



# MINISTRY OF ECONOMIC PLANNING, BUDGET AND DEVELOPMENT

Osun State, Nigeria.

Your Ref. NO.: \_\_\_\_\_

All communications should be addressed  
to the Permanent Secretary, quoting:

Our Ref. NO.: **EST.1/1/2025 /06**

P.M.B. 4335, Osogbo,  
Osun State, Nigeria.

Tel: \_\_\_\_\_

Date: **5** September, 2024

## **CIRCULAR TO:**

The Secretary to the State Government,  
The Chief of Staff to the Governor,  
The Head of Service,  
The Hon. Commissioners & Special Advisers,  
All Chairman of Commissions and Boards,  
Permanent Secretaries & Head of Non-Ministerial Agencies,  
The Vice-Chancellor, Osun State University, Osogbo.  
The Vice-Chancellor, University of Ilesha,  
The Chief Medical Director, UNIOSUN Teaching Hospital, Osogbo,  
Director General, Executive Secretaries and General Managers,  
Heads of the State's Tertiary Institutions.

## **CALL CIRCULAR FOR 2025 ADVANCE PROPOSALS AND DRAFT ESTIMATES**

### **1.0 Introduction:**

- 1.1 In adherence to the Principles of Transparency and Accountability in Governance, which is the cardinal objective of the Public Financial Management (PFM) Reform process, as well as in compliance with the Section 26 Sub-section (bi) of the Public Financial Management Law (2020) of Osun State that empowers the Ministry of Economic Planning, Budget and Development to issue appropriate guidelines, directions and instructions to Ministries, Departments and Agencies (MDAs) on Budget preparation and submission. I have the pleasure to issue call circular containing detailed requirements and expectations on the preparation of the year 2025 Budget process.

1.2 As enshrined in section 121 (1) of the constitution of the Federal Republic of Nigeria **“each State of the Federation should prepare an annual Budget and place same before the State House of Assembly for appropriation, for a given financial year”**. This Budget call circular provides guidance and clarity on the criteria for the estimation of Revenue as well as the admission of Personnel, Overhead and Capital Expenditures into the year 2025 Estimates. Thus, all Accounting Officers and other Officers responsible for the budget preparation are advised to read this Budget call circular carefully and adhere to the guidelines and instructions outlined in the succeeding paragraphs of this document.

## **2.0 Policy Trust and Priorities for 2025 Budget**

- 2.1 All MDAs should take into consideration the policies/Strategies contained in the Revised Osun State Development Plan (SDP) (2023-2050), and the fiscal forecast as contained in the 2025-2027 Economic and Fiscal Update-Fiscal Strategy Paper-Budget Policy Statement (EFU-FSP-BPS), which set the limits for the projections of the recurrent and development priorities of the State in the 2025 budget preparation. Furthermore, it is expedient for all Accounting Officers to carefully scrutinize the proposal of their Agencies as they will be required to justify the projects and programmes for which resources are to be allocated. In this regard, the overall State Policy objective that would inform both the Medium Term Sector Strategy (MTSS) and the Annual Budget remained to be the pursuit of sustainable improvements in the Social and Economic wellbeing of the people of Osun State.
- 2.2 Every spending MDAs are advised to ensure that all activities that are urgent and important in the 2025 fiscal year in accordance with the administration’s five (5) points Developmental Agenda as contained in the SDP are included in their proposal by way of strategic sector priorities.
- 2.3 The Strategic objectives of the 2025 Osun State Budget are as follows:
- (i) to ensure that the 2025 revenue forecast and expenditure proposal are realistic and achievable, specifically targeting at actual total budget expenditure performance deviation of less than 15% as set in the State fiscal Transparency Accountability and



Sustainability (SFTAS) and Open Governance Reform on full implementation of Budget;

