



DEBT MANAGEMENT DEPARTMENT

2019 ANNUAL REPORT AND STATEMENT OF ACCOUNTS

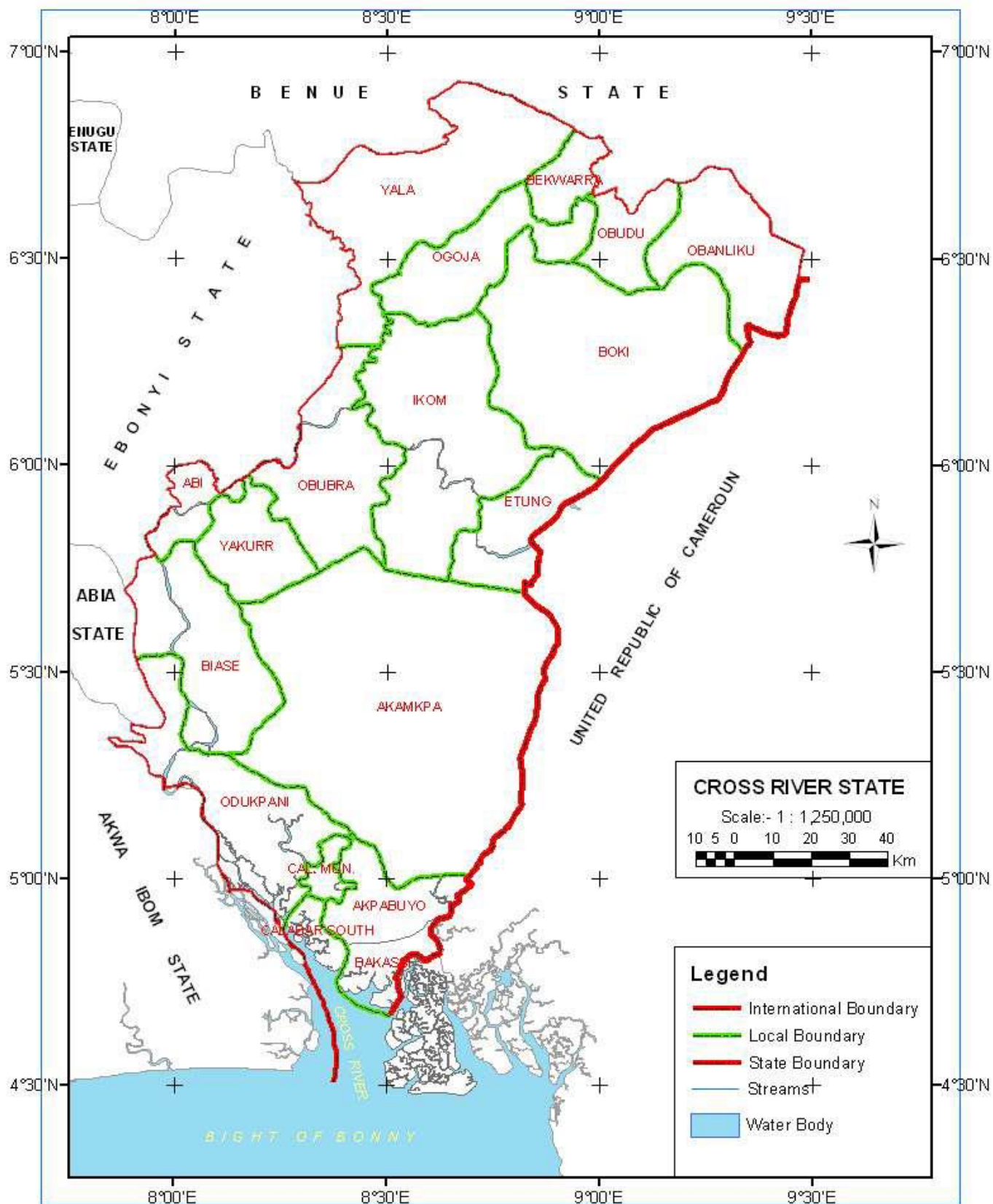


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SECTION ONE

THE CROSS RIVER STATE ECONOMY

1.1: INTRODUCTION

The Cross River State economy has witnessed significant improvement in all spheres of life, owing to favourable development in its external and internal macroeconomic environment and the prudent management of Government's activities. The year 2019 under review has remarkably shown promising performance in several dimensions including the formulation of new Laws on fees and charges, the Obudu cargoes/ passengers' international Airport as well as the Ayade's industrial park all geared towards the improvement of revenues in the State.

At the moment, all Government activities are anchored on industrialization of the entire State. The focus of this blueprint is to give Cross Riverians, qualitative and quantitative governance structure that will impact positively on the economy fortunes of the State.

