Nigeria benefits from higher oil prices will depend on crude oil production volumes, export performance, foreign-exchange inflows and the effective management of oil revenues. Sustaining growth over the medium term will require improvements in electricity supply, infrastructure, agricultural productivity, private investment and the business environment (IMF, October 2026).

7. Inflation remains a major macroeconomic and social policy concern despite recent moderation. Nigeria's year-on-year headline inflation declined to 14.63% in September 2026 from 15.39% in August, while food inflation remained elevated at 19.59%, constraining household purchasing power. Rising global energy, fertiliser and transportation costs arising from geopolitical disruptions could complicate domestic disinflation. The IMF's June 2026 Article IV assessment projected average inflation of 16.0% for 2026, while highlighting the risk of renewed external fuel and food price shocks.

8. Recent reforms in petroleum pricing, foreign-exchange management and tax administration have supported macroeconomic stability, but their benefits must translate into lower living costs, stronger employment and improved household welfare. Sustained progress requires consistent monetary and fiscal policies, stronger domestic revenue mobilisation, increased non-oil exports, improved agricultural and industrial productivity, and targeted social protection. Strengthening fiscal transparency and debt management while prioritising growth-enhancing public investment will also be essential. Overall, Nigeria's economic prospects remain favourable but subject to significant risks, underscoring the importance of policy consistency, diversification and inclusive growth (IMF, June and October 2026; National Bureau of Statistics data reported in October 2026).

PERFORMANCE OF KEY MACROECONOMIC VARIABLES

National Real GDP Growth

9. Nigeria's real GDP growth was estimated at 3.9%–4.0% in 2025, supported by services, agricultural recovery and improved oil production. For 2026, the IMF projected growth of 4.1%, reflecting improved crude oil production, resilient services and sustained non-oil activity. However, inadequate infrastructure, power supply constraints, inflation, insecurity and limited economic diversification continue to constrain growth. Despite projected expansion above the global average, stronger growth is needed to address poverty, rising living costs and employment challenges.

Inflation

10. Nigeria's average headline inflation moderated to approximately 23% in 2025, from 33.2% in 2024, supported by tighter monetary policy, exchange rate adjustments and economic reforms. However, inflationary pressures resurfaced in 2026, with headline inflation rising from approximately 15.1% in February to 15.93% in May. Higher food and transportation costs, partly driven by global energy-price increases associated with the Middle East conflict, contributed to this trend. The IMF projected average inflation of approximately 16.0% for 2026, with moderation dependent on global conditions and effective domestic policies.

Exchange Rate Deregulation

11. The naira demonstrated improved stability in 2026 following significant depreciation pressures in 2024 and early 2025, reportedly trading within ₦1,350–₦1,380 per US dollar in the official market. This improvement was attributed to foreign exchange reforms, increased oil revenues, higher remittance inflows, improved external reserves and measures by the Central Bank of Nigeria to enhance market liquidity. Greater stability is expected to support business planning and investor confidence, although oil-price fluctuations, domestic inflation and capital-flow reversals remain risks.

12. For the remainder of 2026, the naira was projected to trade within ₦1,350–₦1,500 per US dollar, subject to sustained oil earnings, stronger non-oil exports and sound macroeconomic management. Maintaining stability will require continued foreign exchange reforms, increased foreign exchange earnings and reserve accumulation to reduce the risk of renewed volatility.

OVERVIEW OF THE ONDO STATE ECONOMY

13. Ondo State has a diverse, resource-rich economy, with GDP estimated at approximately ₦8.77 trillion in 2023, ranking ninth among Nigeria's 36 states, according to the Nigeria Governors' Forum (NGF) Public Finance Database. Agriculture remains a major economic pillar, with significant production of cocoa, oil palm, cassava, yams and timber. Initiatives such

as the Red Gold Project seek to expand oil palm production and related value chains, while opportunities exist in agro-processing, commercial farming and value addition. The State's oil and gas resources, solid minerals, coastal location and human capital also provide opportunities for economic diversification, industrialisation and employment generation.

