



# **ABIA STATE GOVERNMENT**

## **Domestic Expenditure Arrears Clearance Framework**

**May, 2021**



## **Section 1**

### **Introduction**

Expenditure arrears are financial obligations that have been incurred by the government of the State for which payments were not made by the due date. Accumulation of expenditure arrears by governments can have a serious negative effect on the domestic economy; a large flow of arrears may disguise the true size of government deficit, significantly reduce the impact of fiscal policy on aggregate demand and potentially undermine macro-economic stability. Therefore, the control, management and clearance of these arrears should usually be a priority.

Given instability in revenue flows and the vast array of contending development needs, Abia State Government has accumulated a sizable amount of domestic arrears over the years. This framework summarises the planned actions for clearing the domestic expenditure arrears. In preparing this document, priority is given to internal revenue and expenditure consistency, necessity to maintain macroeconomic stability and the need for inclusive growth.

#### **1.1 Coverage and Scope of the Framework**

This document covers the policies guidelines and procedures for managing and settling domestic expenditure arrears for the government of Abia State. The framework is set on the premise of gradual settlement of accumulated arrears of the government of Abia State, while also preventing further additions to the existing stock. Thus, the arrears clearance framework sets out the procedures for managing and settling the domestic expenditure arrears of the State Government. It recognizes that payments may be due based on a legal obligation (such as payment of social security benefits, or salaries), a specific contractual commitment (such as payment for construction of a road), or a continuing service arrangement (such as payment for electricity supply).

The main categories of expenditure arrears are as follows:

- Contractors' arrears.
- Pension and gratuity arrears.
- Salary arrears and other staff claims.

#### **1.2 Purpose of the Framework**

This framework document is aimed at providing practical guidance for the identification, recording and management of domestic expenditure arrears of the State. Thus the framework will achieve the following:

- Assist the State to establish processes and systems to reduce her stock of domestic arrears.
- Provide room for feedback mechanism from entities whose payments are in arrears and other interested parties
- Stimulate and improve public participation in governance.

### 1.3 Users of the Framework Document

The framework document is developed mainly for the Government of Abia State. The framework is thus useful to such State MDAs as:

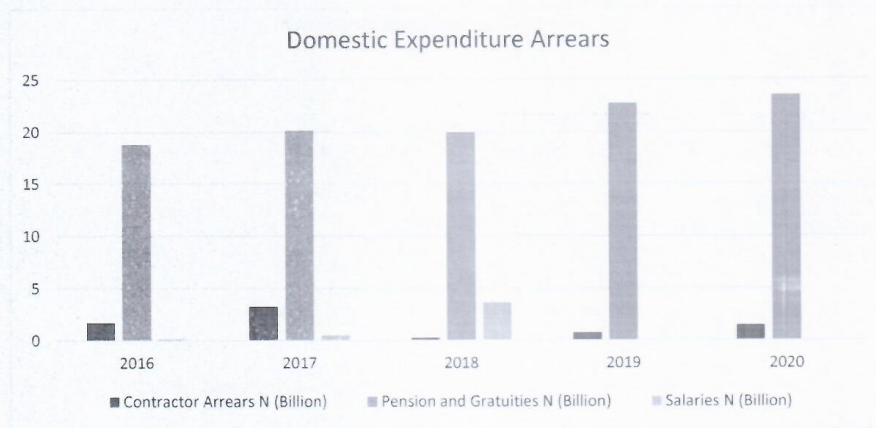
- Ministry of Finance,
- Office of the Accountant-General,
- Ministry of Budget and Planning/State Planning Commission,
- Debt Management Department,
- Abia State Pensions Board
- Office of the State Auditor-General,
- State Bureau of Public Procurement,
- Ministry of Works and Transport
- Any other relevant MDA.

However, it can also be useful to other parties who are interested in following up on the State's intent and plan for handling its domestic arrears.