In 2019, the external debt service payments was consistent and in line with terms and conditions of the various loans agreement. The State is committed to debt service payments of its outstanding facilities as and when due. It is therefore hoped that the outcome of this service payment will assist in galvanizing the potentials of the State as a destination point as well as creating possible windows for employment and revenue generation.

The gross State collectible revenue for Internally Generated Revenue and Federal Account Allocation Committee as at end 2019 amounted to ₦88.825b from the ₦87.123b recorded in 2018. Cross River State is blessed with mineral resources such as oil, gas, clay, salt, limestone, kaolin and quartzite. The State economy is dominated mainly by the Public Service, which has about 20,000 employees in its payroll. The Public Sector has been the prime mover of major activities in the economy.

SECTION TWO

Appraisal of Debt Management Activities

2.0 INTRODUCTION

In accordance with international good practice, annual appraisal was carried out in 2019 to validate the level of performance of the various activities and the expected results during the reporting year as follows:

2.1 DEBT MANAGEMENT ACTIVITIES

The broad objective of our mandate is to prudently access concessionary financing to fund growth and development within a sustainable debt profile; while facilitating private sector participation in the funding of critical infrastructure, and other growth sectors of the real economy on need basis.

2.2 LOAN UTILISATION

Analysis of the loan portfolio as at end December, 2019 revealed that 62.00 percent of the entire loans portfolio were utilized for funding growth and development in the real sector of the economy.

SECTION THREE

CROSS RIVER STATE PUBLIC DEBT

3.1 TOTAL PUBLIC DEBT STOCK OUTSTANDING

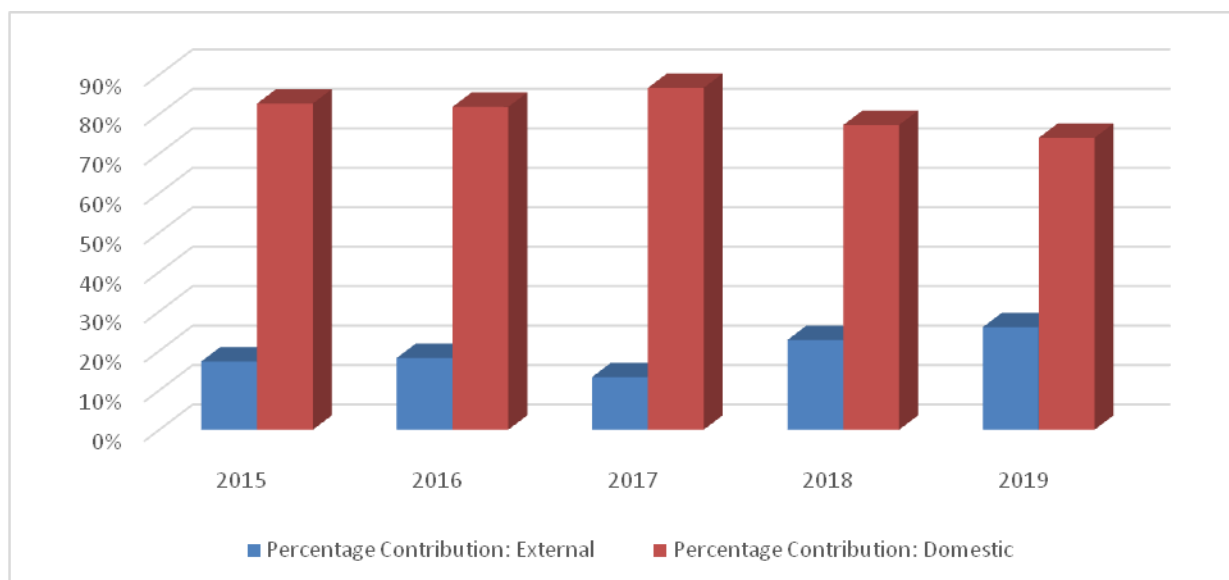
The total public debt outstanding at the end of 2019 (external and domestic loans) was ₦260.985b. This represented an increase of ₦53.353b or 26 percent when compared to the ₦207.632b at the end of 2018 (Table 1). The increase was as a result of new borrowings and exchange rate variations.

Table1, shows the trend in total public debt stock from 2015-2019. Itshowsthattheshareofthedomesticdebthascontinuedtodominatethetrend in the total public debt.