14. Ondo State's mineral resources, including bitumen, limestone and titanium-bearing minerals, offer prospects for industrial development, revenue generation and job creation. In October 2026, the State Government reportedly signed a US\$362 million Public-Private Partnership agreement with PyVee Limited to establish a titanium processing plant at Alape, Ilaje Local Government Area. Facilitated by the Ondo State Development and Investment Promotion Agency (ONDIPA), the proposed project is expected to promote local mineral processing, technology transfer and employment, subject to successful implementation. The State's economic potential can be further enhanced through improved infrastructure, increased private investment and greater value addition to its natural resources.

15. Additional growth opportunities exist in tourism, manufacturing, services and the blue economy. Attractions such as Idanre Hills, the State's cultural heritage and coastal assets offer prospects for tourism, fisheries and marine-related activities, while agro-allied and manufacturing industries can strengthen local production. ONDIPA continues to promote investment in agriculture, energy, mining, tourism and information and communication technology. Effective implementation of these initiatives, alongside stronger infrastructure and investment facilitation, will be essential to expanding economic output, improving internally generated revenue and creating sustainable employment.

Implications for the 2027 Budget

16. In view of the foregoing economic outlook, a cautious, strategic, and evidence-based approach is required in preparing the 2027 Budget Estimates. MEDAs are, therefore, enjoined to adopt innovative and practical approaches to budget formulation, prioritising programmes and projects that address prevailing economic challenges, improve service delivery, stimulate economic activity, protect vulnerable populations, and ensure the efficient utilisation of available public resources.

2026 BUDGET ALLOCATION AND PERFORMANCE

17. The analysis of Ondo State's 2026 Budget allocation and performance for the period January–June 2026 is presented in the sections below.

Budget Allocation

18. The total approved budget for 2026 is ₦775.52 billion, comprising ₦271.45 billion for recurrent expenditure and ₦503.76 billion for capital expenditure. The approved budget also includes ₦24.75 billion for debt servicing and ₦42.77 billion for transfers.

Revenue Performance

19. As of September 2026, the State's revenue performance was reported at 75.41% of the full-year target including the roll-over fund. The revenue sources with notable performance included Value Added Tax (VAT) receipts at 77.62%, grants at 85.70%, mineral derivation revenue at 80.08%, solid mineral revenue at 42.65%, excess non-oil revenue at 62.47%, and foreign loans at 49.49%.

Table 1: Revenue Performance (Jan-Sept. 2026)

REVENUE ITEMS	2026 APPROVED REVISED BUDGET	ACTUAL BUDGET PERFORMANCE (JAN-SEPT.)	% PERFORMANCE
OPENING BALANCE	218,124,823,378.45	218,124,823,378.45	100.00%
STATUTORY ALLOCATION	101,705,000,000.00	76,862,115,304.89	75.57%
MINERAL DERIVATION	45,214,000,000.00	36,208,828,709.45	80.08%
SHARE OF VAT	100,500,000,000.00	78,013,022,680.09	77.62%
EXCHANGE GAIN	11,501,095,876.00	-	0.00%
ECOLOGICAL FUND	7,953,419,143.00	993,972,113.25	12.50%
ELETRONIC MONEY TRANSFER LEVY (EMTL)	2,789,685,012.00	441,858,852.81	15.84%
NLNG DIVIDEND	-	-	-
OTHER FAAC DISTRIBUTIONS	10,000,000,000.00	11,566,687,058.44	115.67%
STATE INFRASTRUCTURE AND SECURITY	81,500,000,000.00	54,500,000,000.00	66.87%
SOLID MINERAL	1,734,117,336.00	739,618,921.36	42.65%
EXCESS NON OIL	8,173,501,831.55	5,106,063,890.75	62.47%
DOMESTIC LOANS/ BORROWINGS FROM FINANCIAL INSTITUTIONS	20,520,725,000.00	-	0.00%
FOREIGN LOANS	97,003,551,500.00	48,004,312,195.00	49.49%
IGR	59,828,310,695.00	47,487,304,958.02	79.37%
AIDS	1,500,000,000.00	374,948,971.25	25.00%
GRANTS	7,470,000,000.00	6,401,957,044.50	85.70%
TOTAL	775,518,229,772.00	584,825,514,078.26	75.41%

