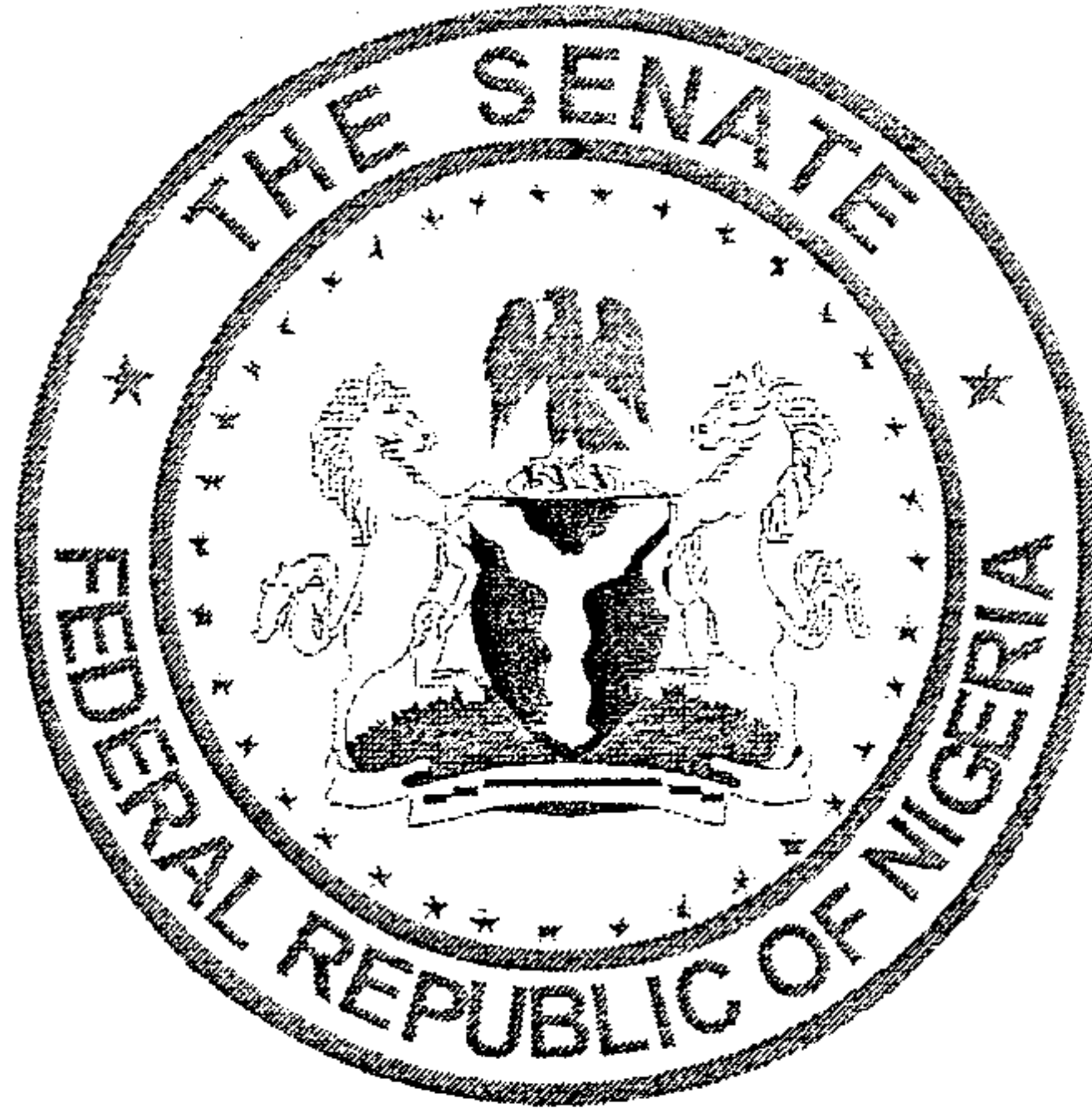




REPORT

OF THE

**JOINT COMMITTEE ON FINANCE; AND LOCAL
AND FOREIGN DEBT**

ON THE

***REQUEST FOR EXTERNAL BORROWING OF NOT
MORE THAN ONE BILLION US DOLLARS
(\$1B USD) TO TACKLE SECURITY
CHALLENGES IN THE COUNTRY.***

SEPTEMBER, 2014

REPORT OF THE SENATE JOINT COMMITTEE ON FINANCE; AND LOCAL AND FOREIGN DEBT ON THE REQUEST FOR EXTERNAL BORROWING OF NOT MORE THAN ONE BILLION US DOLLARS (\$1B USD) TO TACKLE SECURITY CHALLENGES IN THE COUNTRY

1.0. INTRODUCTION:

The Senate at its sitting on Tuesday 16th September, 2014, considered the request of Mr. President, Commander-in-Chief of the Armed Forces of the Federation for the approval of the external borrowing of not more than **One Billion US Dollars (\$1b USD)** to tackle the ongoing security challenges in Nigeria and referred same to the Committees on Finance; and Local and Foreign Debt for further Legislative actions to report within one week.

2.0. BACKGROUND:

Your Excellency, Distinguished Senators, you may recall that Mr. President, Commander-in-Chief of the Armed Forces of the Federation on 15th July, 2014 requested for the approval of the National Assembly for external borrowing of not more than One Billion US Dollars (\$1b USD). You are aware of the ongoing serious security challenges the nation is facing, as typified by the Boko Haram Terrorist threat. The Security situation in the North-

East States of Adamawa, Borno and Yobe have continued to deteriorate despite the imposition of state of Emergency in the said States. The insurgents are purported to have carved out some Local Governments in Borno and Adamawa States and declaring same as Caliphate under their control as if it were no longer part of the territory of Nigeria.

Therefore, the urgent need to upgrade the equipment, training and logistics of our Armed Forces and Security Services to enable them move forcefully to confront this serious security threat cannot be over-emphasised.