### 1.4 Total Stock of State's Domestic Expenditure Arrears

**Table 1: Domestic Expenditure Arrears**

| Arrears Type                  | 2016        | 2017        | 2018        | 2019        | 2020        |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|
|                               | NGN         | NGN         | NGN         | NGN         | NGN         |
| <b>Contractor Arrears</b>     | 1745218632  | 3277899404  | 276298671.9 | 734357826.7 | 1430722671  |
| <b>Pension and Gratuities</b> | 18798441959 | 20106013835 | 19888601894 | 22688326319 | 23434998421 |
| <b>Salaries</b>               | 132492054.4 | 486144816.1 | 3640968585  | 11895293.6  | 64826354.58 |



Overall, with the exception of a minor lull in 2018, the trend of Abia State domestic expenditure arrears has been upward since 2016. Total expenditure arrears from the three components rose from N20.68 billion in 2016 to N24.93 billion in 2020. The thinking that this is not sustainable forms the major basis for the design of this arrears clearance framework. However, not all components of the arrears have been increasing. While overall figures have been rising, it appears the rise comes more from obligations related to pensions and gratuities. The duo of outstanding salaries and contractor obligations both marginally declined over the period in consideration.

### **1.5 Description of General Policy on Arrears**

The State Government shall adopt the following measures to clear her existing arrears and prevent accumulation of new ones:

- Strengthen legal and regulatory framework.
- Enhance budget credibility and realism – The State’s budget shall be a realistic plan for expenditures based on conservatively estimated revenues. The borrowing limit shall include a margin to handle the situation of revenue shortfalls. As a matter of policy, the Administration takes budget realism serious and took a prior decision to keep projections in the budget very realistic in order to minimize gaps that could translate to further arrears accumulation as has historically been the case in the State.
- Improve accounting and reporting.
- The State shall facilitate improved and integrated cash and debt management.

- Establishment of Treasury Single Account (TSA) to improve accountability in revenues and expenditures.
- Payment shall be centralized to the State's Treasury to prevent arrears as a result of administrative hurdles;
- Upgrading the Government's financial management information systems. The new system will handle the entire expenditure chain, including the release of budget funds, commitments against the budget funds, production of purchase orders, receipt of goods and services claimed in the invoices, and payment or non-payment of invoices;
- Quarterly Cash management meeting shall be held to guide the Government's decision on budget and fund releases.

## Section 2

### **Planned Actions for Settlement of Domestic Expenditure Arrears**

Abia state government will use the arrears clearance framework to settle the accumulated domestic expenditure arrears. The ACF will communicate to stakeholders the government's plan, timetable and criteria for the liquidation of arrears. This will ensure transparency of the process.

Abia State multi-year funding plan is the State's financial plan for clearing the stock of arrears based on the total fund available in the State's current budget year and the budget years to come. The State Planning Commission with inputs from Ministry of Finance, 3 year Medium Term Expenditure Framework (MTEF) every year where budget provisions are made for MDAs to execute projects and to pay debts that may emanate from such projects. Similarly, the MDAs prepares a multi-year funding plan taking into account the stock of debt, priorities and available/expecting cash inflow of the state.

The multi-year funding plan is used to record, verify and report the domestic arrears. In addition to the multi-year funding plan, an online comprehensive domestic expenditure arrears register shall be maintained by the MDAs with the database residing in the DMO.

**Rate of Arrears Reduction:** The 2020 arrears clearance framework is set on the target of a reduction of domestic expenditure arrears of 5% in 2021 and 20% in the years that follow. It is also based on the understanding that there will be no new domestic expenditure arrears for the next five years. This rate of reduction is the computational mechanism for the multi-year funding plan. Budget realism will be the major instrument for preventing accumulation of further domestic expenditure arrears.

#### **Major Sources of Funds for Settling Arrears**

There are two major sources of funds for settling the arrears. The State's estimate of total funds available to clear arrears will include any or all these sources:

- I. The Internally Generated Revenue (IGR), Federal Transfers, Grants and one-off revenues such as the Paris Club refund. The proportion of the fund available to clear the arrears will depend on how much comes into the State purse from the above and the

ability to control other competing State's expenditures e.g. personnel costs, pensions and gratuities.