TABLE 3:1 CROSS RIVER STATE EXTERNAL AND DOMESTIC DEBT STOCK TREND

	2015	2016	2017	2018	2019
	₦	₦	₦	₦	₦
External Debt Stock Figures	25,785,878,803.77	25,267,919,588.55	21,171,215,357.07	47,260,895,216.19	94,032,206,676.00
Domestic Debt Stock Figures	123,253,340,049.37	113,767,772,641.73	137,432,220,364.50	160,371,945,085.84	166,953,584,919.28
TOTAL Public Debt Figures	149,039,218,853.14	139,035,692,230.28	158,603,435,721.57	207,632,840,302.13	260,985,791,595.28
Percentage Contribution : External	17%	18%	13%	23%	36%
Percentage Contribution : Domestic	83%	82%	87%	77%	64%

Figure 3.1: Total Public Debt Stock, 2015-2019



3.2 TOTAL PUBLIC DEBT SERVICE PAYMENTS

Total public debt service payment for the year 2019 amounted to ₦14.571b representing 5.6 percent of the total debt stock. This also represented an increase of ₦1.305b over 2018. The sudden rise in debt service payments was mainly due to the commitment and determination of Government. As a percentage of total debt service payments, the shares of the external and domestic debt service were 17 percent and 83 percent in 2019, compared with 22 percent and 78 percent in 2018 respectively.