- (ii) diversify the internal revenue base and also reviewing revenue projections to reflect current realities;
- (iii) to build greater transparency, accountability, and comprehensiveness into the budget process by deeping citizens' engagement and adopting reforms;
- (iv) to use the budget to further the goals of job creation through agri-business, resuscitate the education sector and enhance access, poverty reduction, induce agricultural growth and respond to economic meltdown occasioned by insecurity and removal of petroleum subsidy, and revitalize economic activities in the State;
- (v) create efficiencies in personnel and overhead expenditure to allow greater resource allocation for capital development;
- (vi) to ensure that the 2025 Budget is in line with the policy thrust and development goals articulated in the State Development Plan (SDP);
- (vii) to ensure timely completion of all on-going developmental projects through equitable and effective distribution and allocation of available resources;
- (viii) to strengthen the security architecture of the State for safety of lives and property in the various cities and farmstead, and ensure unhindered access to justice;
- (ix) to cushion the effect of petrol subsidy removal through strategic and well-coordinated empowerment programmes and social investment programmes;
- (x) to guarantee food security and support agro-allied industries by encouraging farming and deepening agricultural value chain through a combination of policies, programmes and direct investments;
- (xi) to further widen the base and create employment opportunities through the exploration and exploitation of mineral resources available in the State;
- (xii) to further develop human capital index by expanding access to free and compulsory qualitative education, and providing affordable and good healthcare service;

- (xiii) to provide veritable platform for youths and women empowerment, skills acquisition and entrepreneurial development;
- (xiv) to further strengthen and build relationship with existing development partners, and attract new ones to the State for developmental collaborations;
- (xv) to further promote good governance through budget discipline, probity and accountability in the allocation and utilization of public funds;
- (xvi) to improve the capacity of Public Servants and provide enabling environment for them for effective service delivery;
- (xvii) to promote arts, culture and tourism in the State by developing the tourism hubs and showcasing them in the global space as a veritable source of revenue to the State; and
- (xviii) to encourage the patronage of businesses in Osun State to boost local content and stimulate economic activities.

### 3.0 Year 2024 Budget Performance (January – June)

#### 3.1 Table I

Osun State Government 2024 Q2 Budget Performance Report - Summary			
Item	2024 Original Budget	2024 Performance January - June	% Performance Year to Date against 2024 Original Budget
Opening Balance	15,584,657,700.00	26,925,323,423.40	172.8%
Recurrent Revenue	203,867,575,610.00	73,386,363,564.98	36.0%
11 - GOVERNMENT SHARE OF FAAC	99,097,049,480.00	53,005,483,745.15	53.5%
12 - INDEPENDENT REVENUE	104,770,526,130.00	20,380,879,819.83	19.5%
Recurrent Expenditure	164,060,976,700.00	53,277,543,266.55	32.5%
Other Receipts	54,456,764,100.00	4,980,069,570.17	9.1%
Capital Expenditure	109,848,020,710.00	38,770,611,146.11	35.3%
32 - FIXED ASSETS	109,848,020,710.00	38,770,611,146.11	35.3%
Total Revenue (including OB)	273,908,997,410.00	105,291,756,558.55	38.4%
Total Expenditure	273,908,997,410.00	92,048,154,412.66	33.6%
Closing Balance	-	13,243,602,145.89	



#### 4.0 Strategic Priorities

- 4.1 Every MDAs are advised to ensure that all activities that are urgent and important in the 2025 fiscal year in accordance with the 5-Point Development Agenda of this Administration as embedded in the State Development Plan (SDP) and Medium Term Sector Strategy (2025 – 2027) are included in the proposal, by way of strategic sector priorities within the allocated envelop.

#### 5.0 Fiscal Framework 2025 – 2027

##### 5.1 Key Assumptions:-

The assumption is in accordance with the fiscal forecast for 2025 – 2027 as provided in table II below:

**Table II – Indices for 2025 fiscal forecast**

S/N	Description	2025	2026	2027
1.	Crude Oil Price (US\$/barrel)	80.00	79.00	73.00
2.	Cruide Oil Production (mbpd)	1.5000	1.7200	1.8100
3.	Inflation Rate (%)	22.97	16.02	15.38
4.	Exchange Rate (₦/\$)	1788	1962	2067
5.	GDP Growth Rate (%)	3.00	3.60	3.80
6.	Mineral Ratio (%)	27	27	27

**Source:** Ministry of Economic Planning, Budget & Development Draft MTEF, 2025 - 2027

#### 6.0 Guidelines for Budget preparation

- 6.1 As noted earlier, Accounting Officers are personally responsible for the preparation of the proposed estimates for their respective MDAs. In discharging this responsibility, Accounting Officers are advised to be mindful of their duty to ensure transparency and accountability in the mobilization and utilization of public resources. Accordingly, every Accounting Officer is requested to personally scrutinize and sign the budget proposal before submission to the relevant Office in the Departments of Budget and Planning (Ministry of Economic Planning, Budget and Development).
- 6.2 Measures Guiding the Budget Preparation:-
- (i) All budget proposal for 2025 must be on the prescribed Budget preparation Templates and shall reflect the budget classification codes contained in the revised domesticated Chart of Accounts.