Note: The performance figures are yet to be audited

Expenditure Performance

20. Actual expenditure as at September 2026 stood at ₦306.866 billion, representing approximately 39.57% of the full-year approved revised budget. Recurrent expenditure stood at approximately 58.50% of its revised allocation, while capital expenditure amounted to ₦147.89 billion, representing approximately 29.36% of its revised allocation. MEDAs are, therefore, expected to improve budget planning, procurement readiness, project execution, and expenditure reporting to enhance the timely and effective implementation of the State's budget.

Table 2: Expenditure Performance (Jan-Sept. 2026)

EXPENDITURE ITEMS	2026 APPROVED REVISED BUDGET	ACTUAL BUDGET PERFORMANCE (JAN-SEPT.)	% PERFORMANCE
RECURRENT EXPENDITURE			
SALARY AND WAGES	79,210,704,328.22	53,875,131,092.62	68.01%
OVERHEAD COST	63,286,293,650.00	28,561,046,571.54	45.13%
SOCIAL CONTRIBUTION AND SOCIAL BENEFITS	36,894,085,000.00	26,426,145,729.54	71.63%
GRANTS AND CONTRIBUTIONS	24,836,050,000.00	14,655,341,107.80	59.01%
PUBLIC DEBT CHARGES	24,754,856,000.00	18,070,111,004.64	73.00%
TRANSFERS-PAYMENT	42,772,300,000.00	17,383,264,272.21	40.64%
TOTAL RECURRENT EXPENDITURE	271,754,288,978.22	158,971,039,778.35	58.50%
CAPITAL EXPENDITURE	503,763,940,793.78	147,894,741,396.36	29.36%
TOTAL	775,518,229,772.00	306,865,781,174.71	39.57%

Note: The performance figures are yet to be audited

2027–2029 MACROECONOMIC FRAMEWORK

21. In preparing the medium-term revenue and expenditure framework, the State has considered and adopted the relevant macroeconomic assumptions and projections recommended by the Nigeria Governors' Forum (NGF) Secretariat, considering prevailing economic conditions and emerging fiscal realities. The assumptions and projections underpinning the 2027–2029 framework are presented in the table below.

Table 3: Macroeconomic and Mineral Sector Assumptions for 2027–2029

Macro-Mineral Item	Year				Basis
	2026	2027	2028	2029	
National Real GDP Growth	4.10%	4.30%	4.30%	4.30%	Based on IMF April 2026 WEO
National Inflation	16.00%	15.90%	14.00%	12.00%	Based on IMF April 2026 WEO
Nominal GDP (Trillion Naira)	484.77	545.81	609.13	673.44	Based on IMF April 2026 WEO Growth Projections and 2025 Actual Nominal GDP
Crude Oil Price Actual	\$82	\$65	\$70	\$75	EIA Forecast for 2026 and 2027, steady increase into 2028 and 2029
Crude Oil Price Benchmark	\$70	\$60	\$65	\$70	\$5 below forecast Actual Price to allow for fluctuations for 2027-2029
Crude Oil Production (MBPD)	1.70	1.75	1.80	1.85	Moderate increase over the period the MTEF (includes lease condensate)
NGN:USD Exchange Rate	1,400	1,400	1,400	1,400	Current Rate
Mineral Ratio	20%	20%	20%	20%	2026 is based on Jan-Jun actuals. Assumes some efficiency gains from 2027 onwards.
FAAC Deductions (Trillion)	10.00	8.00	6.00	5.00	Based on 2023-2026 Trend, and considering post election spending

2027 ONDO STATE FISCAL FRAMEWORK

22. The proposed 2027 Fiscal Framework for Ondo State projects aggregate revenue and expenditure of ₦765.41 billion. The detailed composition of the framework, including the projected revenue sources, recurrent expenditure, capital expenditure, debt servicing, and transfers, is presented in the accompanying table.