3.0. MEMBERSHIP:

(a) Committee on Finance:

- | | |
|----------------------------------|--------------|
| 1. Senator Ahmed M. Makarfi, CON | - Chairman |
| 2. Senator Joshua C. Dariye, Fca | - V/Chairman |
| 3. Senator Aloysius A. Etok | - Member |
| 4. Senator Maina M. Lawan | - Member |
| 5. Senator Adamu I. Gumba | - Member |
| 6. Senator Clever M. Ikisikpo | - Member |
| 7. Senator Isa M. Galaudu | - Member |
| 8. Senator Nenadi E. Usman | - Member |
| 9. Senator Abubakar O. Saraki | - Member |
| 10.Senator Ayo P. Akinyelure | - Member |
| 11.Senator Andy E. Uba | - Member |

2. Senator Ahmed M. Makarfi, CON	-	Member
3. Senator Emmanuel Paulker	-	Member
4. Senator Christopher C. Nwanko	-	Member
5. Senator Saidu Ahmed Alkali	-	Member
6. Senator Zainab A. Kure	-	Member
7. Senator Emmanuel G. Bwacha	-	Member
8. Senator Ahmed M. Maccido	-	Member
9. Senator Ayo A. Adeseun	-	Member
10. Olugbenga O. Obadara	-	Member

(c) Secretariat:

1. Abdullahi El-Rasheed	-	Clerk, Finance Committee
2. Godwin Ekpenyong	-	Clerk, Local and Foreign Debt

4.0. METHODOLOGY:

The Committee identified the relevant stakeholders and invited them for a meeting on 17th September, 2014. The Committee also requested details of the Lenders and how much each is providing and for what purpose, tenor and other Terms and conditions from the Ministry of Finance.

5.0. OBSERVATIONS:

The Joint Committee observes that this "loan" facility request is not a cash loan but supply of military hardware to be paid for over seven years.

Accordingly, terms such as interest rate cannot be indicated. However, it is not every country or supplier that can agree to such terms. It is therefore in our interest to take up the opportunity and not allow it slip away.

Also the request is for a ceiling of \$1b USD and not that at the moment the whole amount will be utilized. Government will procure on the terms stated based on needs assessment of our security agencies.

The Joint Committee further observes that this is a request with security implications therefore not much details can be divulged in writing.

6.0. FINDINGS:

From the briefings by the relevant stakeholders and documents received, the Joint Committee made the following findings, that:

- i. Helicopters are crucial for decisive victory over the war against terror. Quick victory cannot be accomplished without Helicopters because of the terrain and the nature of the operations to be undertaken;

- ii. The number of Helicopters in the fleet of the Nigeria Air Force is inadequate for effective deployment. The following factors contribute to this:
 - (a) lack of adequate funds for maintenance;
 - (b) recent burning of two (2) Helicopters by the insurgents at Maiduguri; and
 - (c) no new Helicopter had been added to the fleet since 1998.
- iii. The requested loan is for Helicopters, Ships, Armaments, and Hardware Equipments;
- iv. The 12 nos. M135 Helicopters being requested for now are appropriate for the nature of the operation and the terrain;
- v. Belarus has accepted to give Helicopters on the condition of installmental payment over a-seven year period; and
- vi. Other Hardwares, Armaments and Equipments will be bought on same terms from other European countries.

7.0. RECOMMENDATION:

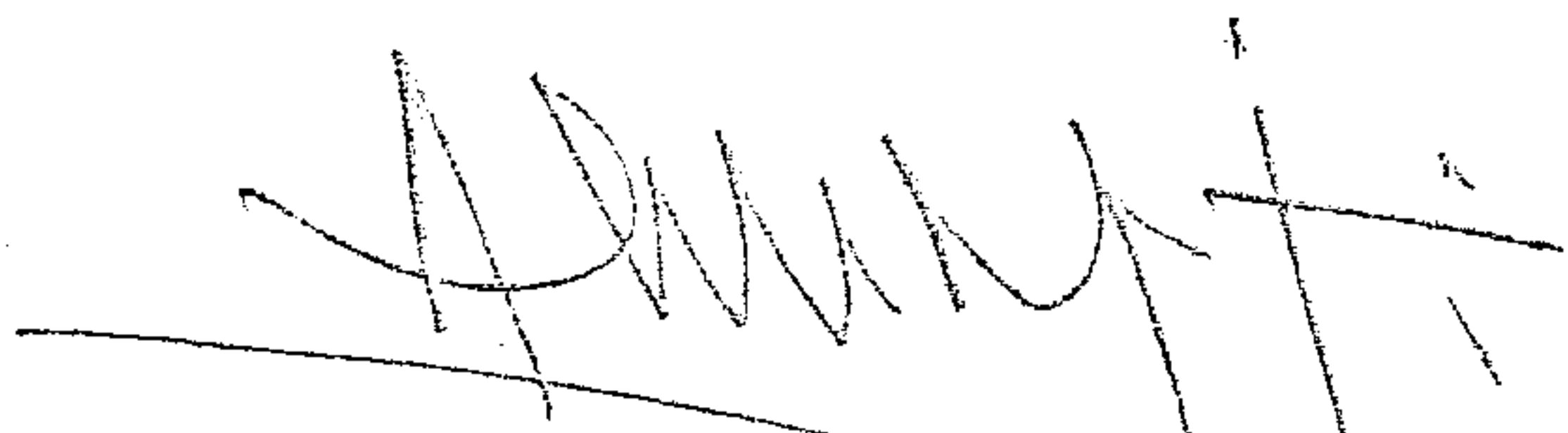
In view of the joint Committee's findings, the terms and conditions of the loan agreement and the urgent need to restore full normalcy in the country, the Joint Committee recommends that the Senate approve the External Loan in

kind of **One Billion Dollars (\$1b USD)** to tackle the ongoing security challenges.