- (ii) The budget preparation must be in line with the Administrative, Economic, Functional, Programme, Fund, and Location (Geo-code) Segments of the Revised Domesticated Charts of Accounts.
- (iii) MDAs are advised to note citizen's needs for projects and programmes, and reflect such inputs in the budget proposal. In this regard, the Budget Technical Committee should not hesitate to clarify any issue raised by the Citizens or Civil Society Organization (CSOs) and should be open to discussion with the CSOs at the preparation phase.

### 6.3 Revenue – requirement for revenue estimates:-

- (i) All revenue generating MDAs are advised to fully capture all revenue sources and make realistic projections.
- (ii) Revenue proposals must be supported with underlining assumptions justifying the estimates.
- (iii) MDAs should liaise with Chairman Osun Internal Revenue Service (OIRS) for technical support and to clear their proposals. To ensure realistic revenue estimates, the Chairman, OIRS is advised to set up a Technical Support Desk to facilitate the 2025 revenue projection timely.
- (vi) Where challenges are anticipated to undermine realization of revenue estimates, MDAs are advised to support their projections with explanatory details of strategies to overcome such challenges.
- (v) Tertiary Institutions and other entities enjoying grants/interventions are enjoined to ensure that their revenue are wholly captured, clearly showing grants as well as conditions attached to them, if any. This is to ensure full accountability for aggregate resources injected into the development of the State.
- (vi) Considering the high premium placed on openness, transparency and accountability towards the management of fiscal resources, all Tertiary Institutions are expected to *explicitly state all their revenue sources/heads for year 2025, and the actual revenue as at August 31, 2024.* Put differently, they are required to state their students' enrolment and tuition fees to support their returns. All Tertiary Institutions should note



that continued funding from the State Treasury in 2025 fiscal year shall be guaranteed by the full disclosure of all internal revenue sources to the Institutions.

#### **6.4 Personnel Cost Estimates**

- (i) All MDAs are reminded of the subsisting conditions for new employment, and must restrict their personnel cost proposals to the existing Staff Nominal Roll.
- (ii) Ensure that the personnel cost proposals cover the cost of annual increment and staff promotion.
- (iii) All MDAs that have recruited Staff in 2024 or planning to do so in 2025 must support their proposals for new establishments with copies of Executive approval to the effect.
- (iv) The practice of making adequate-budgetary provision for prompt payment of salaries and other emoluments shall be sustained, while adequate provision shall also be made for further settlement of outstanding salary arrears and other liabilities of the State Government.

#### **6.5 Overhead Cost**

- (i) It is important that all MDAs ensure that budget provisions for Overhead and Consolidated Revenue Fund Charges (CRFC) are in tune with the prevailing situation on ground. This is a result of the current economic reality, noticeable trends and fiscal space contained in the 2025-2027 Medium Term Expenditure Framework (MTEF).
- (ii) Accordingly, all MDAs are advised to note that Government is mindful of any increase in overhead cost expenditure as this affects the quantum of surplus funds to finance capital expenditure. Thus, Overhead cost estimates should be restricted to essential services and imperative overhead cost i.e. those necessitated by the implementation of capital.
- (iii) All MDAs are advised to critically study their overhead cost performance, based on 2024 budget and further eliminate non-essential provision with a view to creating more savings to accommodate capital project proposals.

## **6.6 Capital Expenditure Proposal:-**

- (i) In line with the Zero-Based Budgeting (ZBB) Principle, each MDA is required to do a review of its existing project portfolios, utilizing the approved lists of projects and programmes from the sectoral review of the MTSS 2025-2027, to update all on-going/New projects and programmes. MDAs are therefore enjoined to accord priority to ongoing projects, especially those nearing completion that fit into government's current priorities, in allocating capital budget resources.
- (ii) All capital projects must therefore be linked to the five (5) Points Development Agenda of Mr. Governor, as well as the reviewed State Development Plan (SDP), and should be presented in the format that will clearly state the current status of projects, especially level of completion and implementation timeline.