Table 4: Ondo State Fiscal Framework 2027–2029

	2026 REVISED BUDGET	2027 PROPOSED BUDGET	2028 PROPOSED BUDGET	2029 PROPOSED BUDGET
Recurrent Revenue				
Statutory Allocation	101,705,000,000	101,363,172,363	106,431,330,981	117,074,464,080
Net Derivation	45,214,000,000	51,234,425,338	53,796,146,605	59,175,761,266
VAT	100,500,000,000	106,747,481,678	115,287,280,213	125,663,135,432
Independent Revenue (IR)	59,858,310,695	66,975,926,639	82,112,442,469	101,236,888,890
Exchange Gain	11,501,095,876	-	-	-
Ecological Fund	7,953,419,143	1,789,149,804	1,824,932,800	1,861,431,456
State Infrastructure & Security	81,500,000,000	67,500,000,000	68,850,000,000	70,227,000,000
Excess Non-Oil & Solid Minerals	9,907,619,168	10,522,229,062	10,732,673,643	10,947,327,116
Electronic Money Transfer Levy (EMTL)	2,789,685,012	-	-	-
Other FAAC Revenue	10,000,000,000	11,200,937,905	11,424,956,664	11,653,455,797
Total Recurrent Revenue	430,929,129,894	417,333,322,790	450,459,763,375	497,839,464,036
Capital Receipts				
Grants	8,940,000,000	13,886,142,000	15,142,142,000	15,892,142,000
Other Capital Receipts	218,124,823,378	218,464,692,451	82,950,000,000	68,000,000,000
Total	227,064,823,378	232,350,834,451	98,092,142,000	83,892,142,000
Financing (Loans from Development Partners)				
	117,524,276,500	115,730,451,000	70,458,550,000	34,734,817,000
Total Budget Size	775,518,229,772	765,414,608,241	619,010,455,375	616,466,423,036

POLICY THRUSTS AND STRATEGIES

23. The Government's policy thrusts and priorities for the 2027 fiscal year are designed to deepen ongoing reforms, accelerate socioeconomic development, and improve the welfare of citizens. The following strategic priorities shall guide the preparation of MEDAs' budget proposals.

Policy Thrust	Key Strategies
1. Agricultural Productivity and Food Security	i. Scale up mechanisation, irrigation, improved inputs, and climate-smart agricultural practices. ii. Strengthen agricultural value chains, agro-processing, storage, and market access. iii. Expand access to affordable finance for smallholder farmers and agribusinesses.
2. Human Capital Development and Employment	i. Improve the quality of education, healthcare, and technical and vocational training. ii. Expand youth employability, entrepreneurship, digital skills, and job creation initiatives. iii. Strengthen partnerships with the private sector for skills development and employment opportunities.
3. Infrastructure Development and Urban Renewal	i. Accelerate investment in roads, transport, energy, water, sanitation, housing, and digital infrastructure. ii. Prioritise maintenance, rehabilitation, and completion of critical infrastructure projects. iii. Promote public-private partnerships in infrastructure delivery.
4. Fiscal Sustainability and Economic Development	i. Strengthen technology-driven revenue administration, collection, and compliance while reducing revenue leakages. ii. Broaden the internally generated revenue base and improve financial accountability. iii. Strengthen MSMEs, local production, innovation, and private-sector investment to promote sustainable economic growth and development.
5. Social Inclusion, Community Development and Environmental Resilience	i. Strengthen social protection and improve access to healthcare, education, housing, water, and sanitation for vulnerable communities. ii. Promote community-driven development and strengthen resilience to social, economic, and environmental challenges. iii. Promote environmental protection, climate adaptation, sustainable waste management, and resilient infrastructure.
6. Security of Lives and Properties	i. Strengthen security measures to protect lives and properties. ii. Enhance collaboration among security agencies and communities. iii. Improve timely response to security threats and emergencies.