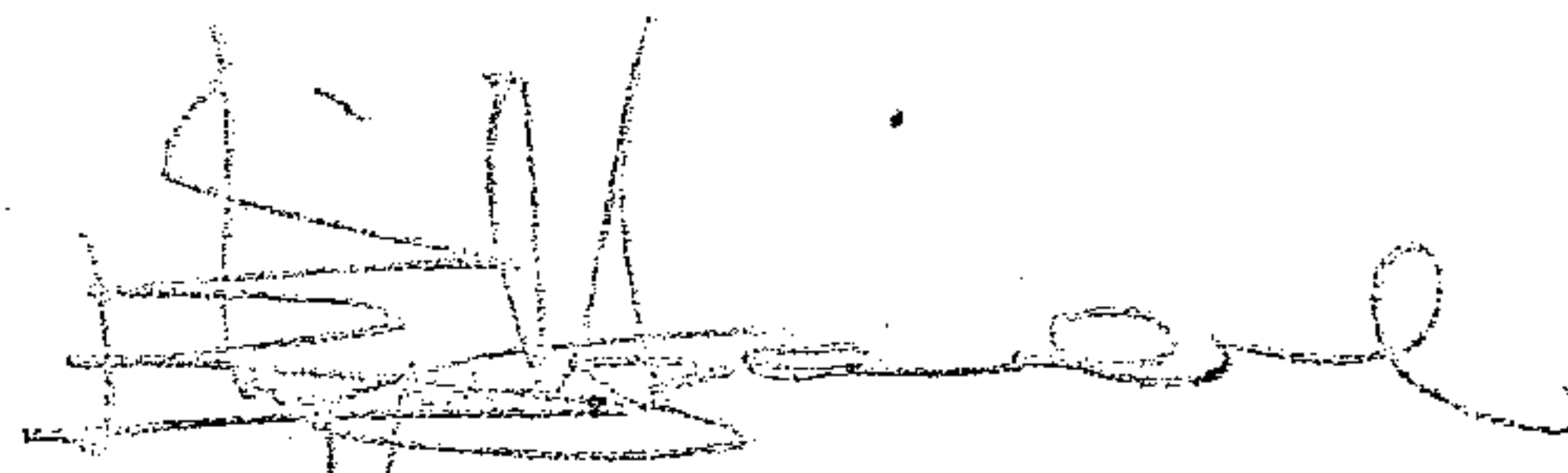
8.0. CONCLUSION:

The Joint Committee wishes to sincerely express its appreciation to the Senate President, Leadership, and the entire Senate for the opportunity to carry out this assignment. It is our sincere hope that the Joint Committee's recommendation will be approved by the Senate of the Federal Republic of Nigeria.

Thank you.



Senator Ahmed M. Makarfi, CON
Chairman, Joint Committee



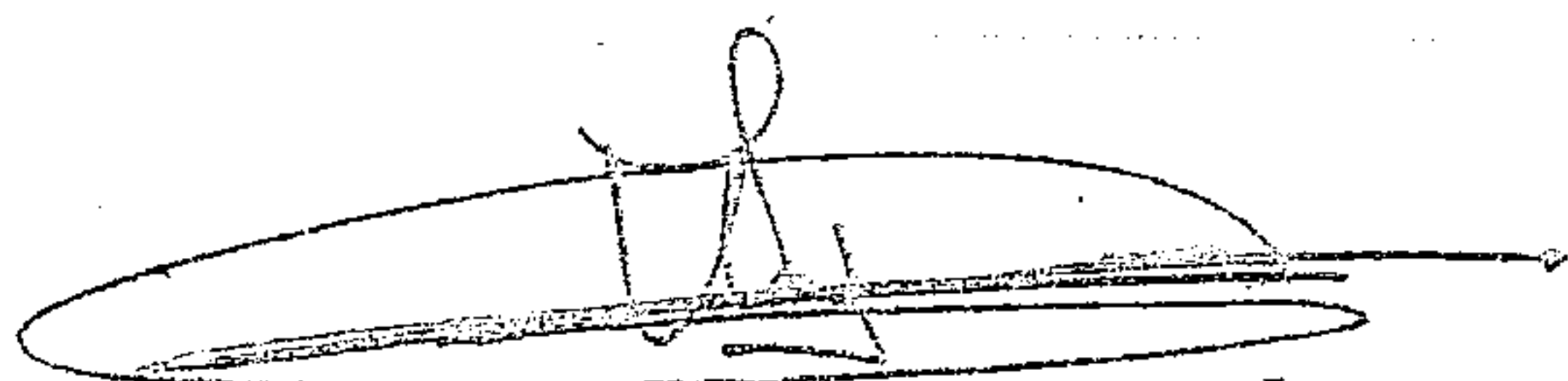
Senator Ehigie E. Uzamare
*Chairman, Committee on Local
and Foreign Debt*



