



FEDERAL MINISTRY OF PETROLEUM RESOURCES

OFFICE OF THE HONOURABLE MINISTER OF STATE

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30th August 2017

His Excellency, Muhammadu Buhari, GCFR
President and Commander-in-Chief of the Armed Forces
Federal Republic of Nigeria
Presidential Villa Abuja

Your Excellency,

**RE: MATTERS OF INSURBODINATION AND LACK OF ADHERENCE TO DUE PROCESS
PERPETUATED BY THE GMD NNPC- DR BARU**

FELICITATIONS

Let me start by welcoming you back to the country and by thanking God for your recovery from ill health. I join millions of Nigerians who rejoice and thank God for granting you the grace of healing and the strength to continue the good work you have done for Nigeria in your long illustrious career in public service. I would have wanted to come personally after receiving you at the airport to felicitate with you and discuss matters herein contained, however I have been unable to secure an appointment to see you despite very many attempts.

VARIOUS ACTIVITIES OF THE GMD

Mr President, yesterday like many other Nigerians, I resumed work confronted by many publications of massive changes within NNPC. Like the previous reorganizations and repostings done since Dr Baru resumed as GMD, I was never given the opportunity before the announcements to discuss these appointments. This is so despite being Minister of State Petroleum and Chairman NNPC Board.

The Board of NNPC which you appointed and, which has met every month since its inauguration and, which by the statutes of NNPC is meant to review these planned appointments and postings, was never briefed. Members of the Board learnt of these appointments from the pages of social media and the press release of NNPC.

At a minimum and, like all other Parastatals being supervised by me at the Ministry have continued to do, and in compliance with proper governance standards expected of a

serious public institution, these executive actions by NNPC were supposed to benefit from mine and the Board's input prior to presentation to you. I only need to add that previous attempts to rush through these appointments through a non-governance backdoor and present same to the Acting president were met with a request that this be discussed with me. This was never done.

Indeed, in anticipation of vacancies that would arise from retiring senior executives of NNPC, I wrote the GMD a letter requesting that we both have prior review of the proposed appointments. This was to enable me present same to the Board or give an anticipatory approval and then review with the Board later (**Appendix 1**). I wrote to the GMD given previous happenstance of this nature. In addition, thereafter, I called the GMD to a private meeting where I discussed these issues. Needless to say that, not only did he not give my letter the courtesy of a reply, he proceeded to announce the appointments without consultation or Board concurrence.

Mr President please note that there is a Board Services Committee whose function is to review potential appointments and terminations of Senior Staff prior to implementation. This committee was also not consulted.

The above is just one of the many occurrences of disrespectful experiences I have encountered with the GMD as your Minister of State.

CONTRACTS

The legal and procedural requirement is that all contracts above \$20m would need to be reviewed and approved by the Board of NNPC. Mr. President in over one year of Dr Baru's tenure, no contract has been run through the Board. This is despite my diplomatic encouragement to Dr Baru to do so to avoid wrongfully painting you as a President who does not allow Due Process to thrive in NNPC. Given the history of malpractices and the public perception of NNPC as having a history of non-transparency (**Appendix 2: NEITI report**), the NNPC Tenders Board (NTB) cannot be the final clearance authority for contracts it enters into. The NTB which is a collection of top level NNPC executives and COOs, with the GMD as Chairman, cannot continue to be the final approval authority for multi-million dollar contracts and transactions involving NNPC to the exclusion of the Board. Board members have singularly and collectively raised these issues to no avail. (**Appendix 3: Letter from Vice President on Expanded Contract**)

The following major contracts were never reviewed by or discussed with me or the Board of NNPC:

1. The Crude Term contracts - value at over \$10bn
2. The DSDP contracts- value over \$5bn
3. The AKK pipeline contract - value approximately \$3bn
4. Various financing allocation funding contracts with the NOCs - value over \$3bn
5. Various NPDC production service contracts - value at over \$3bn-\$4bn

There are many more Your Excellency. In most of these activities the explanation of the GMD is that you are the Minister of Petroleum and your approvals were obtained. However the correct governance should be that the Minister of State and the Board review the transaction and give their concurrence prior to presentation to you. As in many cases of things that happen in NNPC these days, I learn of transactions only through publications in the media. The question is why is it that other Parastatals which I supervise as Minister of State or Chair of their Boards are able to go through these contractual and mandatory governance processes and yet NNPC is exempt from these?

