



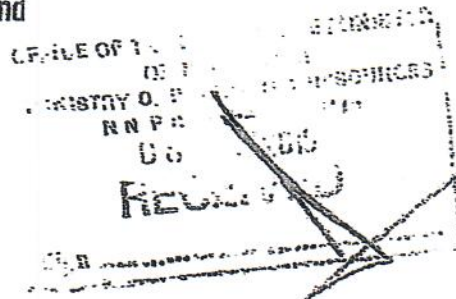
STATE HOUSE,
ABUJA.
NIGERIA.

Reference: PRES/88-3/MPR/803/87/MF/-2/647

6th May 2015

The Hon. Minister,
Ministry of Petroleum Resources,
MPPC Towers,
Abuja.

The Coordinating Minister for the Economy and
Hon. Minister of Finance,
Ministry of Finance,
Finance Headquarters,
Abuja.



**RE: LACK OF FUNDS TO MEET MYRIAD OBLIGATIONS
IN THE LAST MONTH OF THE ADMINISTRATION**

Reference:

A Letter CME-HMF/1945/SN/3/2015 dated 2nd May 2015.

I am directed to forward Reference A to you and to convey to you Mr. President's approval of para. 3.

2. Humbly submitted for your further action, Ma'am.


Matt Aikhionbare
Senior Special Assistant to the President (Admin)

Enclosures:

1. Copy of Reference A.



FEDERAL MINISTRY OF FINANCE

Office of the Co-ordinating Minister for the Economy / Hon. Minister

Ahmadu Bello Way,
Central Business District,
P.M.B. 14 Garki, Abuja
Nigeria.

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CME-HMF/FMF/SH/3/2015

2nd May, 2015

His Excellency
Dr. Goodluck Ebele Jonathan, GCFR
President, Federal Republic of Nigeria
Presidential Villa
Abuja.

Your Excellency,

LACK OF FUNDS TO MEET MYRIAD OBLIGATIONS IN THE LAST MONTH OF THE ADMINISTRATION

I would like to draw your attention to the myriad and urgent outstanding obligations [many of which Your Excellency has approved] of this Administration. For example, Your Excellency has approved almost N10 billion in payments of Operation Zaman Lafia and various other Military activities for the First and Second Quarter of this year. More than N150 billion contractor payments are outstanding from various MDAs. You have also approved some urgent contract payments and outstanding debts, particularly for contractors working in State House. In addition, there are numerous other local contractors debt and judgement debts yet to be paid.

2. Your Excellency, there are at this time absolutely no funds to make any payment towards these obligations. Yet, it is evident that we should prioritise these payments and tidy them up before the end of the administration.

3. I am, therefore, seeking Your Excellency's understanding and approval that we borrow \$2 billion from the Gas Sector Investment Funds to settle these obligations and leave reduced liabilities for the In-coming Administration.

4. In particular, it is clear from the May Projected Cash-flow situation that we need resources to meet the Salary and Pension bills for May 2015 totalling about N272 billion. Settlement of these obligations should begin as quickly as possible now so as to be able to financially wind things down by the 25th of May, 2015.

With best personal regards,

HMF
CME/HMF
Para 3 approved.
11/5/15

Dr. Ngozi Okonjo-Iweala
Dr. Ngozi Okonjo-Iweala
Coordinating Minister for the Economy
and Honourable Minister of Finance



FEDERAL MINISTRY OF PETROLEUM RESOURCES

OFFICE OF THE HONOURABLE MINISTER

Block D, 11th Floor, NNPC Towers, Herbert Macaulay Way,
Central Business District, P.M.B. 449, Abuja.

HMPR/001/130515/01

May 13, 2015

His Excellency

Dr. Goodluck Ebele Jonathan, GCFR

President, Commander-In-Chief of the Armed Forces

Federal Republic of Nigeria

Presidential Villa, Abuja

Y. Excellency, Sir,

RE: LACK OF FUNDS TO MEET MYRIAD OBLIGATIONS IN THE LAST MONTH OF THE ADMINISTRATION

The above subject matter most respectfully refers.

Your Excellency it is with the greatest humility and a deep sense of responsibility, that I write in my capacity as your Minister of Petroleum Resources to bring to your attention a number of salient issues that you may not have been appraised of, in regards to your directive to borrow from the Gas Sector Investment Funds contained in your correspondence of May 6, 2015 (Ref: PRESS/88-3/MPR/803/87/MF/-2/647).

2. Your Excellency may recall that in 2011, NNPC sought and obtained Presidential approval to set aside the sum of \$7.8 Billion of the amount in the NLNG dividend account for the purposes of executing the Brass LNG project (see attached annex-1).

3. Subsequently, based on Ministry of Finance requests, additional Presidential approvals were given, directing the following withdrawals, namely:

a) Funding for Federal Capital projects - 16th August 2012 - \$953,333,334 million (see attached annex-2)

b) Funding for Federal Capital projects - 24th September 2013 - \$480 million (see attached annex-3)

c) Loan to Federal Government - 12th March 2014 - External Reserves-\$1billion (see attached annex-4)

4. In addition, Mr. President approved another withdrawal following a request from the National Security Adviser for:

a) Funding for urgent Security Projects - 2nd May 2014 - \$1.2b (see attached annex-5)

5. These withdrawals total \$3,395,000, leaving a balance of \$5.6 million in the NLNG account, which is well below the amount needed to fund the Brass LNG project.

6. Your Excellency, it may interest you to learn that Brass LNG project has recently been repositioned for Final Investment Decision (FID) after the withdrawal of ConocoPhillips. Part of the requirement for the FID is that NNPC would need to pay its full equity contribution into the Brass LNG Escrow account.

7. As a result of the exit of ConocoPhillips in June 2014, NNPC's equity has increased from 49% to about 59% requiring even larger equity contribution. Consequently, maintaining and dedicating the proceeds of the NLNG dividend account for the purposes of Brass LNG and NLNG Train 7 is essential, if these projects are to continue.

8. Accordingly, any further funding uncertainty to the Brass LNG project and NLNG Train 7 will be inimical to Nigeria's strategy to maintain its global LNG market share of approximately 10%.

9. Furthermore, as a result of the dramatic decline in crude oil prices, LNG prices, which are linked to oil prices have now literally halved and therefore, future accretion rate to the NLNG dividend account will be curtailed. It is essential that if projects such as Brass LNG and NLNG Train 7 are to be pursued, our current proceeds in the NLNG dividend account need to be secured to allow sufficient funds to cover both projects. These projects are currently targeted at defined market windows, with potential off takers already identified.

10. Your Excellency Sir, in light of the foregoing, I respectfully appeal that the decision to further draw-down on the NLNG funds be reconsidered in order to ensure the continuous progress of these critical national projects.



Diezani Alison-Madueke (Mrs.) CON
Honourable Minister of Petroleum Resources

*HMRF
I have noted the issues you raised. I will discuss with the CEO/HMRF & get back to you.
21/05/15*