Senator Joshua C. Dariye, Fca
Member



Senator Ahmad Rufai Sani
Member



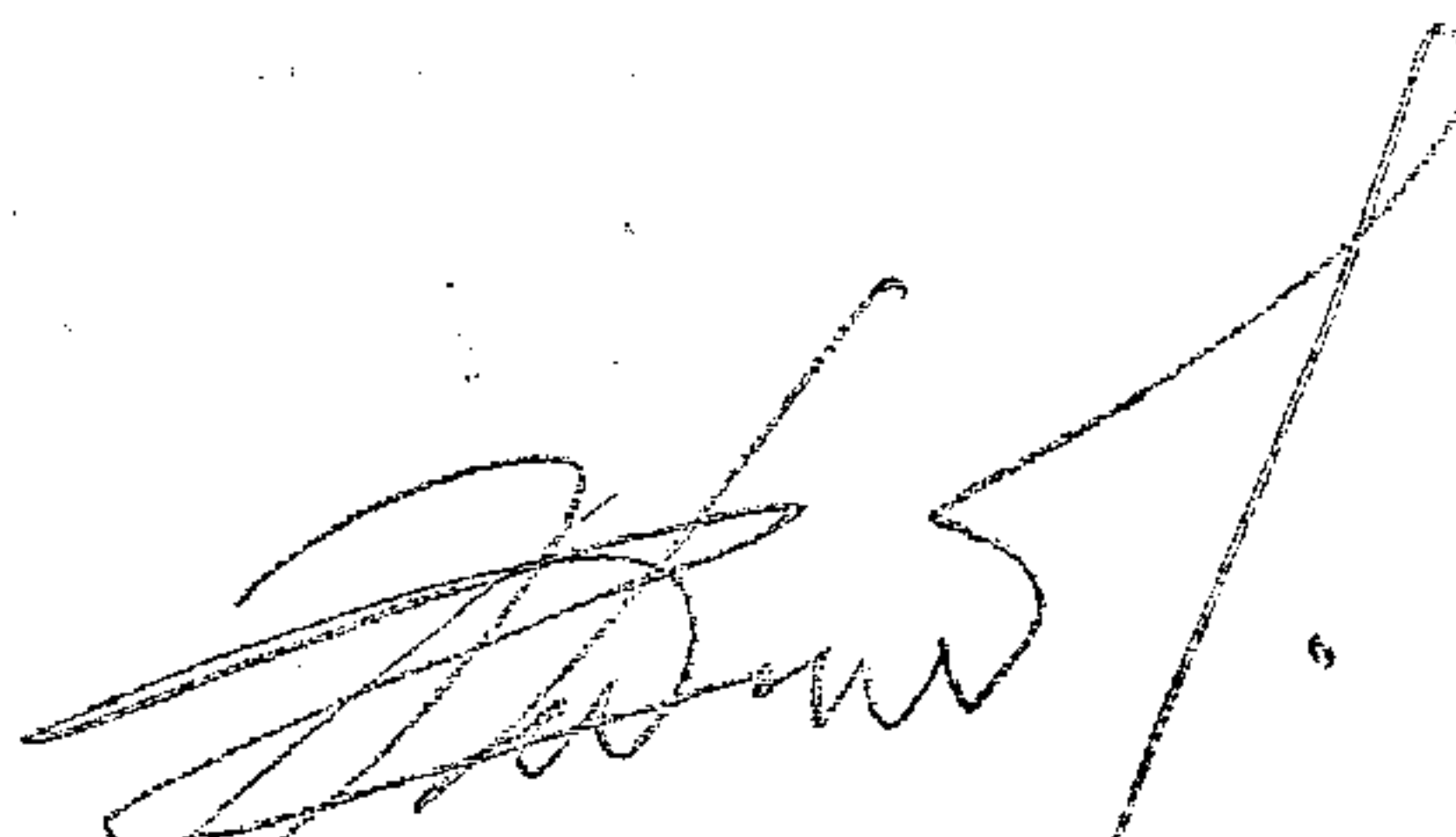
Senator Aloysius A. Etok

Member



Senator Christopher C. Nwanko

Member

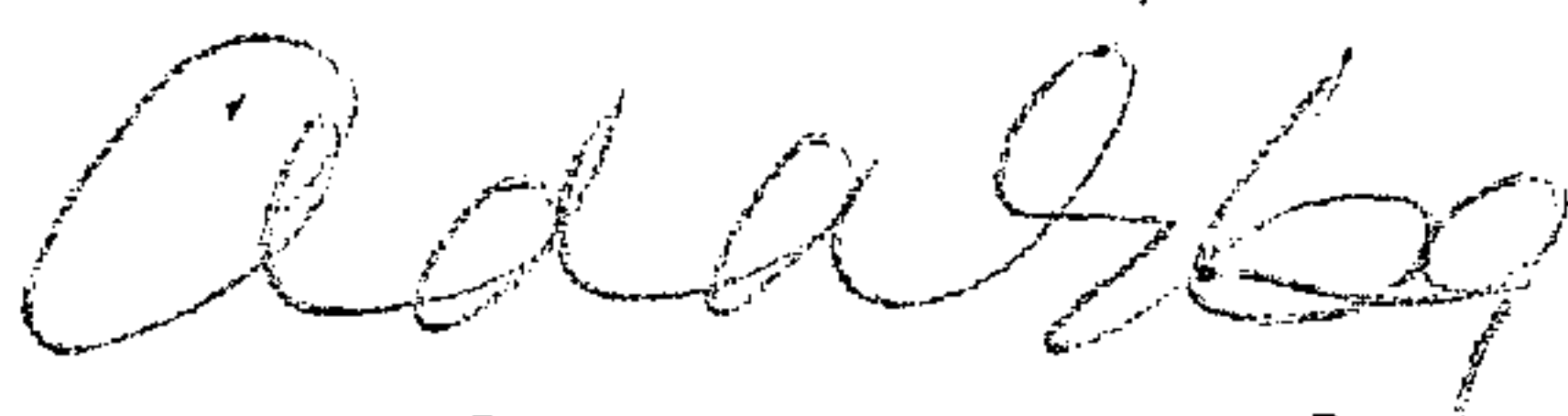