Within the period 2015-2019, the external debt service payment have shown staggering movements due to variances in foreign exchange rate parity, while the domestic debt service payment component has been consistently in the increase.

TABLE 3:2, CROSS RIVER STATE EXTERNAL AND DOMESTIC SERVICE PAYMENT

	2015	2016	2017	2018	2019
	N	N	N	N	N
External Debt Service payment	1,935,783,602.73	2,055,611,891.71	2,864,589,271.08	2,967,642,484.38	2,406,154,177.80
Domestic Debt Service payment	19,125,912,977.35	8,890,994,514.10	11,696,130,478.45	10,299,066,740.54	12,164,978,457.87
TOTAL Service Payment	21,061,696,580.08	10,946,606,405.81	14,560,719,749.53	13,266,709,224.92	14,571,132,635.67
Percentage Contribution : External	9%	19%	20%	22%	17%
Percentage Contribution : Domestic	91%	81%	80%	78%	83%

FIGURE 3.2: Total Public Debt Service Payment ,2015-2019

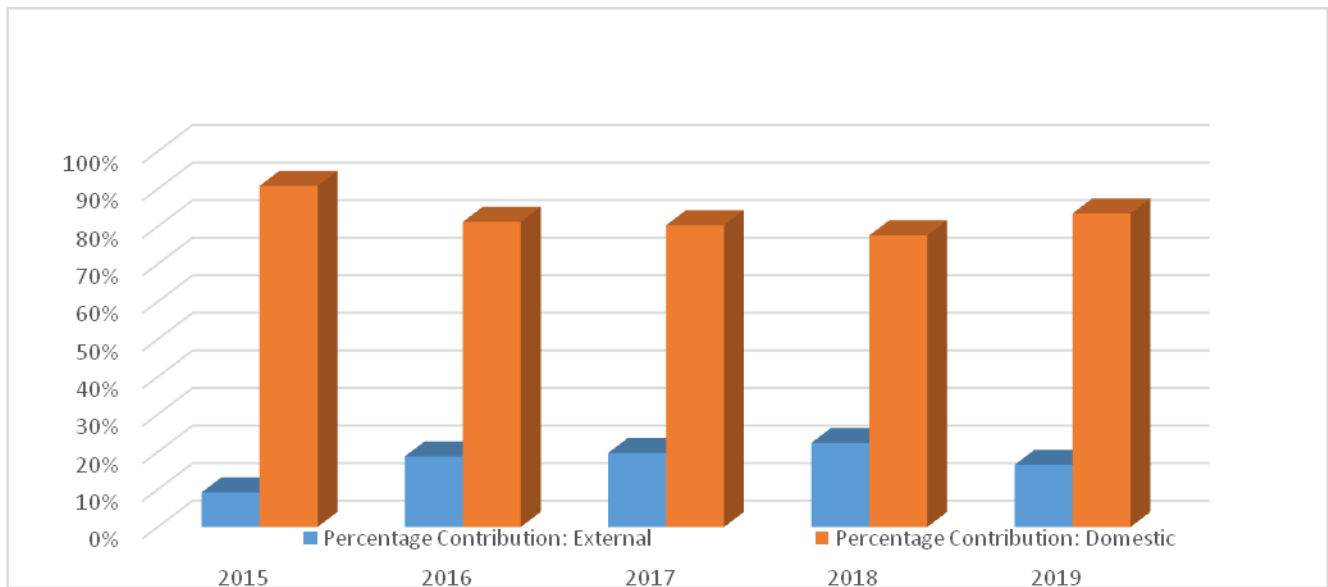
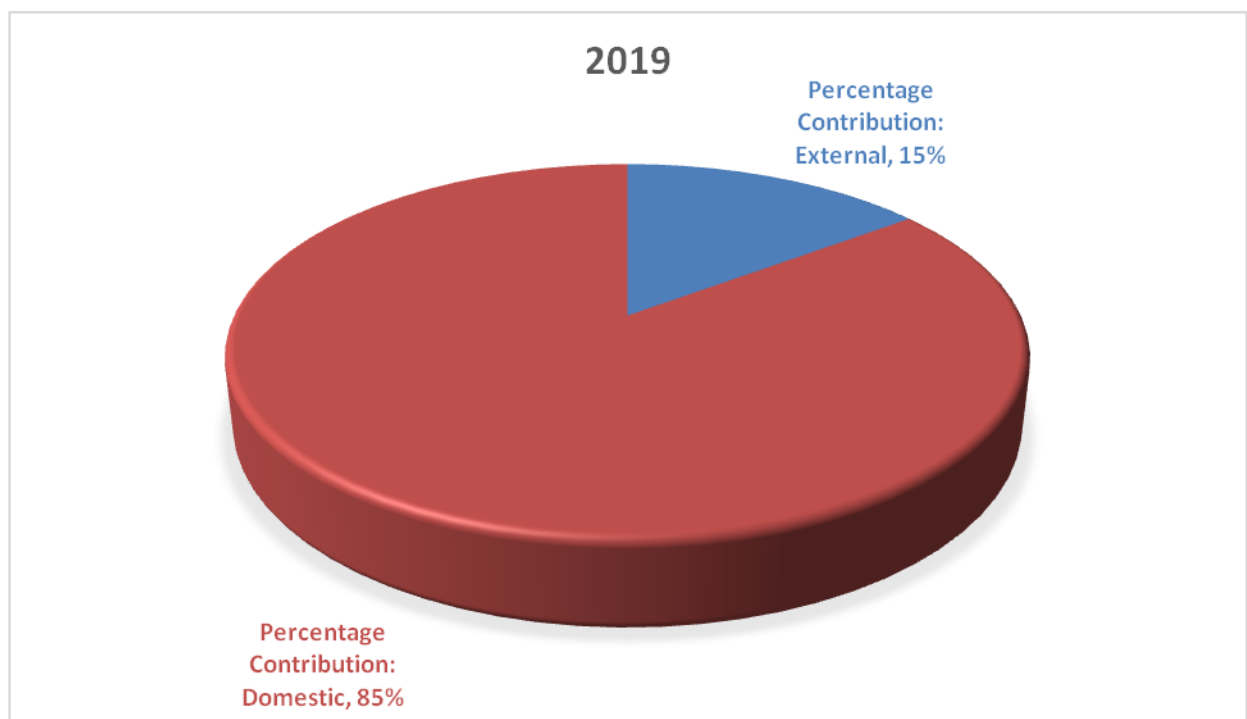