II. Borrowings such as:

- a. Federal Government financial assistance in form of loans to States for the purpose of settling accumulated and backlogs of domestic arrears.
- b. Commercial bank loans: the DMO will enter into negotiation with commercial banks to obtain loans at competitive market rates to fund infrastructural developmental projects. This will reduce pressure on the IGR and allows for payment of domestic arrears.
- c. Bond Issue: Another funding alternative that is available to the Government is issuance of State bond to finance capital projects and to fund budget gap. However, proceeds from such bond issue can only be used for specified projects and arrears that might accrued from such projects as approved by Security and Exchange Commission (SEC)

Based on the above processes, the Multi-Year Funding Plan for clearing the domestic arrears for Abia State for the years 2020 – 2025 is as shown in the table below.

**Simplified Multi-year funding plan for clearing domestic expenditure arrears**

|  |
|--|
| <b>NOTES</b>                               |
| All numbers are presented in billion naira |
| All input cells are coloured pink          |
| All calculation cells are coloured yellow  |
| All linked cells are coloured blue         |

| <b>Domestic Arrears Clearance Financing Targets</b>              | <b>Value</b> | <b>Notes</b>   |
|--|--------------|--|
| Finance (some) clearance of arrears from budget surplus?         | Yes          | State Target - shown here is the basic target of the SFTAS DLI#8 |
| Finance (some) clearance of arrears through formal debt          | Yes          |  |
| Target domestic expenditure arrears percentage decline (minimum) | 10.0%        |  |

| <b>Fiscal Projection Assumptions [IF NO STATE MTEF FIGURES AVAILABLE]</b> | <b>Value</b> | <b>Notes</b>   |
|---|--------------|--|
| Annual percentage growth in revenue - FAAC and VAT (nominal)              | 12.5%        | State MTEF - shown here is national nominal GDP growth |



|   |       |   |
|---|-------|---|
| Annual percentage growth in revenue - IGR (nominal)                           | 20.0% | State MTEF/IGR Policy - shown here is basic target for SFTAS DLI#4 on IGR |
| Annual percentage growth in recurrent expenditure - non interest (nominal)    | 0.0%  | State MTEF/Fiscal Policy  |
| Annual percentage growth in capital expenditure (nominal)                     | 12.5% | State MTEF/Fiscal Policy - shown here is national nominal GDP growth      |
| Balanced Budget i.e. no budget deficit in the future (budget surplus allowed) | Yes   | State MTEF/Fiscal Policy  |

| SUMMARY BUDGET FRAMEWORK   |                   | Fiscal Year       |                   |                   |                   |                   |  |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--|
| Billions Naira   | 2020 Actual       | 2021 Proj         | 2022 Proj         | 2023 Proj         | 2024 Proj         | 2025 Proj         |  |
| <b>Total Budget Revenue and Grants</b>   | 65,657,70         | 72,855,28         | 82,725,25         | 94,099,68         | 107,187,44        | 122,281,77        |  |
| <i>Total Net FAAC allocation exc VAT</i>                                       | 30,754,428.59     | 34,598,732,173.88 | 38,923,573,695.61 | 43,789,020,407.56 | 49,262,647,958.51 | 55,420,478,953.32 |  |
| VAT  | 13,897,632.52     | 15,634,836,585.00 | 17,589,191,158.13 | 19,787,840,052.89 | 22,261,320,059.50 | 25,043,985,066.94 |  |
| IGR  | 14,618,088.78     | 17,541,706,539.60 | 21,050,047,847.52 | 25,260,057,417.02 | 30,312,068,900.43 | 36,374,482,680.51 |  |
| <i>Grants and Other Revenue (inc. one-off items such as Paris Club refund)</i> | 6,387.637,212     | 5,080,000,000.00  | 5,162,390,238.00  | 5,262,716,018.00  | 5,351,084,770.00  | 5,442,442,779.00  |  |
| <b>Total Budget Expenditure</b>  | 56,252,303,719.00 | 57,351,661,581.50 | 58,739,321,676.81 | 60,229,841,784.04 | 61,930,100,654.67 | 63,863,214,384.13 |  |
| <i>Personnel Cost and Pensions</i>   | 26,331,088,130.00 | 26,331,088,130.00 | 26,331,088,130.00 | 26,331,088,130.00 | 26,331,088,130.00 | 26,331,088,130.00 |  |
| <i>Other Recurrent (Overheads, Transfers) exc. interest payments</i>           | 15,000,632,689.00 | 15,000,632,689.00 | 15,000,632,689.00 | 15,000,632,689.00 | 15,000,632,689.00 | 15,000,632,689.00 |  |
| <i>Interest Payments &amp; other recurrent debt charges</i>                    | 4,553,720,000.00  | 4,357,220,000.00  | 4,287,040,000.00  | 4,137,490,000.00  | 3,992,670,000.00  | 3,850,070,000.00  |  |
| <i>Capital expenditures</i>  | 10,366,862,900.00 | 11,662,720,762.50 | 13,120,560,857.81 | 14,760,630,965.04 | 16,605,709,835.67 | 18,681,423,565.13 |  |
| <i>Expenditure adjustments (to achieve budget target)</i>                      |                   |                   |                   |                   |                   |                   |  |
| <b>Overall Balance</b>   | 9,405,483,395.00  | 15,503,613,716.98 | 23,985,881,262.44 | 33,869,792,111.44 | 45,257,021,033.77 | 58,418,175,095.65 |  |