Senator Saidu Ahmed Alkali

Member

Senator Maina M. Lawan

Member



Senator Adamu I. Gumba

Member



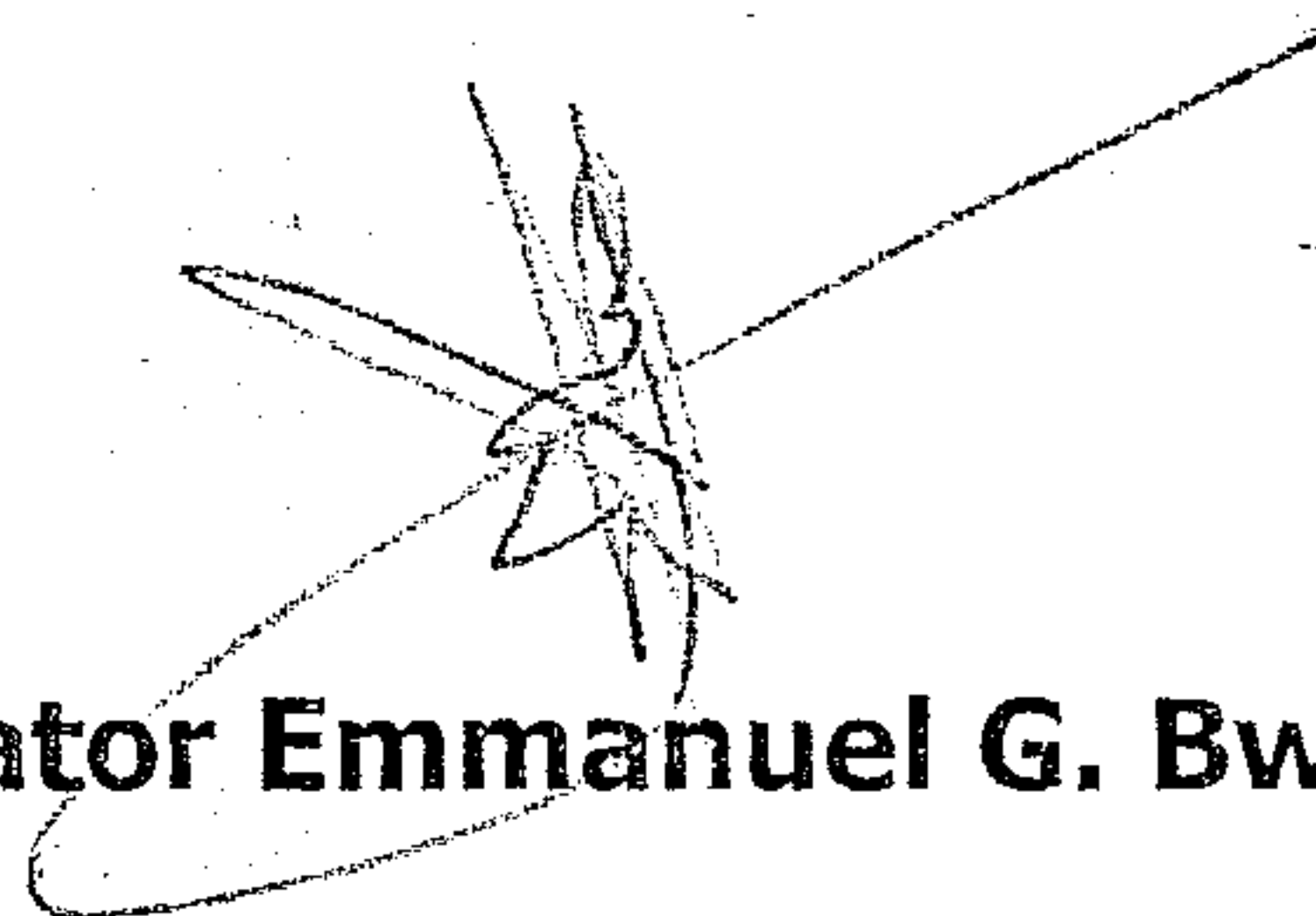
Senator Zainab A. Kure

Member



Senator Clever M. Ikisikpo

Member



Senator Emmanuel G. Bwacha