FIGURE 3.3: Total Public Service Payments as at December 31,2019



SECTION FOUR

CROSS RIVER STATE EXTERNAL DEBT STOCK

4.1 External Debt Stock

The total external debt stock outstanding as at 31st December 2019 was ₦94.032b; this represented an increase of ₦46.772b compared with ₦47.260b in 2018. The increase was as a result of additional drawdowns and fluctuation in exchange rate parity. Figure 2, Shows the trend in external debt stock over five year period ending 2019. The trend reveals a lower annual decrease of 36 percent occurring in 2019 compared with 23 percent in 2018. Most of the external loans were concessional loans (AFD1, IDA, IFAD and Exim Bank.) except for a few.

FIGURE 4.1: Trend of External Debt Stock, 2015-2019

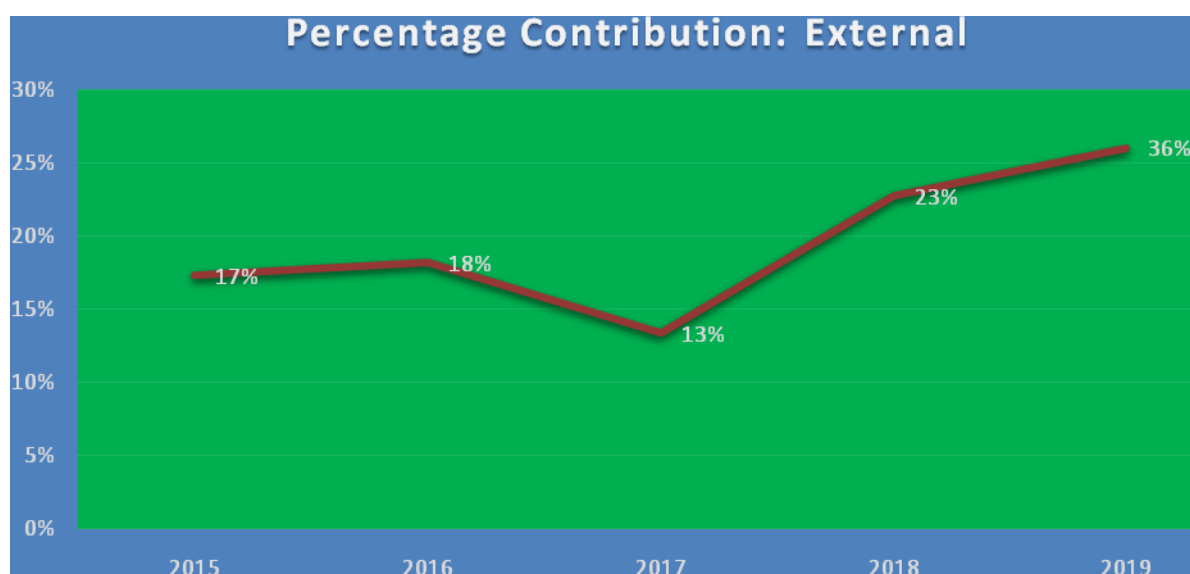


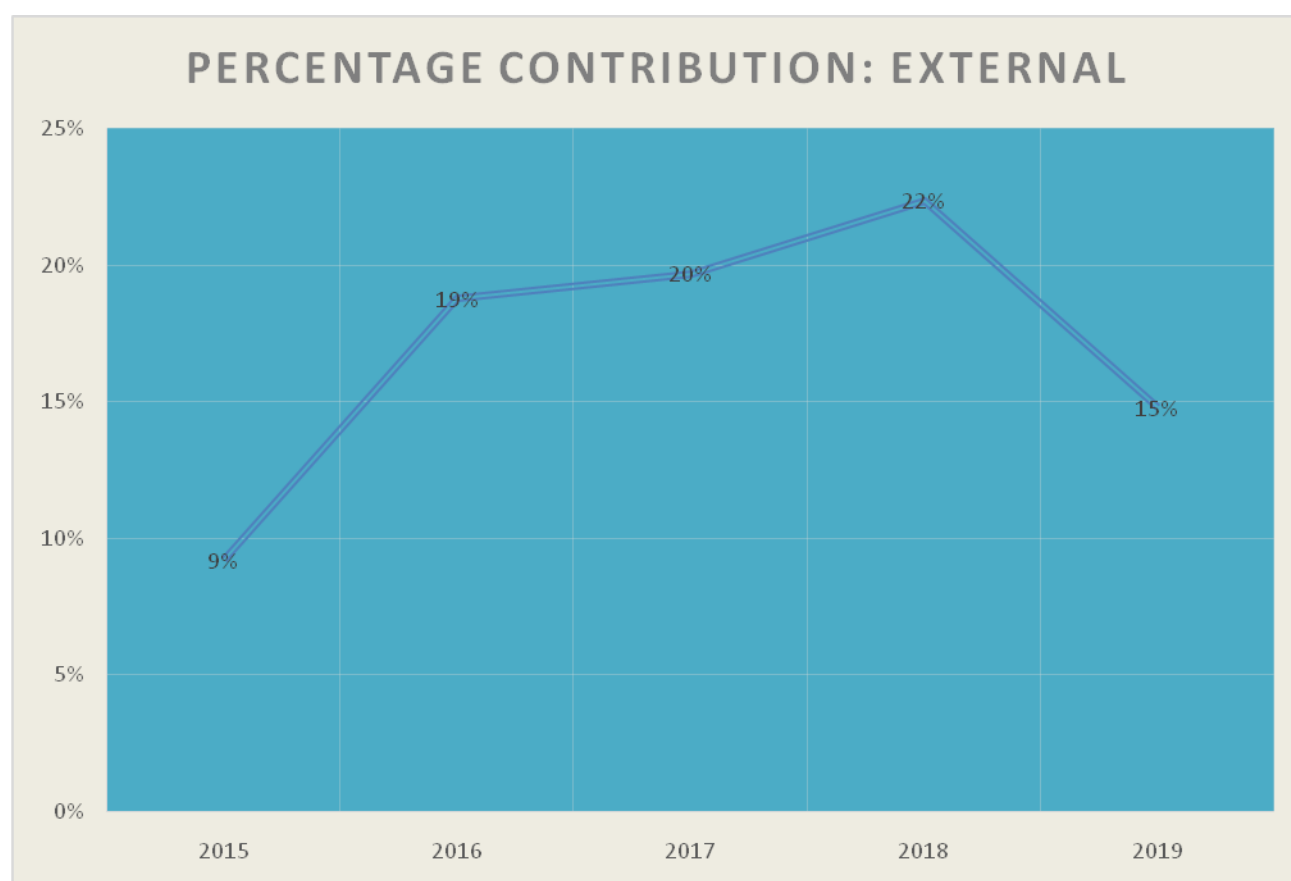
TABLE 4.1: EXTERNAL DEBT STOCK BY CREDITORS AS AT 31st DECEMBER 2019

			DISBURSED OUTSTANDING DEBT IN USD
Category	PRINCIPAL IN USD	INTEREST IN USD	EQUIVALENT(31:12:2019)
AFD1,B,F	1,540,367.40	424,913.34	51,688,910.91
IDA	1,392,363.89	744,563.70	137,636,597.73
IFAD	37,833.40	6,470.70	1,176,601.48
Exim Bank			18,458,349.16
TOTAL	2,970,564.69	1,175,947.74	208,960,459.28