| SUMMARY Borrowing, Financing and Debt Stock<br>Billion Naira | Fiscal Year |           |           |           |           |           |
|--|-------------|-----------|-----------|-----------|-----------|-----------|
|  | 2020 Actual | 2021 Proj | 2022 Proj | 2023 Proj | 2024 Proj | 2025 Proj |

**Gross and Net Borrowing Needs**

|  |          |          |          |          |          |          |
|--|----------|----------|----------|----------|----------|----------|
|  | 9,405,48 | 15,503,6 | 23,985,8 | 33,869,7 | 45,257,0 | 58,418,1 |
|  | 3,395.00 | 13,716.9 | 81,262.4 | 92,111.4 | 21,033.7 | 75,095.6 |
| (1) Overall Balance                                | 3,395.00 | 8        | 4        | 4        | 7        | 5        |
| (2) Investments - Accumulation of financial assets |          |          |          |          |          |          |
| (3) Debt Amortization (exc Arrears Clearance)      | 3,195,40 | 3,206,77 | 3,317,65 | 3,404,71 | 3,109,17 | 3,244,96 |
|  | 0,000.00 | 0,000.00 | 0,000.00 | 0,000.00 | 0,000.00 | 0,000.00 |
| (4) Arrears Clearance                              | 0.00     | 1,246,52 | 4,736,80 | 3,789,44 | 3,031,55 | 2,425,24 |
|  |          | 7,372.34 | 4,014.88 | 3,211.90 | 4,569.52 | 3,655.62 |
| Gross Borrowing Needs (5) = (2)+(3)+(4)-(1)        | 6,210,08 | 11,050,3 | 15,931,4 | 26,675,6 | 39,116,2 | 52,747,9 |
|  | 3,395.00 | 16,344.6 | 27,247.5 | 38,899.5 | 96,464.2 | 71,440.0 |
|  |          | 4        | 6        | 3        | 4        | 3        |
| Net Borrowing Needs (6) = (2)-(1)                  | 9,405,48 | 15,503,6 | 23,985,8 | 33,869,7 | 45,257,0 | 58,418,1 |
|  | 3,395.00 | 13,716.9 | 81,262.4 | 92,111.4 | 21,033.7 | 75,095.6 |
|  |          | 8        | 4        | 4        | 7        | 5        |