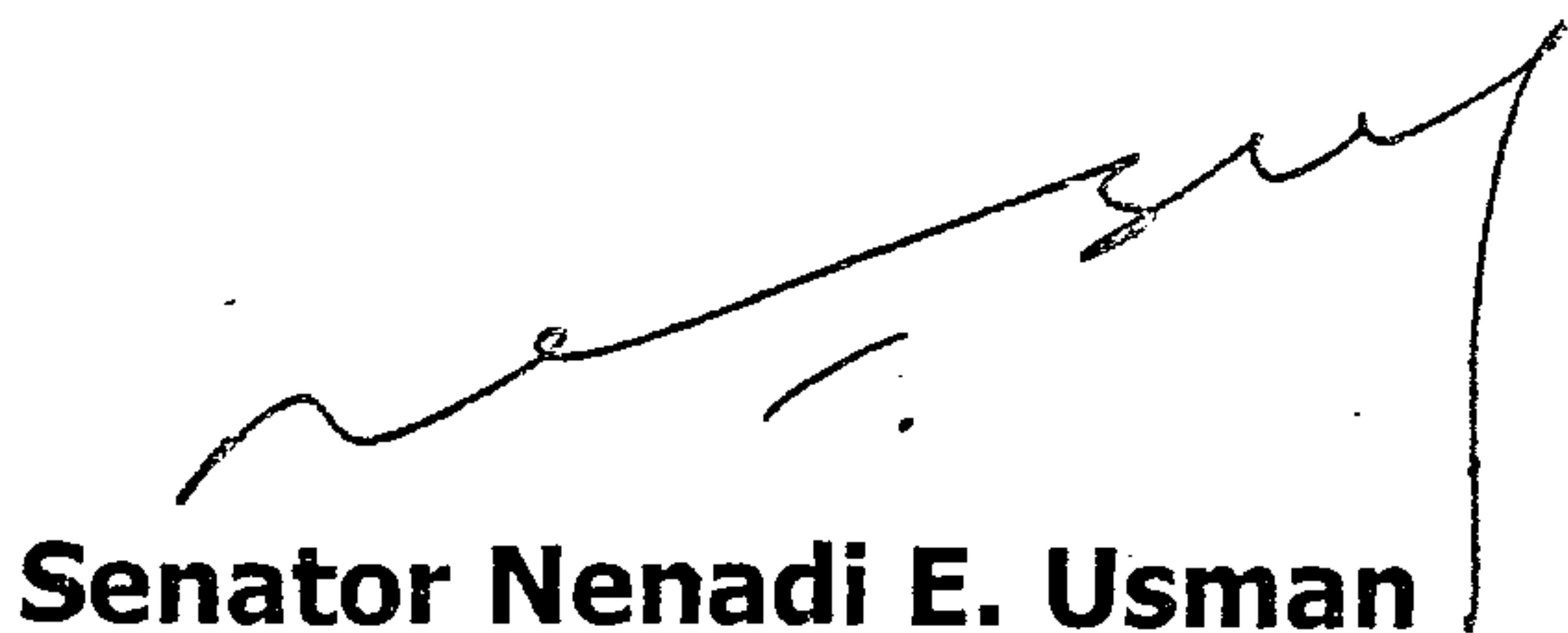
Member

17/09/14

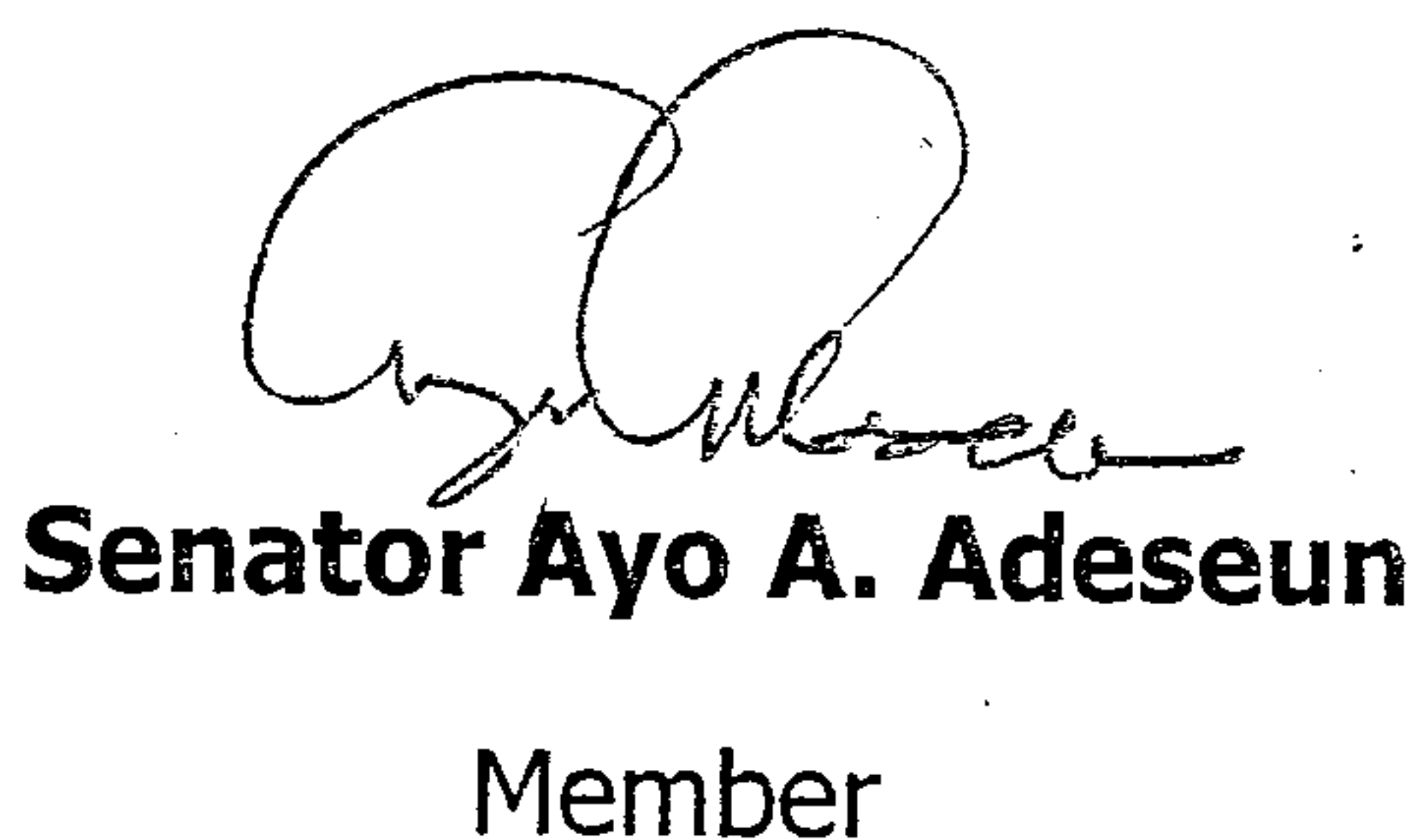


Senator Isa M. Galaudu
Member

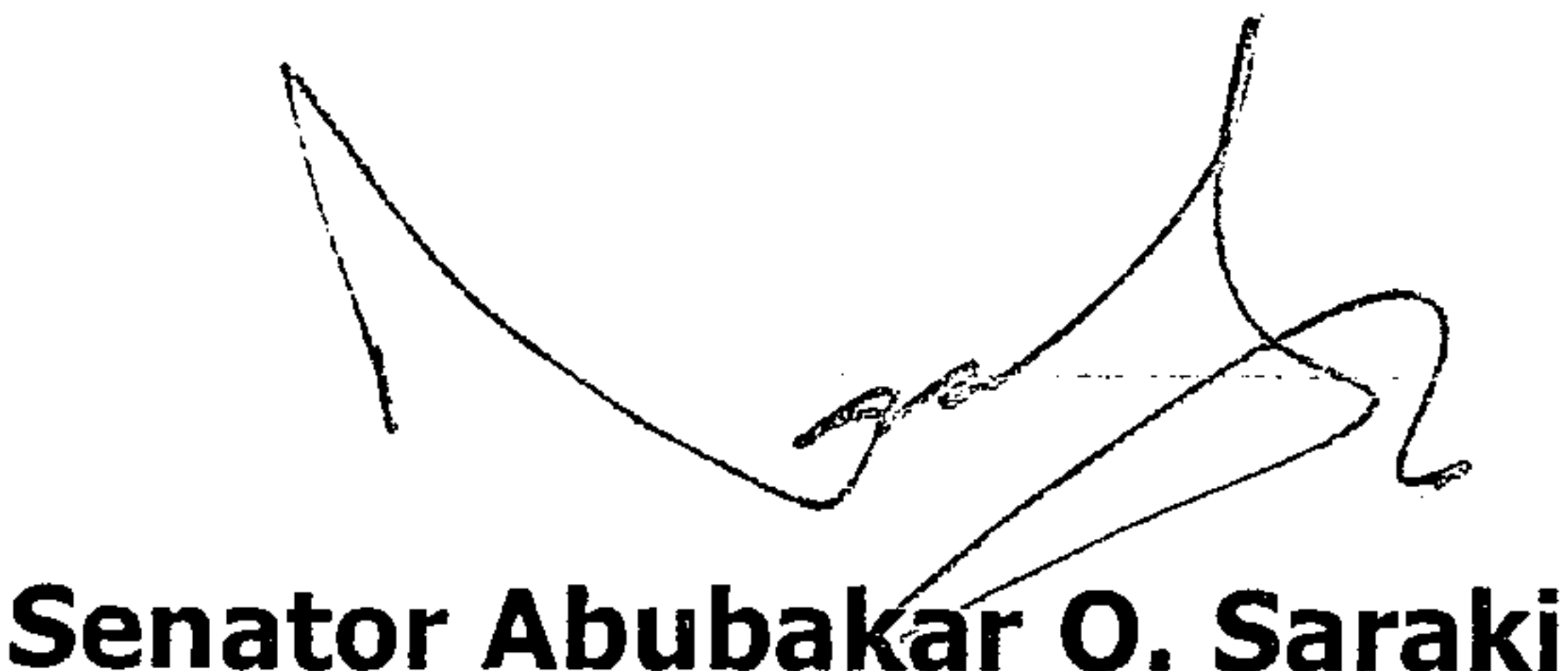
Senator Ahmed M. Maccido
Member



Senator Nenadi E. Usman
Member



Senator Ayo A. Adeseun