4.2 External Debt Service Payment

The external debt service payment in 2019 was ₦14.571b lower than ₦13.266b in 2018 by ₦1.305b or 8 percent. The increase debt service payment was due to consistent repayment plan of Government. . In 2019, the figures decreased by 7 percent in comparison to 2018

FIGURE 4.2: Trend of External Debt Stock Service 2015-2019



SECTION FIVE

CROSS RIVER STATE DOMESTIC DEBT STOCK

5.1: Domestic Debt Stock

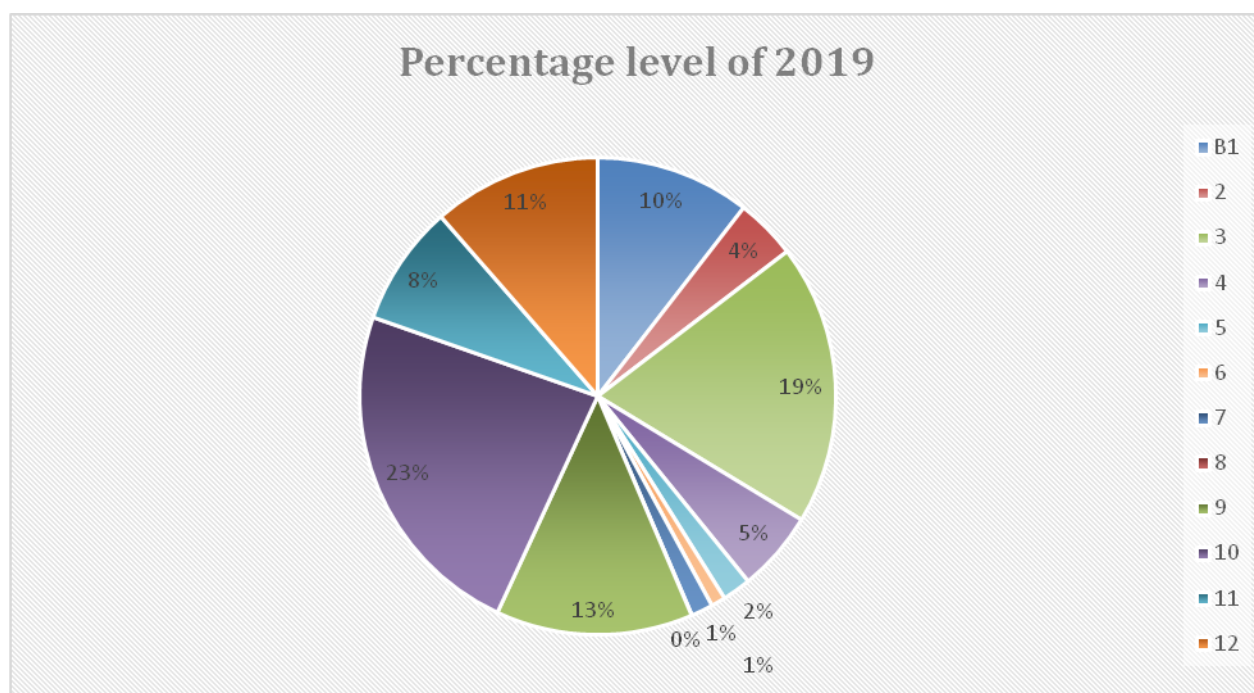
The total domestic debt outstanding amounted to ₦166.953b as at December 31, 2019 compared to ₦160.371b as at December 31, 2018 representing an increase of ₦6.582b or 4 percent. The increase was principally due to the acquisition of new borrowings and exchange rate variations.

Table 5.1: shows that, 10 percent of the total domestic debt stock in 2019 was in Budget Support which amounted to N17.525b, Restructured Commercial Bank Loan is ₦31.719b or 19 percent, Contractors arrears (including Tinapa Business Resort Limited Contractors Arrears), amounted to ₦39.123b or 13%, Government to Government is ₦22.341b or 13 percent of the total domestic debt stock, while pension and Gratuity represents 13.671b or 8 percent, and other debts (consisting of Union Bank loan, ECOWAS Bank for Industrial Development) is N19.108 or 11 percent, Excess Crude Accounts (ECA) is 9.117b or 5 percent, Salary Bail-out is N6.890b, State Bond is N3.247 or 2 percent, Agriculture Loan is N2.482b or 1 percent, Commercial Bank represents ₦1.620b or 1 percent, Judgment Debt is nil percent of the total domestic debt portfolio.