| Sources of Financing   | 2020 Actual | 2021 Proj | 2022 Proj | 2023 Proj | 2024 Proj | 2025 Proj |
|--|-------------|-----------|-----------|-----------|-----------|-----------|
| Domestic Debt_Total  | 0.00        | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      |
| 1. Commercial Bank Loans                                     |             |           |           |           |           |           |
| 2. State Bonds   |             |           |           |           |           |           |
| 3. CBN Development Financing (Agric, Infrastructure, MSMEDF) |             |           |           |           |           |           |
| 4. FGN Borrowing   |             |           |           |           |           |           |
| 5. Domestic Expenditure Arrears                              | 0.00        | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      |
| External Debt_Total  |             |           |           |           |           |           |
| Asset privatisation proceeds/other funds                     |             |           |           |           |           |           |
| Total Financing  | 0.00        | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      |

|   |          |          |          |          |          |          |
|---|----------|----------|----------|----------|----------|----------|
| Financing Gap (Total Financing minus Gross Borrowing) | 6,210,08 | 11,050,3 | 15,931,4 | 26,675,6 | 39,116,2 | 52,747,9 |
|   | 3,395.00 | 16,344.6 | 27,247.5 | 38,899.5 | 96,464.2 | 71,440.0 |
|   |          | 4        | 6        | 3        | 4        | 3        |

| Debt Stock (End of Year) | 2020 Actual | 2021 Proj | 2022 Proj | 2023 Proj | 2024 Proj | 2025 Proj |
|--------------------------|-------------|-----------|-----------|-----------|-----------|-----------|
| Domestic Debt_Total      | 28,167,6    | 26,929,5  | 22,300,4  | 18,628,7  | 15,663,7  | 13,441,6  |
|                          | 07,446.7    | 40,074.4  | 06,059.5  | 52,847.6  | 38,278.0  | 94,622.4  |
|                          | 4           | 0         | 2         | 2         | 9         | 8         |
| 1. Commercial Bank Loans | 1,318,89    | 1,344,23  | 1,371,94  | 1,402,25  | 1,404,26  | 1,471,67  |
|                          | 0,000.00    | 0,000.00  | 0,000.00  | 0,000.00  | 0,000.00  | 0,000.00  |
| 2. State Bonds           |             |           |           |           |           |           |

|   |          |          |          |          |          |          |
|---|----------|----------|----------|----------|----------|----------|
| <b>3. CBN Development Financing (Agric, Infrastructure, MSMEDF)</b> |          |          |          |          |          |          |
|   | 1,918,17 | 1,901,29 | 1,981,25 | 2,068,73 | 2,133,26 | 2,269,05 |
|   | 0,000.00 | 0,000.00 | 0,000.00 | 0,000.00 | 0,000.00 | 0,000.00 |
| <b>4. FGN Borrowing</b>   |          |          |          |          |          |          |
|   | 24,930,5 | 23,684,0 | 18,947,2 | 15,157,7 | 12,126,2 |          |
|   | 47,446.7 | 20,074.4 | 16,059.5 | 72,847.6 | 18,278.0 | 9,700,97 |
|   | 4        | 0        | 2        | 2        | 9        | 4,622.48 |
| <b>5. Domestic Expenditure</b>                                      |          |          |          |          |          |          |
| <b>Arrears</b>  | 1,430,72 | 1,359,18 | 1,087,34 | 869,879, | 695,903, | 556,722, |
|   | 2,671.40 | 6,537.83 | 9,230.26 | 384.21   | 507.37   | 805.90   |
| <i>Contractor Arrears</i>   |          |          |          |          |          |          |
|   | 23,434,9 | 22,263,2 | 17,810,5 | 14,248,4 | 11,398,7 |          |
|   | 98,420.7 | 48,499.7 | 98,799.7 | 79,039.8 | 83,231.8 | 9,119,02 |
|   | 6        | 2        | 8        | 2        | 6        | 6,585.49 |
| <i>Pension and Gratuities</i>                                       |          |          |          |          |          |          |
|   | 64,826,3 | 61,585,0 | 49,268,0 | 39,414,4 | 31,531,5 | 25,225,2 |
|   | 54.58    | 36.85    | 29.48    | 23.58    | 38.87    | 31.09    |
| <i>Salaries</i>   |          |          |          |          |          |          |
| <b>External Debt_Total</b>  |          |          |          |          |          |          |
|   | 28,167,6 | 26,929,5 | 22,300,4 | 18,628,7 | 15,663,7 | 13,441,6 |
|   | 07,446.7 | 40,074.4 | 06,059.5 | 52,847.6 | 38,278.0 | 94,622.4 |
|   | 4        | 0        | 2        | 2        | 9        | 8        |
| <b>Total Debt Stock</b>   |          |          |          |          |          |          |
|   |          | -        | -        | -        | -        | -        |
|   |          | 1,238,06 | 4,629,13 | 3,671,65 | 2,965,01 | 2,222,04 |
|   |          | 7,372.34 | 4,014.88 | 3,211.90 | 4,569.52 | 3,655.62 |
| <b>Total Debt Stock annual change</b>                               |          |          |          |          |          |          |