I know that this bravado management style runs contrary to the cleansing operations you engaged me to carry out at the inception of your administration. This is also not in consonance with your own renowned standards of integrity

WORKING RELATIONSHIP

Your Excellency, even though the appointments of the other Parastatals Heads in my Ministry were made without my input, I have maintained a cordial and respectful relationship with all. The other Parastatals under my supervision have continued to excel in their respective areas and adhere to mandatory governance processes. However, my working relationship with the GMD has been fraught with humiliation, sidelining and campaigns of character defamation against me. This is particularly frustrating given many contributions I have made to the growth and stability of the Nigerian Oil and Gas industry through the many policies I have introduced since August 2015.

If NNPC is considered and known to be one of the Parastatals under the Ministry, why does the GMD refuse to report into my office or to the Board on serious issues such as above especially given that I have been by Your Grace, the Minister overlooking these Parastatals for two years?

Your Excellency, even at the time when we were unfortunate to have you away to England for medical checkup, the situation remained the same.

MEETINGS

The matter of collaborative meeting is another issue all together. When I call for meetings, the GMD chooses which meetings he wishes to attend and those he chooses to send subordinates. He sends such subordinates without the courtesy of a call to

explain his absence. The unattended meetings are in the majority. In all of 2017 I have been able only to get him to have one on one meetings with me about four to five times.

At inception I instituted a Monthly Parastatals review meeting with Head of Agencies and another with the all the Senior management in all the Parastatals. GMD objected to his Senior Staff coming to the Joint Senior Management meetings. He argued that this was over reaching his territory. He was only comfortable with the Monthly all Heads of Agencies meetings which he has only attended a few times. I have had to carry on with the rest of the Ministry. Despite being Chairman of NNPC Board, I have tried to manage the bad perception created by GMD's blatant insubordination and disrespectful attitude. Particularly I have worked hard to avoid being seen as petty and meddlesome.

FEAR CULTURE

The effect of the attitude of the GMD and the sidelining of the Board is that there is a fear culture in NNPC. The open administration I introduced, with your support in our first year of pushing reforms, has been completely eroded. The essence of this innovation was to drive great working interface and interaction amongst all Parastatals in the Petroleum sector. Other Parastatals have benefited from this.

NNPC staff are afraid of contacting me to avoid being punished, sidelined in appointments and targeted. Indeed the key factor for growth and advancement in NNPC of today is to avoid the Minister of State's office.

VARIOUS ACCUSATIONS

In order to convince your Excellency of the need to sideline me, I am sure I have been labeled as being:

- I. Anti-North
- II. Corrupt
- III. In collusion with militants

Some faceless blogs have even had the audacity to circulate such rumours. Nothing Your Excellency can be further from the truth. I mention this because this will be the likely response you will receive to this attempt I am making to alert you on the state of affairs under the GMD's leadership.

These accusations are baseless.

- I. Anti-North

First, all my appointments were generated with key inputs from all the COOs of NNPC and were balanced and based strictly on skills, experience, drive and ethnic balancing for senior management positions. Mid-level positions were sole suggestions of the COOs. Let me say for the records that I am a completely detribalized Nigerian and I have lived my formative years in the East, West, North and South-South part of the Country. My Father was a Federal High Court Judge in most parts of the North. My siblings and I benefited from growing up in Kano. In addition, I have resided and worked in Rivers, Delta, Lagos, Oyo, Enugu, Anambra etc. I have no reason to be anti-North because in my working career I have found that good and skillful people abound everywhere in our Nation.

II. Corruption

I have done nothing in my time at NNPC or the Ministry that is corrupt or laced with any such intent. In my time as GMD, all policies and contracts were generated by the Heads of Division, approved by COOS, passed through NTB and (in the absence of a Board at the time) I received your approvals. I have had no relationship with any one or any transaction in my period that was the product of a personal deal or an arrangement. If anyone benefited from NNPC contracts, they did so on their merit and I rarely participated in those contractual processes except to review them.

Anyone peddling any contrary information is resorting to cheap blackmail.