GUIDELINES FOR THE PREPARATION AND SUBMISSION OF THE 2027 DRAFT ESTIMATES

24. In accordance with the Ondo State Fiscal Responsibility Law, 2017, the State is required to prepare a comprehensive Medium-Term Revenue Framework (MTRF) and Medium-Term Expenditure Framework (MTEF). These frameworks provide a basis for projecting revenue and expenditure over the medium term and ensuring a coherent, sustainable, and fiscally responsible financial plan. The process integrates policy planning with budgeting and comprises key components, including:

i. **Medium-Term Expenditure Framework (MTEF):** Outlines the State's Medium-Term Fiscal Strategy, expenditure priorities, and resource allocation framework. This has been concluded by the State's MTEF drafting committee, awaiting Exco's approval. It provide the guideline for MTSS preparation to MEDAs and include alignment with the Vision 2055 and OUR EASE agenda.

ii. **Medium-Term Sector Strategy (MTSS):** Provides a sector-specific medium-term development plan, identifying priority programmes, projects, expected results, and the resources required to achieve them.

25. All Accounting Officers are hereby advised to take note of and comply strictly with the relevant provisions of Chapter 25 of the Ondo State Financial Regulations and the Ondo State Public Financial Management Law, 2017, particularly those relating to the preparation of annual estimates and the pre-call circular activities of MEDAs.

26. All budget submissions must conform to the prescribed format and coding structure of the National Chart of Accounts (NCoA). Each Budget Officer shall ensure that the budget proposal of their respective MEDA is reviewed, approved, and duly endorsed by the Accounting Officer before final submission through the State Budget Portal at www.ondobudget.org/www.budget.on.gov.ng

Revenue Estimates

27. The efforts of the Ondo State Internal Revenue Service (ODIRS) to increase the State's Independent Revenue (IR) also known as Internally Generated Revenue (IGR) in recent years have yielded appreciable results. However, the contribution of Independent Revenue to the State's total revenue remains relatively low, underscoring the need for further improvements in revenue mobilization and administration.

28. To substantially increase Independent Revenue, all revenue-generating MEDAs are advised to adopt full automation of revenue assessment, billing, collection, and reporting processes, as applicable. They should also strengthen data-driven revenue administration, expand the revenue base,

improve compliance, and minimise revenue leakages to sustain and accelerate growth in the State's Independent Revenue.

29. MEDAs are to note that Independent Revenue envelopes are based on the projections provided by ODIRS. Any objections or requests for clarification concerning an allocated revenue envelope must, therefore, be discussed with and resolved by ODIRS before the relevant figures are uploaded to the Budget Portal. All revenue estimates entered on the portal must be **rounded to the nearest ₦1,000**.

Expenditure Estimates

30. Accounting Officers shall ensure that all proposals for Personnel Costs, Overhead Costs, and Capital Expenditure comply with the guidelines contained in this Circular. Personnel projections must adequately provide for anticipated promotions, advancements, conversions, and approved new employments, where applicable, to minimise the need for supplementary budget requests during implementation.

Personnel Costs

31. Proposals for Personnel Costs must be adequately justified and approved in accordance with the guidelines issued by the Office of Establishments and Training before they can be considered for inclusion in the Budget. Evidence of clearance from the Office of Establishments and Training must also be presented during the Pre-Treasury Board budget defence.

Consolidated Revenue Fund Charges

32. Consolidated Revenue Fund (CRF) Charges constitute a designated budget classification for the salaries and wages of specified public officers whose remuneration is charged to the Consolidated Revenue Fund in accordance with the Constitution and other applicable laws. These may include the Governor, the Deputy Governor, Judges, members of statutory commissions, Permanent Secretaries, and relevant audit officers, as applicable under the governing provisions. MEDAs must, therefore, use separate and appropriate budget codes for the regular salaries of personnel and the salaries of public officers whose remuneration is chargeable to the CRF, in accordance with the applicable Chart of Accounts and financial regulations.

33. The Office of Establishments and Training shall ensure that adequate provisions are made for consolidated salaries under the appropriate CRF Charges. To promote accuracy, transparency, and accountability during budget implementation, the Office of the State Accountant-General is enjoined to collaborate with the Office of Establishments and Training to ensure that all consolidated salary payments are correctly classified under the appropriate budget heads.