## **7.0 Impact Assessment of Public Expenditure.**

### **7.1 Aid, Grants and Counterpart funding:-**

- (i) All MDAs are advised to note that Aid, Grant and Loans are part of the State resources, and constitute a public fund for which the Government is accountable to the citizens. These resources must be captured in the State budget.
- (ii) All MDAs supported with any form of Aid or Grant are advised to disclose full details of the nature of the Aid/Grant, the projects funded duration, etc. A schedule of all such aid/grant (in cash and kind) and loan must be submitted separately to the Department of Economic Planning of this Ministry for authentication before the MDAs budget is finalized.
- (iii) MDAs with counterpart funded projects are advised to reflect such funding requirements and funding duration in their proposal. This should be supported with explanatory details of the project's impact.
- (iv) Going by the fact that the global economy is facing serious challenge, MDAs are enjoined to continue seeking for more aid and grant to compliment their regular projects and programmes directly funded from the Central Treasury.



## **7.2 Stakeholders Consultation in the Budget Process**

- (i) In line with Fiscal Sustainability Plan, Public Financial Management (PFM) reform and International Best Practices which stipulate inclusiveness in the budget process, Political Heads and Accounting Officers of MDAs are implored to ensure sector-wide consultations and stakeholders participation/involvement in the budget preparation process to harvest their inputs into the Budget proposals.

## **7.3 Defence of Budget Proposals**

**7.3.1** All budget proposals must be prepared on the prescribed Budget Templates using Microsoft Excel; as they would be reviewed for compliance with this circular, as well as other relevant guidelines. Subsequently, Pre-treasury Board defence will be scheduled for MDAs to hold between Monday, 30<sup>th</sup> September and Monday 8<sup>th</sup> October, 2024.

**7.3.2** All Accounting Officers are enjoined to ensure that the proposals are submitted within the stipulated deadline, as this would give the Budget Committee ample opportunity for proper scrutiny and consideration of the budget proposals.

## **7.4 Submission of Budget Proposal**

**7.4.1** All MDAs are requested to submit the copies of 2025 budget proposals in landscape form on legal paper and on Microsoft Excel package, and to be submitted in both Hard and Soft copies **not later than Friday, 20<sup>th</sup> September, 2024** as follows:

- (i) Thirty (30) copies to the Office of the Director of Budget, Ministry of Economic Planning, Budget and Development;
- (ii) Five (5) copies to the Permanent Secretary, Bureau of Human Resources and Capacity Building.

**7.4.2** In order to do away with avoidable technical bottlenecks that are usually associated with the submission/acceptance of draft Estimates at the ICT unit of the Budget Department of this Ministry; all MDAs are requested to clear:

- (i) the Personnel Components of the draft budget with the Bureau of Human Resources and Capacity Building;

- (ii) the Capital Components with the Department of Economic Planning of this Ministry and;
- (iii) the Soft Copies of the draft 2025 budget with the Information and Communication Technology (ICT) Unit of Budget Department of this Ministry before producing any copy for submission.

7.4.3 All MDAs should constantly relate with the Ministry of Economic Planning, Budget and Development to clear any area of doubt until the draft Budget is taken to the State House of Assembly.

## 8.0 Contribution to Governor's Budget Speech

8.1 All Ministries, Departments and Agencies (MDAs) are expected to prepare and forward their contributions to Mr. Governor's Budget Speech to the Ministry of Economic Planning, Budget and Development for collation, (in both hard and soft copies).

8.2 The Speech is expected to address the following:-

- (i) the importance of your Sector/Agency to the development of the State in line with this Administration's Agenda;
- (ii) the achievement so far since the beginning of year 2024 (project/programme) including the expected achievement for the rest of the year.
- (iii) the Programmes and Projects to undertake in 2025 and specific impact on the Citizens of the State.

8.3 Therefore, Political Heads and Accounting Officers are implored to kindly monitor and ensure that the contribution both in hard and soft copies reach the Office of the Director Budget, Ministry of Economic Planning, Budget and Development not later than **Friday, 27<sup>th</sup> September, 2024**.

## 9.0 Conclusion

9.1 All Political Heads and Accounting Officers of MDAs, including Tertiary Institutions, are requested to note that the Pre-Treasury Board as well as Treasury Board Defence will hold as usual to consider the nitty-gritty of their draft budgets. Consequently, you



are enjoined to ensure **thoroughness and transparency** in the budget preparation efforts in order to achieve the desired result. MDAs/Sectors are to be led to the *Pre-Treasury Board meetings by their Accounting Officers, while the Political Heads will lead their MDAs/Sectors to the Treasury Board Meetings.*

9.2 Finally, Political Office Holders and Accounting Officers are to give this Circular the urgency and important consideration it deserves.

9.3 I thank you.

  
'Yetunde Esan,  
Permanent Secretary