**TABLE 5.1: Domestic Debt Stock outstanding by Instruments
AS AT 2018 and 2019 (N' Billion)**

DOMESTIC DEBT STOCK OUTSTANDING INSTRUMENTS AS AT END 2018 AND 2019				
S/N	Description	2018	2019	Percentage level of 2019
1	Budget Support Facility	16,869,000,000.00	17,525,794,256.91	10%
2	Salary Bail-out	7,091,831,007.57	6,890,464,845.14	4%
3	Restructured Comm. Ban	32,373,416,704.99	31,791,197,461.47	19%
4	Excess Crude Account (EC	9,364,243,206.38	9,117,323,801.64	5%
5	State Bond	4,390,604,094.93	3,247,746,954.65	2%
6	Comm. Bank Loan	892,323,117.84	1,620,979,286.29	1%
7	Agriculture Loan	2,116,349,407.12	2,482,928,000.05	1%
8	Judgment Debt	32,043,765.76	32,043,765.76	0%
9	Govt-to Govt	22,341,666,666.67	22,341,666,666.67	13%
10	Contract Arrears	39,123,760,294.05	39,123,760,294.05	23%
11	Pension & Gratuity	14,252,393,536.02	13,671,462,665.66	8%
12	Other Debts	19,108,216,920.99	19,108,216,920.99	11%
	TOTAL	167,955,848,722.32	166,953,584,919.28	100%

FIGURE 5.1: Trend in percentage Share in Domestic Debt Stock, 2019



5.2 Domestic Debt Service

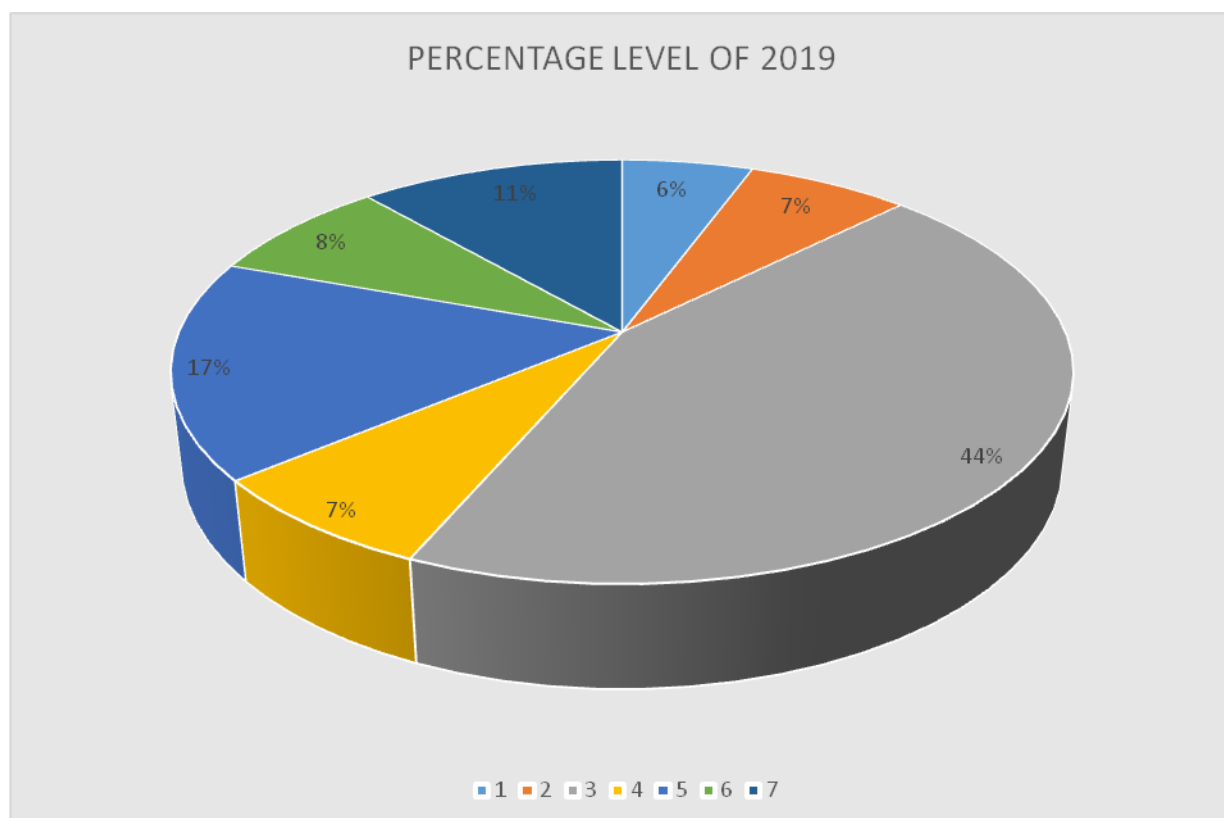
The total domestic debt service was ₦12.164b in 2019 compared to ₦10.326b in 2018. This was 9 percent higher than in 2018. The total domestic debt service

payments as a percentage of the total domestic debt stock outstanding was 6 percent in 2019 and is equally 6 percent in 2018. The sudden increase in debt service reflects the commitment in debt service payment in 2019