Overhead Costs

34. Persistently high headline inflation at the national level necessitates prudent and strategic management of the overhead costs of Ministries, Extra-Ministerial Departments, and Agencies. In discharging their fiscal responsibilities, Accounting Officers shall ensure adequate budgetary provisions for the maintenance, rehabilitation, and preservation of government assets and infrastructure, while promoting the prudent and efficient utilization of available resources.

35. Accordingly, MEDAs are encouraged to move beyond an infrastructure development approach focused primarily on new construction and adopt a comprehensive asset management strategy that integrates maintenance planning, budgeting, and execution. This approach should prioritise preventive and routine maintenance, optimise the use of available resources, and ensure the sustainability of public assets and infrastructure despite prevailing fiscal constraints.

Capital Estimates

36. The State Government has prioritised interventions under the National Human Capital Development Framework, focusing on Education and Labour Force Participation; Health and Nutrition; and Sustainability. In line with its commitment to sustainable development, the Government is also integrating biodiversity conservation and climate considerations into its budgetary processes, following Ondo State's selection as a pilot state under the FAST Project. The 2027 Budget is expected to strengthen interventions in human capital development, job creation, environmental protection, sustainable agriculture and climate resilience. MEDAs are therefore expected to prioritize relevant programmes and projects with clear funding requirements and measurable outcomes to promote inclusive economic growth and environmental sustainability across the State.

37. The Budget shall be strategically structured to facilitate the timely completion of ongoing development projects, address critical infrastructure deficits, and sustain economic growth in ways that improve the standard of living of citizens. All MEDAs are, therefore, strongly encouraged to reflect these priorities in their budget submissions.

38. Accounting Officers shall also ensure that all Human Capital Development initiatives and interventions within their respective MEDAs are clearly captured in the MTSS. For the avoidance of doubt, projects and programmes not included in the approved MTSS shall not be considered for inclusion in the 2027 Budget.

39. To promote transparency, accountability, and effective project monitoring, all capital expenditure proposals must conform to the prescribed submission format and provide detailed project information, including:

- i. The current project completion status, expressed as a percentage.
- ii. The implementation schedule, specifying the commencement and expected completion dates.
- iii. Any other project information required by the Budget Office.

All required information shall be uploaded to the designated Budget Portal in the prescribed format.

40. Accounting Officers are advised that bulk budgeting, including the provision of lump sums without itemized details, shall not be permitted. Each programme or project must be clearly described, specifying the activities or items involved, location, scope, quantity or number of units, unit cost and total cost, as applicable. **General descriptions such as “Implementation of Programme X across the State” or “Purchase of Office Equipment” shall not be accepted without adequate details.**

41. All procurement-related provisions in the 2027 Budget must be properly itemized, stating the type of item, quantity, unit cost and total cost. Computers, vehicles, air conditioners and other equipment must be listed individually in accordance with the Government's approved specifications and procurement requirements. Furniture and fittings must be broken into either table, chair, air-conditioner, window blind, etc. All proposed capital items must be supported by relevant documentation, including applicable Bureau of Public Procurement (BPP) benchmark prices, Bills of Quantities (BOQs), Bills of Engineering Measurement and Evaluation (BEMEs), and other required supporting documents.

42. This requirement shall be strictly enforced. Items that are recurrent in nature, including drugs and other consumables, project monitoring, and Human Capital Development/training activities, must not be classified under capital expenditure. MEDAs shall consult the Budget Office for guidance on the appropriate budget codes and expenditure classification where necessary.

43. All spending units shall update their monthly revenue and expenditure profiles on the Budget Portal before the Pre-Treasury Board meeting. Actual revenue and expenditure figures must be entered exactly as recorded, without rounding off, to ensure accurate reporting and reconciliation.

44. As mentioned earlier, consultations with key stakeholders on the 2027–2029 Medium-Term Expenditure Framework and the 2027 Budget have been concluded. Accordingly, citizen requests received during the consultation process shall be reviewed and incorporated into the budget proposals of the relevant MEDAs, where appropriate and subject to Government priorities and available fiscal

resources. The Budget Office has compiled and will share the details of these requests to the relevant MEDAs to facilitate their consideration and appropriate integration into the MTSS and the 2027 Budget proposals.