|  | 2020   | 2021     | 2022     | 2023     | 2024     | 2025     |
|--|--------|----------|----------|----------|----------|----------|
|  | Actual | Proj     | Proj     | Proj     | Proj     | Proj     |
| <b>Domestic Arrears Dynamics</b>                               |        |          |          |          |          |          |
|  |        | -        | -        | -        | -        | -        |
| <b>Annual change in domestic arrears stock (naira billion)</b> |        | 1,246,52 | 4,736,80 | 3,789,44 | 3,031,55 | 2,425,24 |
|  |        | 7,372.34 | 4,014.88 | 3,211.90 | 4,569.52 | 3,655.62 |
| <b>Annual percentage in domestic arrears stock (%)</b>         |        | 5%       | 20%      | 20%      | 20%      | 20%      |

### Section 3

## Prioritization Criteria for Settlement of Arrears

Once a database of valid claims on Government has been established, a set of criteria for prioritizing their liquidation should follow. This section, therefore, outlines the set of conditions that should define the level of priority given to different classes of arrears. The priority any specific set of expenditure arrears will receive will be based on the nature of the arrears in relation to the following characteristics:

- Socioeconomic impact: Arrears to economically sensitive or vulnerable sectors, such as salaries of low-income workers, pensions, and social benefits, will be prioritized.
- Age of Debts: Older obligations will be priority over newer obligations.
- Cost: Arrears that accrue interest and penalty charges will be priority.
- Risk: Arrears that may result in legal action, disruption of essential services, or cost escalation of future supplies to government will be prioritized.
- Creditor: The Government will prioritize the clearance of intra government debts as this can be done administratively through the annual budget at minimal net cost.

In terms of management and implementation of the above conditions for prioritization, two approaches will define the specific action to be taken at different points in time. These are:

- Approach 1: Allocation of available fund among the types of the arrears in proportion to their share of the total outstanding stock of arrears.
- Approach 2: Allocation of available funds to a particular type of arrears at a time or one after the other.

The two approaches will be combined to great effect in the clearance of the State's expenditure arrears. The category of arrears will also matter in terms of which of the prioritization criteria is applied at any point in time. Details of how this will be applied in the course of this Arrears Reduction Framework are as presented below in Table 3.

**Table 3: Approach to Prioritisation of the State Domestic Arrear**

| Criteria                       | Rationale   | Data Required*              |
|--------------------------------|---|-----------------------------|
| <b>CONTRACTORS</b>             |   |                             |
| Smallest first                 | This will allow many individual arrears to be paid immediately. It will also concentrate available funds on small firms that may be vulnerable to cash flow problems. | Value of outstanding arrear |
| <b>PENSIONS AND GRATUITIES</b> |   |                             |

|                 |   |                             |
|-----------------|---|-----------------------------|
| Oldest first    | Largest injury (in terms of delay) is addressed first | Date missed payment was due |
| <b>SALARIES</b> |   |                             |
| Oldest first    | Largest injury (in terms of delay) is addressed first | Date missed payment was due |

## **Section 4**

### **Organizational/Institutional Arrangement**

#### **4.1 Description of the Organizational/Institutional Arrangement for Implementation of the Framework**

In order to ensure proper implementation of the framework, Abia State set up a Domestic Arrear Clearance Committee as an institutional arrangement saddled with the responsibility of arrears clearance process, including recording, verification, classification, reporting, prioritization and clearance of the State Government's domestic expenditure arrears as well as oversee the work of the State Government towards actualizing the SFTAS DLI 8. The committee is guided by the terms of reference as stated below.