III. Militants and Security

I took on the issue of security headlong because it was the primary causative factor for production that declined from 2.2 mtpd to 1mtpd at our lowest point (November 2016). At great risk to my life, I visited militant camps, coordinated with our security apparatus, organized the tour of the HEVP to several frontline states and worked with PANDEF and other groups to bring calm and increase production and some measure of stability to what it is today.

I have never betrayed the trust you placed on me. I did not deploy any public financial resources to achieve the results in the Niger Delta region. Most times I have utilized my personal resources and goodwill accumulated over the many years prior to my appointment to achieve these far reaching results and of course all these were with collaborations with Agencies of the government (Office of the VP, DSS, NSA etc)

I dare mention that the blueprint of these engagements were discussed with and approved by you.

Given the sensitivity of my position, I remain one of the most tracked officers of your government, so if there is any truth to these rumours, you would have known.

Mr President you took me from the private sector where I left an enviable track record of performance and integrity spanning over 25years rising to the highest positions in

multinational oil sector organization . I came to this job with the zeal to change the sector. Measurable progress has been made and more would have been achieved but for the challenges I have listed above.

It is in the spirit of service and absolute belief in your leadership and integrity that I have, after one year of tolerating these disrespectful and humiliating conducts by the GMD, decided to bring these to your attention.

THE FUTURE OF THE OIL INDUSTRY

Mr President I have been on a race to stabilize and move the industry to the next phase. Timing is critical. The sector is also in a critical state where only innovative ideas can stop the alarming impact of the fall of oil prices on the National Income. The innovations that we have developed and started implementing in the Downstream, Upstream, Policy generation, and Niger Delta Security have enabled the sector to stabilize slightly. However truth is that given global challenge in this sector, we must aggressively pursue out of the box ideas on rejuvenating this sector, getting the best yield and increasing our earnings from Oil and Gas. What this means is that Parastatals in the Ministry and all CEOs of these Parastatals must be aligned with the policy drive of the supervising Ministry to allow the sector register the growth that has eluded it for many years. To do otherwise or to exempt any of the Parastatals would be to emplace a stunted growth for the industry.

PRAYERS

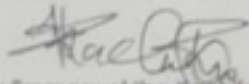
My prayers most humbly and respectfully are:

- I. That we save NNPC and the oil industry from collapse arising from the above non transparent practices and empower the Board you inaugurated to do the needful
- II. That you save the office of the Minister of State from further humiliation and disrespect by compelling all Parastatals to submit to oversight regulatory mandate and proper supervision which I am supposed to manage on your behalf.
- III. You kindly instruct the GMD to effectively leave NNPC to run as a proper institution and report out along due process lines to the Board and that your Excellency instructs that all reviews be done with the Minister of State prior to your decision.
- IV. That to set the right examples, you approve that the recently announced reorganization changes be suspended until the GMD, myself and the Board have made relevant input to same. This will send a clear signal of process and transparency
- V. That Your Excellency encourages joint presentation meetings between heads of Parastatals and the Minister of State to you so as to encourage a culture of working together and implant discipline in the heirachy

These in my view, Mr President, will provide you balanced analysis on issues and avoid exposing the exalted office of Mr President to ridicule. It will also reduce nonproductive, unsubstantiated rumour peddling.

Mr President I thank you for the opportunities given me to serve and I wish you continued full recovery. I remain loyal and very proud of you Sir.

Mr President kindly accept the assurances of my highest esteem and loyalty.



Dr Emmanuel Ibe Kachikwu

Honorable Minister of State Petroleum Resources

International Settlements).

Commercial Banks	Account No.	Amount (USD)	
Sterling Bank	0023515951	26,560,076.76	
Keystone Bank	1006160930	16,686,764.42	
Diamond Bank	0033789960	277,858,575.81	
First Bank	2006307767	12,015,022.40	
First Bank Escrow	2016965894	6,982,045.71	340,102,485.1
CBN (Bank of Int'l Settlement)			
PI to CBN by CHQ		218,135,905.73	
Awaiting PI from CHQ		70,855,324.94	288,991,230.67
Grand Total			629,093,715.77

This memo is seeking Managing Director's intervention for the release of these funds to NPPDC TSA account.