

TARABA STATE DOMESTIC DEBT DATA

Domestic debts are defined as debts owed to creditors who are resident in Nigeria, and are divided into different categories. Domestic debts are classified into the following categories, in conformity with global best practice:

- Restructured Commercial bank Loan (FGN Bonds)
- Salary Bail-Out
- State Bonds;
- Budget Support Facility
- Commercial agricultural Loan Scheme
- Excess Crude Account (ECA) Loan
- Micro Small Medium Enterprise Development Fund (MSMEDF)
- Infrastructure Loan, such as PAIF (Power and Aviation Intervention Fund)
- Contractors' Arrears;
- Gratuity and Pension Arrears owed to retired State employees;
- Commercial Bank Loans owed to Nigerian banks;
- Arrears of salaries/Other staff claims;
- Judgment Debts
- Government to Government debts which are debts owed to the Federal Government and other states; and,
- Other liabilities not covered by any of the aforementioned categories.

Restructured Commercial bank Loan (FGN Bonds)

In 2015, the Debt Management Office put forward a proposal for restructuring the short-term bank loans of States into long-term Federal Government of Nigeria (FGN) Bonds. The purpose was to reduce the debt-service outflow of States and free resources for meeting other obligations, particularly, clearance of arrears of salaries and pensions and further address the issue of fiscal imbalance due to the low price of crude oil in the International Market which affected the revenue flow of the Nation, hence the drop of revenue allocation to all arms of

government in the country. This situation hindered many State governments from addressing financial obligations, especially the payment salaries and pensions.

SALARY-BAIL-OUT

A bailout is a term used for the provision of financial help to a corporation or country which otherwise would be on the brink of failure. Salary Bail Out is a financial help to States to enable them offset backlog of salaries and pension arrears.

In the year 2015, Taraba State received from Federal Government the sum of N 9,400,000,000.00 as bail out to offset salary and pension arrears. This amount is to be repaid in 240 months at the interest rate of 9%.

COMMERCIAL AGRICULTURE CREDIT SCHEME (CACs)

As part of its developmental role, the Central Bank of Nigeria (CBN) established the Commercial Agriculture Credit Scheme, hereinafter referred to as CACS, for promoting commercial agricultural enterprises in Nigeria, which is a sub-component of the Federal Government of Nigeria Commercial Agriculture Development Programme (CADP). This Fund will complement other special initiatives of the Central Bank of Nigeria in providing concessionary funding for agriculture such as the Agricultural Credit Guarantee Scheme (ACGS) which is mostly for small scale farmers, Interest Draw-back scheme, Agricultural Credit Support Scheme, etc.

The objectives of the scheme are:

- (i) To fast track development of the agricultural sector of the Nigerian economy by providing credit facilities to commercial agricultural enterprises at a single digit interest rate;
- (ii) Enhance national food security by increasing food supply and effecting lower agricultural produce and product prices, thereby promoting low food inflation;
- (iii) Reduce the cost of credit in agricultural production to enable farmers exploit the potentials of the sector; and
- (iv) Increase output, generate employment, diversify the revenue base, increase foreign exchange earnings and provide input for the industrial sector on a sustainable basis.

The fund shall be made available to the participating bank(s) to finance commercial agricultural enterprises. In addition, each State Government could borrow for on-lending to farmers' cooperative societies and other areas of agricultural development provided such initiatives/interventions are in line with the objectives of CACS.

In November 2018, Taraba State Government borrowed the sum of N5,000,000,000.00 (five billion naira) from Fidelity Bank Plc. The loan has a tenor of 96 months with the interest rate of 9.85%.

Excess Crude Account Loans

Excess crude loan is a loan from the excess crude account. Excess Crude account is a Nigerian government account that established savings levels from crude oil sales. The Excess Crude Account acts as a stabilization fund .The account was intended to insulate the country from severe price shocks.

In 2015, Taraba State Government obtained the sum of Ten Billion (N10,000,000,000.00) naira as loan from Excess Crude Account. The loan attracts the interest rate of 9% and tenor of 20 years.

Below is the summary of Taraba State total Domestic Debt Stock for the 2nd quarter 2019.

Summary of Taraba State Total Domestic Debt Stock as at June, 2019 (Amount in Naira)

DOMESTIC DEBT CATEGORIES	PRINCIPAL PAID (APRIL - JUNE, 2019)	INTEREST PAID (APRIL - JUNE, 2019)	NEW LOAN/ REPAYMENT ADJUSTMENTS AS AT 30 TH JUNE, 2019	DISBURSED OUTSTANDING AS AT 30 TH JUNE, 2019
Salary Bail-Out	58,659,275.77	195,063,443.78	-	8,630,282,806.51
Restructured Commercial Loan(FGN Bonds)	31,980,740.70	403,041,313.66	-	10,854,949,617.93
Excess Crude Account (ECA) Loan	61,477,858.85	208,439,927.90	565,874,071.77	9,222,909,476.65
COMMERCIAL BANK LOANS	3,572,044,311.72	335,296,405.68	4,500,000,000.00	5,454,481,007.41
Commercial Agriculture Credit Scheme (CACS)	151,631,608.36	118,761,120.46	-	4,752,908,839.80
CONTRACTORS' ARREARS	-	-	-	226,370,675.00
PENSION AND GRATUITY ARREARS	36,134,479.42	-	3,739,533,215.46	24,730,594,821.07
SALARY ARREARS AND OTHER STAFF CLAIMS	-	-	-	9,594,342,956.88
Total Debt Stock	3,911,928,274.83	1,260,602,211.48	8,805,407,287.23	73,466,840,201.26

Taraba State Debt Composition as at 30th June, 2019.

DEBT STOCKS	DISBURSE OUTSTANDING AS 30TH JUNE, 2019	PERCENTAGE TO TOTAL DEBT STOCK
Salary Bail-Out	8,630,282,806.51	12%
Restructured Commercial Loan(FGN Bonds)	10,854,949,617.93	15%
Excess Crude Account (ECA) Loan	9,222,909,476.65	13%
COMMERCIAL BANK LOANS	5,454,481,007.41	7%
Commercial Agriculture Credit Scheme (CACS)	4,752,908,839.80	6%
CONTRACTORS' ARREARS	226,370,675.00	0.31%
PENSION AND GRATUITY ARREARS	24,730,594,821.07	34%
SALARY ARREARS AND OTHER STAFF CLAIMS	9,594,342,956.88	13%

Taraba State Percentage of DoD Composition as at 30th June, 2019.



