



DEBT MANAGEMENT DEPARTMENT

TARABA STATE

NIGERIA

DATE:

MARCH 2019

1.0 INTRODUCTION

1.1 BACKGROUND

Taraba State was created in 1991 out of the former Gongola State. The State is located in the north east geopolitical zone of Nigeria with Jalingo as its capital. It shares a short international boundary with the Republic of Cameroun to the south and south east of Nigeria. The state occupies an area of over 59000 km² with a projected population figure of about 2.3 million people. The State is made up of sixteen Local Government Areas (LGAs) and forty major ethnic groups.

Taraba State has rich cultural heritage due to its heterogeneous and multi ethnic nature ranging from woodcarving, embroidery, cloth weaving, dyeing, mat making and black smith. There are also numerous cultural festivals marking different celebrations as well as tourist attractions. Taraba State is not yet an industrialized State despite huge natural and human resources that abound in the state baring a few industries established in the State.

1.2 NATURAL AND ECONOMIC RESOURCES

Taraba State is endowed with abundant natural resources consisting of solid minerals, fertile land suitable for both farming and rearing of animals. The mineral resources are scattered in various locations of the State. It includes limestone, gypsum, anhydride, kaolin, natural gas, salt, lead and zinc, barytes, clay, coal, calcite, gemstone and magnetite iron oxide, gold, diamond, iron ore, manganese. Of all the mineral resources only limestone, coal and kaolin are commercially exploited. The major economic activity of the State is agriculture which is the main occupation of the people. 80% of the population in the State engages in farming. Food and cash crops are produced in large quantities. Taraba State is currently playing a leading role in commodity/food production. Some of the crops grown are: yam, cassava, Irish potatoes, beans, maize, oil palm, rice, groundnut, citrus and mangoes. Livestock also play a leading role in the economy of Taraba State. It has the largest concentration of

livestock which is mainly cattle, others includes: goats, sheep, poultry and pigs. This has contributed over 30% of the total agricultural output of the State.

1.3 ECONOMIC DEVELOPMENT PLAN

The policy direction of the current administration is guided by the State's Long Term Development Plan (The Rescue Plan 2016-2025) which focused on placing the State on top of the North Eastern States Economy. The Policy thrust focuses towards same policy on capital expenditure for the completion of key priority projects which were on – going and in line with the developmental goals of the government. This could be attested to through the commitment of resources to these critical areas such as Infrastructure (Environmental Improvement, Water and Rural Development, Power, Road, Infrastructure, Housing and Urban Development) Human Capital Development (Improvement to Human Health, Enhancing Skills and Knowledge).

2.0 IMPLEMENTATION OF THE TEMPLATE ON ESTABLISHMENT OF THE DEBT MANAGEMENT DEPARTMENT (DMD) IN TARABA STATE

Debt Management operations in Taraba State are currently being performed by the Debt Management Department (DMD). The department was set up as a unit under the Accountant General's Office by the Executive Governor of the State. Taraba State has enacted both Public Debt Management Law (PDML) and Fiscal Responsibility Law (FRL) for the establishment of DMD to ensure smooth and effective operations of the Department.

The State DMD is well appreciated in the area of human and infrastructural resources. The operations of the DMD are presently being managed by a Director who doubles as the Head of the DMD. He is a graduate of Accounting with over 26 year cognate experience. He is assisted by seven (7) other staff with relevant experiences. However, there are only 3 core DMD staff while the rest are attached to a subsidiary unit under the Department. In the area of infrastructure, it is important to note that the Taraba State DMD operates in an adequate office accommodation fairly equipped with relevant office equipment..

The Taraba State DMD is not structured into the Front, Middle and Back Office configuration in accordance with international best practice, and in consonance with the provisions of the Template. The Department is making effort to migrate from the present status to the internationally acceptable model in order to derive the benefits of the globally accepted structure.

Overall, the Taraba State DMD is in good shape. There is, however, the need for more engagement of the department by the Ministries of Finance, State Accountant-General, Budget and Planning, and indeed all MDAs in the State, in formulating borrowing strategy for financing budget deficits and other development projects. The implementation of the provisions of the state law on Debt Management Department will enable the DMD take its deserved place in effective debt management operations in the state.