#### **4.2 Objective and Responsibilities of the Committee**

The Domestic Arrears Clearance Committee will support the office of the Accountant-General of the State in its responsibility for accurate recording, verification, and reporting of domestic arrears across all types. The committee shall discharge the following specific duties:

1. Establishment of specific guidelines setting out the roles and responsibilities of individuals and institutions for recording of domestic arrears (the roles and responsibilities of each Primary Record Holder, i.e. the entity primarily responsible for keeping the records for each type of arrears). This will include specific reporting requirements, i.e. the use of agreed timelines for submission to the Committee, for instance monthly.
2. Establishment of specific guidelines setting out the roles and responsibilities of individuals and institutions for the verification of domestic arrears balances (the roles of designated officers or verifiers). This will include reporting requirements, that is, a validated copy of the agreed recording templates and any supporting schedules and timelines for submission to the Committee, for instance monthly.
3. Setting up, maintenance and regular monthly update of an accurate internal domestic expenditure arrears database and the publicly accessible online version of the database with a feedback mechanism in place.
4. Oversight of the overall recording, verification and reporting processes for domestic expenditure arrears to ensure that they meet the requirements of DLI 8 as described in the SFTAS Verification Protocols.
5. Ensure adequate classification of the arrears for prioritization purposes.
6. Develop the State's Arrears Clearance Framework (ACF), including policies on prioritization and clearance arrears.
7. Ensure accurate monthly, quarterly and annual reports that present the true position for verified domestic arrears and the progress made in implementing the State's ACF.

8. Provide data/documentation to support the verification of SFTAS DLI 8, including the State's Arrears Recording, Verification and Clearance Report.
9. Any other assignment that may be consequent upon or useful towards ensuring continuous offsetting of expenditure arrears so as to minimize the risk of future accumulation of arrears in the State.

#### 4.3 Monitoring and Reporting of the Arrangement

The Committee will report directly to the State's Governor through the Honourable Commissioner for Finance. Table 1 shows the composition of committee members.

**Table 1: Membership of the Committee**

| S/N | TITLE  | POSITION           |
|-----|--|--------------------|
| 1   | Commissioner for Finance                                       | Chairman           |
| 2   | Economic Adviser to the Governor                               | Alternate Chairman |
| 3   | Commissioner for Local Government and Chieftaincy Affairs      | Member             |
| 4   | State Accountant General                                       | Member             |
| 5   | Executive/Permanent Secretary – Abia State Planning Commission | Member             |
| 6   | Permanent Secretary Establishment and Pensions                 | Member             |
| 7   | Executive Secretary – Abia State Pensions Boards/Commission    | Member             |
| 8   | Director General, Abia State Bureau of Public Procurement      | Member             |
| 9   | Director General, Debt Management Office                       | Member             |
| 10  | SFTAS Focal Person Technical Assistance Component              | Secretary          |
| 11  | SFTAS Focal Person Program for Result Component                | Member             |
| 12  | Auditor General for State                                      | Observer           |
| 13  | Auditor General for Local Government                           | Observer           |

#### 4.4 Committee Secretariat

The Committee shall establish a Secretariat to support its work using existing Staff or Units within the Office of the Accountant General and State Debt Management Office

#### 4.5 Power and Authorities of the Committee

- The Committee shall have delegated authority to request any and every information it requires from the MDAs in order to carry out its functions.
- The Committee will be able to incur expenditures, including the engagement of professional assistance while executing its role. However, all such expenditures must be incurred through the procurement systems of the selected institution with approvals from relevant authorities and consistent with the State's financial guidelines.

#### 4.6 Tenure of the Committee:

The Committee will operate in perpetuity but may be disbanded or reconstituted on the directive of the State Executive Governor.

Signed:



---

**Dr. Aham Uko**  
*Commissioner for Finance*  
*Abia State*