Member



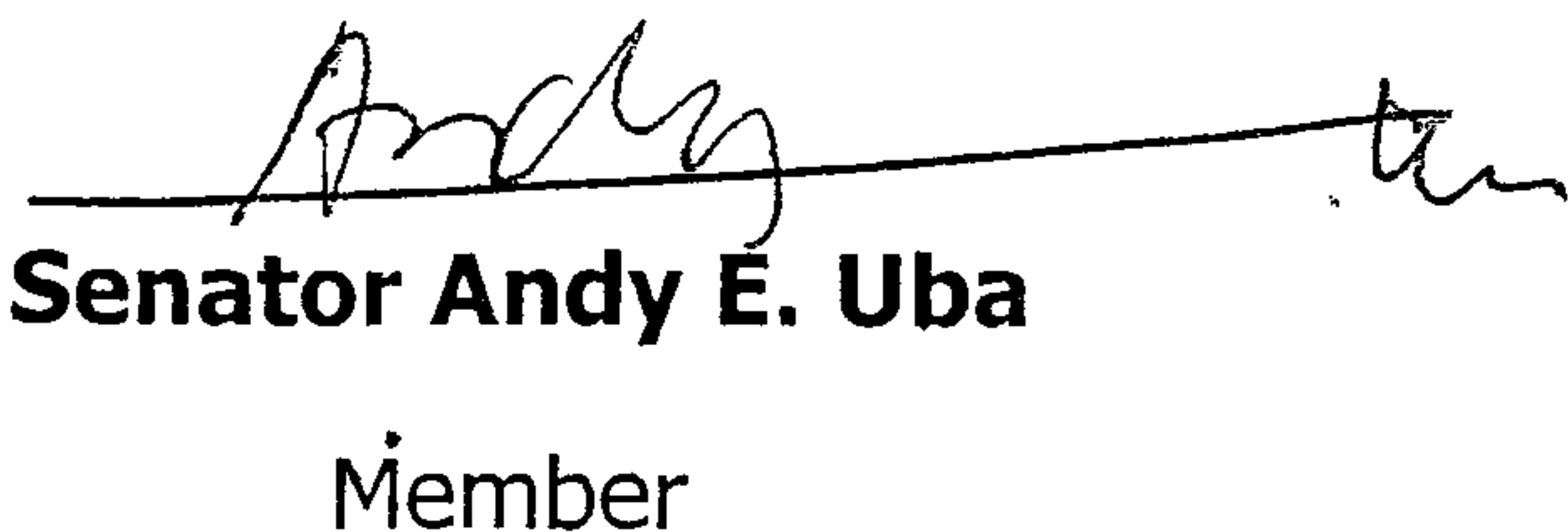
Senator Abubakar O. Saraki
Member

Senator Emmanuel Paulker
Member

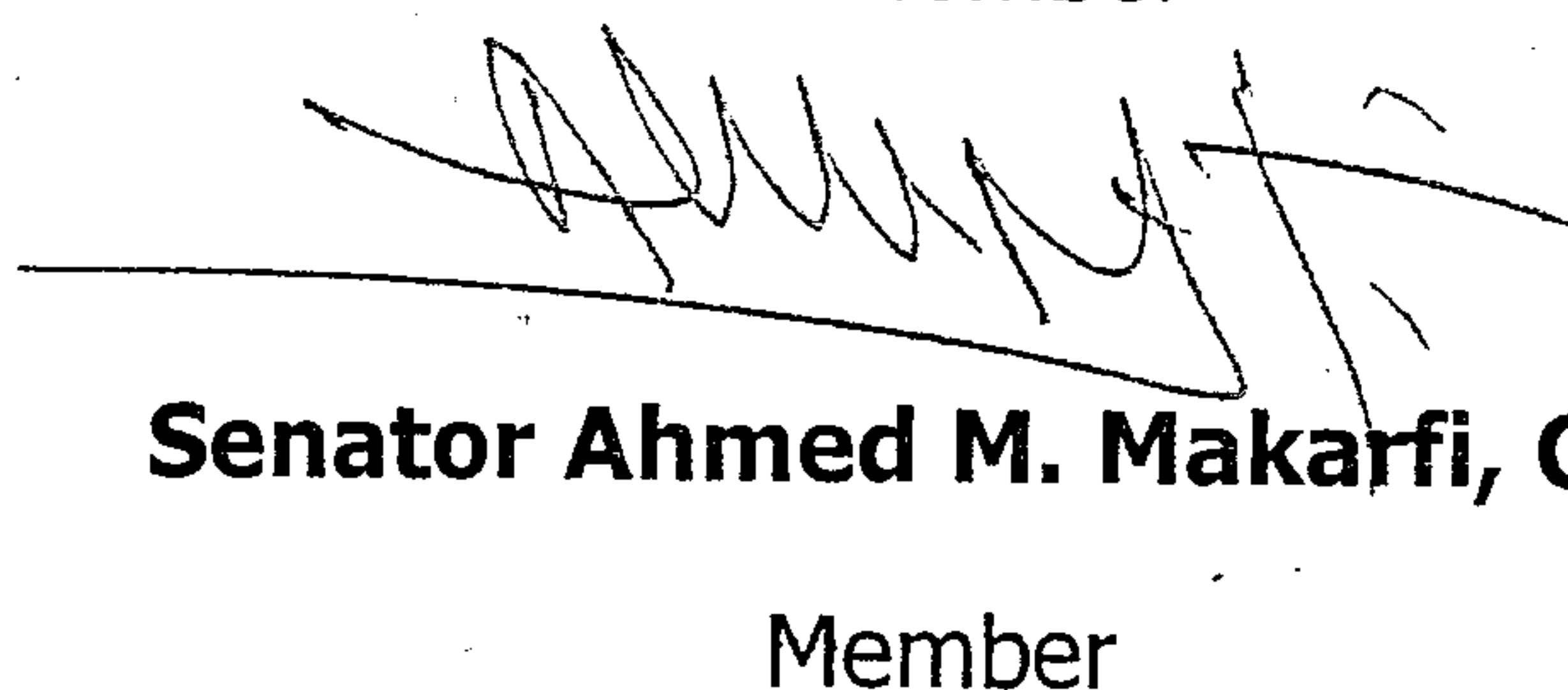


Senator Ayo P. Akinyelure
Member

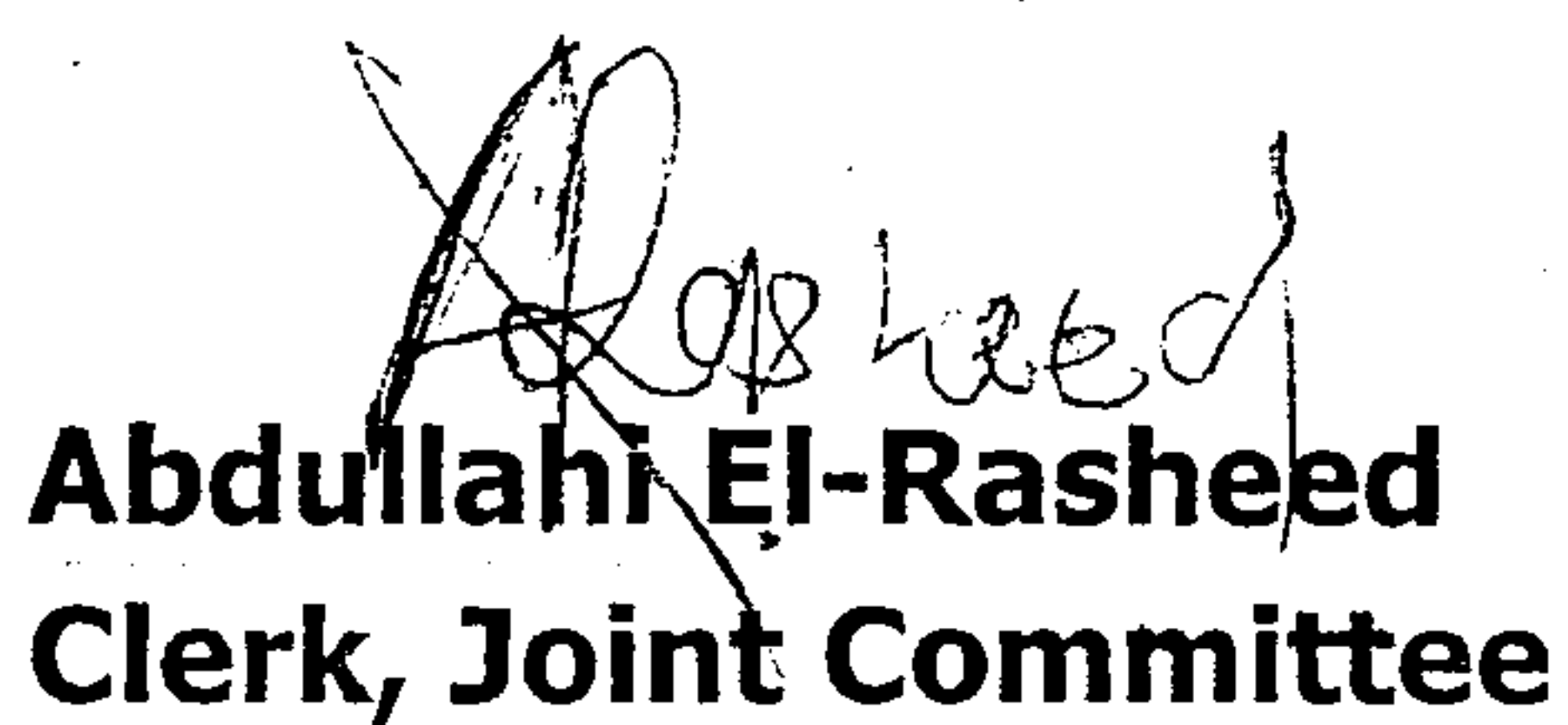