3.0 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.

TARABA STATE FIRST QUARTER 2019 DEBT REPORT

Below is the summary of Taraba State total Domestic Debt Stock as at end of 1st quarter 2019.

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

DOMESTIC DEBT CATEGORIES	PRINCIPAL PAID (JAN-MARCH, 2019)	INTEREST PAID (JAN-MARCH, 2019)	DISBURSED OUTSTANDING AS AT 31 ST , MARCH 2019
Salary Bail-Out	61,020,207.30	208,897,579.46	8,685,280,869.85
Restructured Commercial Loan(FGN Bonds)	46,521,935.12	404,787,517.87	10,886,930,358.63
Excess Crude Account (ECA) Loan	625,989,171.09	121,367,463.65	8,718,513,263.74
COMMERCIAL BANK LOANS	165,137,835.57	304,482,287.27	4,526,525,319.13
Commercial Agriculture Credit Scheme (CACS)	61,020,207.30	404,787,517.87	4,904,540,448.16
CONTRACTORS' ARREARS			226,370,675.00
PENSION AND GRATUITY ARREARS	30,705,661.73		21,027,196,085.03
SALARY ARREARS AND OTHER STAFF CLAIMS			9,594,342,956.88
Total Debt Stock	990,395,018.11	1,444,322,366.13	68,569,699,976.43

Fig. 1

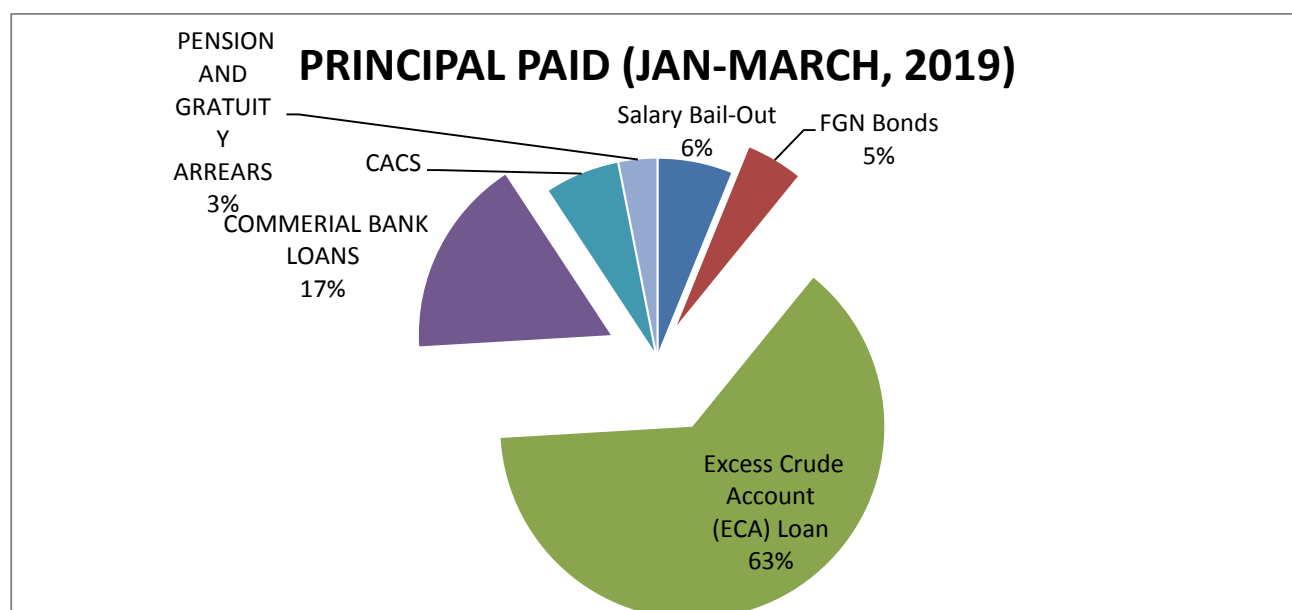


Fig.2