Tertiary Institutions and Parastatals

45. To promote the financial sustainability of tertiary institutions and parastatals, all institutions are encouraged to strengthen their Independent Revenue generation capacity and progressively reduce reliance on State Government subventions for financing recurrent expenditure.

46. All parastatals and tertiary institutions shall submit to the Permanent Secretary, Budget Office, a detailed work plan for increasing Independent Revenue, alongside comprehensive schedules of revenue sources and projected expenditure for the 2027 fiscal year.

47. To improve revenue reporting, accountability and transparency, the Government will prioritize an automated revenue management and tracking system for schools. The system will ensure accurate capture of internally generated revenue and provide reliable data to guide the allocation of subventions to schools in the 2027 fiscal year.

Revenue-Retaining Agencies, Including Tertiary Institutions

48. The State Government shall continue to uphold the directive of the State House of Assembly requiring all Revenue-Retaining Agencies (RRAs), including State-owned tertiary institutions, to submit details of their projected Independent Revenue and proposed expenditure allocations for consideration and inclusion in the 2027 Budget, in accordance with applicable laws and directives.

49. This requirement is intended to complement, rather than supersede, the autonomy of Revenue-Retaining Agencies as provided for under applicable legislation. Accurate reporting of revenue and expenditure will strengthen fiscal transparency, improve financial reporting, and support the State's performance in relevant fiscal transparency and accountability assessments.

Open Government Partnership (OGP)

50. Accounting Officers are reminded that Ondo State Government is a member of the Open Government Partnership (OGP), which promotes transparency, accountability and citizen participation in governance. Accordingly, MDAs are enjoined to ensure that their proposed programmes and projects for the 2027 fiscal year align with OGP principles through appropriate disclosure of information, inclusive decision-making and stakeholder engagement in their conceptualisation, planning, implementation and monitoring, to promote the efficient use of public resources and reduce opportunities for corruption.

Gender-Based Violence and Protection of Vulnerable Groups

51. Relevant MEDAs are urged to make adequate budgetary provisions for interventions aimed at preventing and responding to violence against women, girls, and other vulnerable groups. In particular, the Ministries responsible for Health; Women Affairs and Social Development; Education; Agriculture; and Justice, as well as the Ondo State Agency Against Gender-Based Violence, are encouraged to prioritise the protection and well-being of vulnerable populations in their budget proposals.

Public-Private Partnerships

52. MEDAs are encouraged to explore Public-Private Partnership (PPP) arrangements as alternative mechanisms for delivering critical projects and services, where appropriate and in accordance with applicable laws and regulations. Available options may include:

- i. Concessions.
- ii. Joint ventures.
- iii. Franchising arrangements.
- iv. Leasing arrangements.
- v. Other approved PPP models.

Development Partner and Donor-Funded Projects

53. In recent years, several MEDAs have experienced difficulties in securing anticipated funding from development partners and donor agencies despite making budgetary provisions for such projects and programmes. Accordingly, MEDAs proposing donor-funded interventions for inclusion in the 2027 Budget shall ensure that funding commitments are formally confirmed and regularised through appropriate Memoranda of Understanding (MoUs) or other funding agreements specifying the obligations of each party, funding arrangements and expected disbursement timelines. This is to minimise funding uncertainties, enhance budget credibility and ensure effective project implementation and resource utilisation.

54. The Government's directive that all MEDAs proactively pursue strategic partnerships with credible local and international development organisations remains in force. MEDAs are therefore advised to liaise with the Technical Aids and Assistance Coordinating (TAAC) Department of the Economic Planning and Coordinating Office, the Ondo State Investment Promotion Agency (ONDIPA), and the Ministry of Justice for guidance on the development, review and formalisation of proposed partnerships and related funding arrangements.