Senator Olugbenga O. Obadara
Member



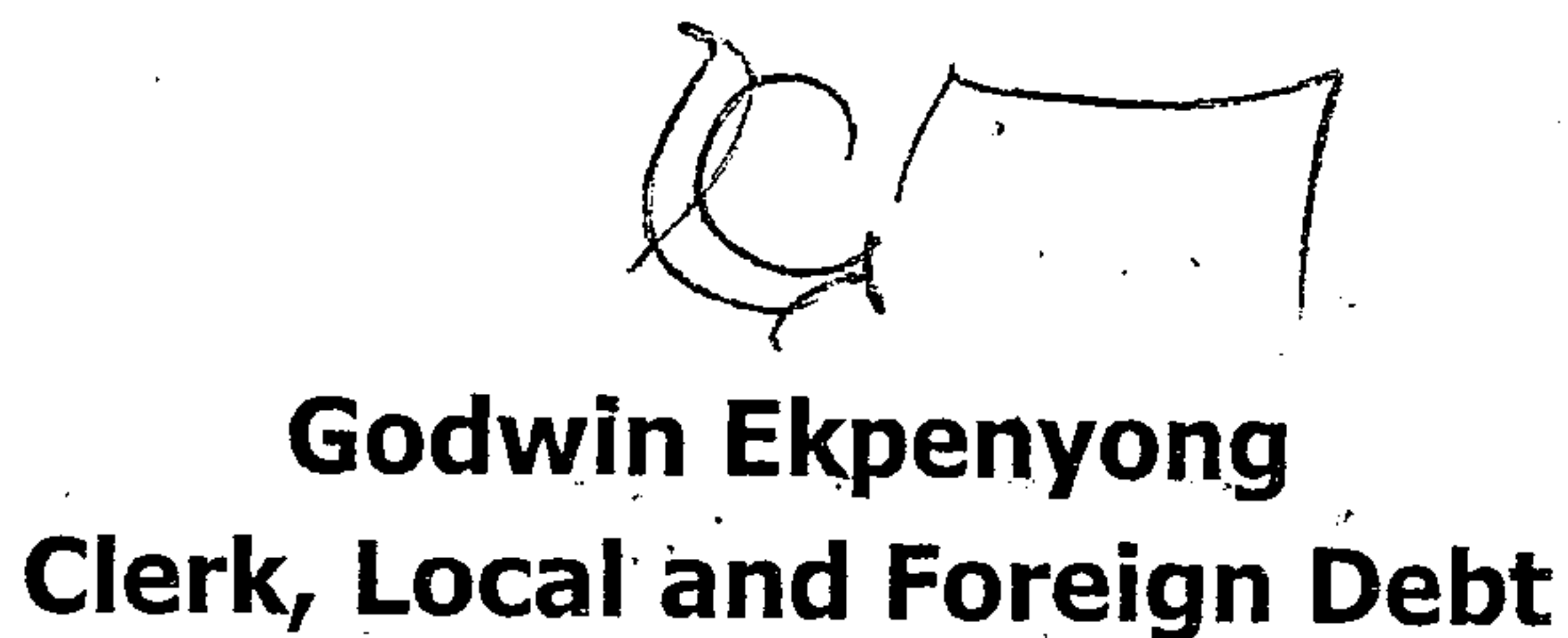
Senator Andy E. Uba
Member



Senator Ahmed M. Makarfi, CON
Member



Abdullahi El-Rasheed
Clerk, Joint Committee



Godwin Ekpenyong
Clerk, Local and Foreign Debt