

Risk ID	Category / Element	Risk Short Title	Description	Desired Outcome	Current Situation	Proposed Strategy
C00003 □	C7 Currency/ Inflation	Impact of Naira Exchange Rate Volatility on Import Costs	Volatility in the Nigerian naira exchange rate poses a significant challenge to financial stability, especially in projects requiring imported materials and equipment. Fluctuations in the exchange rate can lead to unanticipated increases in costs, disrupting procurement and overall budgetary plans. The difficulty in securing favorable exchange rates compounds this issue, impacting long-term financial planning and the ability to meet project timelines.	Stabilize procurement costs by implementing effective currency risk management strategies to minimize the impact of exchange rate fluctuations on project budgets. What Could Go Wrong? Prolonged currency instability may lead to project delays, reduced quality in materials procured, or complete budget overruns, jeopardizing project success.	The naira exchange rate has been increasingly volatile, with fluctuations influenced by global economic trends, oil price instability, and domestic fiscal policies. This has created uncertainty in the cost of importing essential materials, making financial planning more complex and less predictable for project stakeholders.	1. Identify and establish relationships with financial institutions offering currency hedging solutions. 2. Negotiate bulk exchange deals or forward contracts to lock in favorable rates. 3. Explore local sourcing options to reduce reliance on imported materials. 4. Develop contingency funds within project budgets to absorb currency-related cost variations.

Risk (three-part) Statement			Current Risk			Response Type	Manageability	Residual Risk	Risk Owner	Due Date	Close Date	Last Review Date Notes
Cause	Risk Event [uncertainty]	Consequence	Probability	Impact	Score (Pxl)							
Rapid shifts in the global economic landscape, combined with domestic challenges such as inflation, fiscal deficits, and reduced foreign exchange reserves, contribute to the volatility of the naira.	Unanticipated depreciation in the naira's value increases the cost of importing essential materials and equipment.	Increased costs strain financial resources, disrupt budget allocation, and potentially delay project implementation, leading to diminished stakeholder confidence and project outcomes.	3	3 H-1 C-1 Q-1 S-1	9	Mitigate	3	6	Owodiong-Idemeko, Obong Ide O	31Jul26	Open	13Jan25 Volatility in the Nigerian naira exchange rate could impact the cost of importing essential materials and equipment. Difficulty in securing favorable exchange rates may affect financial planning and budget allocation.

Mitigating Actions / Response				
ID	Actions	Action Owner	Due Date	Close Date
#1	Engage financial institutions for hedging	Owodiong-Idemeko, Obong Ide O	13Mar25	Open
#2	Make bulk exchange deals with contractors.	Owodiong-Idemeko, Obong Ide O	13Mar25	Open
#3	Develop Contingency funds	Asibong, Ime	13Mar25	Open

Last 10 RM Events (Meetings/Interviews/Workshops).

Mtg.	Date	Title / Person / Department	Objective	(<File Missing> Events held.)

Comments

History

Top Risk 3 **Summary**

Impact of Naira Exchange Rate Volatility on Import Costs

Top Risk Mitigation

1. Identify and establish hedging solutions.
2. Bulk exchange deals or forward contracts.
3. Local sourcing options.
4. Contingency within project budgets.