Mainstreaming Early Childhood Development into Sectoral Budget Allocations

55. In recognition of the importance of Early Childhood Development (ECD) to human capital development, productivity and long-term socioeconomic outcomes, all MEDAs with child-related mandates shall mainstream ECD interventions into their 2027 Budget proposals and 2027–2029 Medium-Term Sector Strategies. These interventions shall cover early learning, health, nutrition, responsive caregiving, child protection, disability inclusion, water, sanitation and hygiene, and other services supporting children from pregnancy to five years of age.

56. All ECD-related programmes, projects and activities shall be clearly identified, costed and appropriately tagged in the budget preparation system, specifying expected outputs and outcomes, target beneficiaries, geographical coverage, annual targets and financial requirements for the 2027–2029 MTEF period. MEDAs shall ensure alignment with existing sector policies, avoid duplication of interventions, and comply with applicable World Bank requirements for budget tagging, tracking and monitoring.

Impact Assessment of Public Expenditure

57. The primary objective of public budgeting is to improve citizens' quality of life through the effective allocation and utilisation of public resources. Accordingly, all MEDAs shall clearly define the objectives, expected outputs and outcomes of proposed programmes and projects, incorporating measurable Key Performance Indicators (KPIs) into relevant capital projects to facilitate monitoring, evaluation and performance assessment. MEDAs are encouraged to collaborate with the Monitoring and Evaluation Department of the Economic Planning and Coordinating Office for technical guidance and support.

58. All MEDAs responsible for capital project implementation shall consider the needs of vulnerable populations, including Persons with Disabilities (PWDs), in the design, costing and implementation of their projects and programmes to promote inclusiveness and equitable access to public services and infrastructure.

Budget Defence Plan and Schedule

59. All Accounting Officers are to note that the 2027 Budget defence process will facilitate the coordinated review of cross-cutting projects and programmes across MEDAs, eliminate duplication and promote the efficient allocation of public resources. MEDAs shall ensure that their budget proposals align with the Government's policy priorities and strategic direction, with all items adequately detailed and justified, particularly requests exceeding the indicative budget ceilings.

60. To facilitate a smooth and efficient budget preparation process, Accounting Officers shall provide their Budget Officers with functional laptops and Wi-Fi internet access with adequate data connectivity. All budget proposals must be supported by realistic and verifiable cost estimates,

including applicable Bureau of Public Procurement (BPP) benchmark prices, Bills of Quantities (BOQs), Bills of Engineering Measurement and Evaluation (BEMEs), and other relevant supporting documents, including those relating to ongoing projects.

61. MEDAs are to note that the Budget Portal is automated; Budget Officers shall therefore enter figures accurately in the designated fields, allowing the system to perform the applicable calculations automatically. They shall maintain regular communication with the Budget Office, Office of Establishments and Training, Ondo State Bureau of Public Procurement (ODBPP), Ondo State Internal Revenue Service (ODIRS), and the designated budget liaison officer in the State House of Assembly throughout the budget preparation and approval process, until the 2027 Appropriation Bill is signed into law.

Submission Deadline and Budget Envelopes

62. The deadline for submitting all 2027 Budget proposals is **4 November, 2026**. The Budget Portal will be closed to MEDAs after the approved deadline, and no further budget entries will be permitted unless otherwise authorised.

63. Indicative budget envelopes will be uploaded to the portal from **22 October 2026**. Budget Officers shall download the respective MEDA's budget envelope from the portal and present it to the Accounting Officer for consideration and necessary action. All MEDAs must complete their budget entries online on or before the stipulated deadline. They may also print copies of their submitted proposals from the portal for use during the Pre-Treasury Board budget defence.

64. All relevant MEDAs must submit their contributions to the Budget Speech of His Excellency, the Governor, on or before the Pre-Treasury Board budget defence. MEDAs that fail to comply with this requirement may be excluded from the budget defence process, subject to the applicable administrative directives.

65. For further clarification on the provisions of this Budget Call Circular, MEDAs should contact the Permanent Secretary, Ondo State Budget Office.

66. All Accounting Officers and Budget Officers are expected to give this Circular the necessary attention and ensure strict compliance with the guidelines and deadlines prescribed herein.

67. Thank you.


S.K. Awofere
Permanent Secretary.