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NEWS RELEASE

**STATE OF EXCESS CRUDE ACCOUNT, PAYMENT ON PARIS CLUB
DEBT DEAL, STATE OF EXTERNAL RESERVES AND RELATED
ISSUES**

1. NO MONEY IS MISSING

Contrary to the insinuations made by the Chairman of the Revenue Mobilization and Fiscal Commission, Engr Hamman Tukur in his presentation to the Senate, not one kobo of the nation's resources is missing. All the monies in the statutory accounts are intact and no irregular or illegal deductions have been made. The paper presented by Engr Tukur to the National Assembly has a table in it that we don't recognize. It is not part of our documents at FAAC and it is made up of figures that are not valid. All the monies deducted were for important projects:

- a. Exit payments on the Paris Club debt deal
- b. Niger Delta power plants
- c. Extra two days of the last National Census

All the payments are documented and accounted for. We look forward to sharing this information with the National Assembly committee when it reconvenes in August.

**2. THE GOVERNMENT HAS ACTUALLY SAVED THE NATION
MONEY BY NEGOTIATING THE BEST DEAL FOR THE COUNTRY**

There is no basis for the allegation that the nation's resources have been mismanaged or frittered away. In fact, the opposite is true. The Federal Government has actually saved money that would otherwise have been spent by negotiating the best deals for the country.

- a. Contrary to the assertions of the RMAFC, no phantom consultant was paid one percent commission. Rather, in line with normal banking practice, the Central Bank of Nigeria charged one percent

transaction commission. This percentage was later reduced by the CBN to 0.25% on the instruction of the President. It is ridiculous to suggest, as the RMAFC did in its presentation, that a creditor should be responsible for a transaction fee.

- b. The \$100,000 monthly fee paid Lazard Freres, the Financial Advisors on the debt deal was both concessionary and competitive. The industry standard is in the region of \$250,000. The Advisors accepted this fee because the Finance Minister and the DMO already had the necessary technical capacity.

Compare the fees Nigeria paid Lazard Freres with what two other countries paid the firm: Iraq - \$600,000 per month and \$250,000 per month.

- It is also worth noting that Lazard Freres is in the top ten of global Financial Advisors on negotiations with the Paris Club and the London Club. The firm has handled about 40 such deals for more than 30 countries in Europe, Asia, Africa and Latin America from the 1990s to date. It carried out two previous assignments for Nigeria in the early 1990s. It therefore had an up to date data base on Nigeria and that conferred on it an advantage. That is why we used it.

3. ALL PAYMENTS WERE BASED ON THE NATION'S PRIORITIES

It is significant that all the payments made were determined by the nation's clear priorities.

- a. All Nigerians are aware of what the nation is losing in industrial production because of the epileptic performance of our power sector. This is the reason the country has embarked on the largest integrated power project in the world today with objective of raising the nation's power generation capacity to 10,000 mw by the end of next year. The payments that have been made in pursuit of this objective are therefore demonstrably justified. They have gone through due process. Improving the nation's electricity capacity is an urgent objective that deserves urgent action.
- b. The payments made with regard to the two extra days of the national census are in the same category. There was need to

ensure that the census which a key plank of national development planning is completed properly.

4. THE PROCESSES FOR THE PAYMENT ARE QUITE NEW

Another important point to note: we have never had an exit payment on debt before. Neither have we embarked on a power project of such magnitude before. All these are peculiar federation issues. The National Assembly and the states cannot appropriate for the federation but for the federal and state governments. This creates a difficulty when you have federation account issues. What we are doing is to work with the National Assembly to find answers to deal with such situations and rectify any outstanding issues. We are learning as we are going along. Based on this the President has consulted widely and he will continue to do so in partnership with the National Assembly to resolve all issues in the interest of the nation.

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