Table 5.2: Domestic Debt Service Payments 2018 and 2019 (N Billions)

	DESCRIPTION	2018	2019	PERCENTAGE LEVEL OF 2019
1	Budget Support Facility		682,943,307.98	6%
2	Salary Bail-out	800,648,797.11	848,232,371.62	7%
3	Restructured Comm. Bank	5,339,848,619.44	5,339,868,619.62	44%
4	Excess Crude Accounts (ECA)	539,835,573.50	906,100,163.03	7%
5	State Bond	2,027,363,488.40	2,027,363,485.88	17%
6	Commercial Bank	1,147,799,673.91	975,475,597.09	8%
7	Agriculture Loan	471,397,495.53	1,384,994,912.65	11%
8	Judgment Debts			
9	Govt-to-Govt			
10	Contractors Arrears			
11	Pension & Gratuity			
12	Other Debts			
	TOTAL	10,326,893,647.89	12,164,978,457.87	100

FIGURE 5.2: Percentage share in Domestic Debt Service Payments, 2019



SECTION SIX

Debt Sustainability Ratio

6.1 INTRODUCTION

In line with good practices, it became obvious to assess Cross River State's debt sustainability and financing requirements in the medium to long term, and to recommend how best the financing gaps could be breached. The results of the exercise were benchmarked against DMO, Abuja and the World Bank's Country Policy and Institutional Assessment (CPIA) index for low income countries as well as World Bank's State Fiscal Transparency, Accountability and sustainability Program (SFTAS).

6.2: SCENARIO ASSUMPTION

The underlying macroeconomic assumptions of the Baseline Scenario were anchored on the implementation of sound financial management policies and the achievements of the macroeconomic objectives of the State Government for 2019

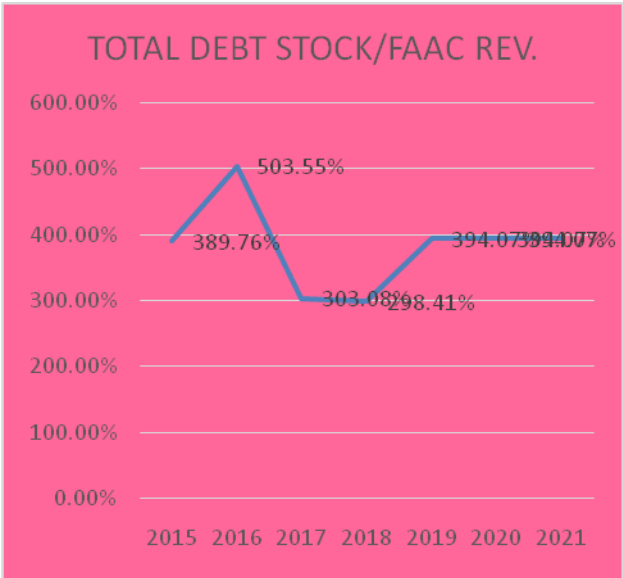
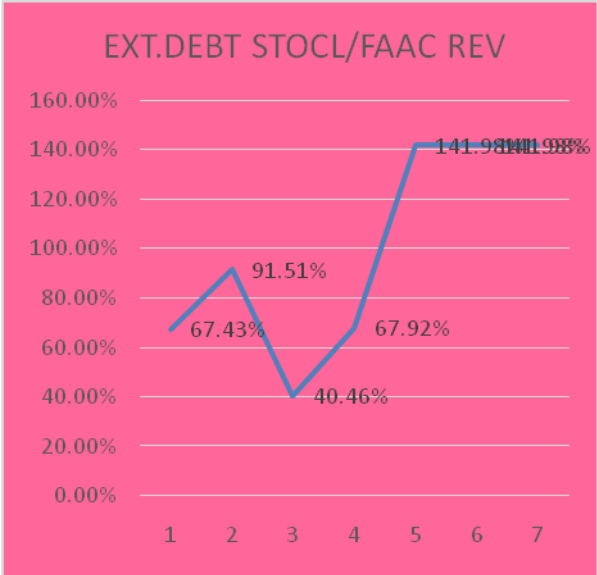
TABLE 6.1: CROSS RIVER STATE -DEBT SUSTAINABILITY RATIOS (AMOUNT IN NAIRA)

SUMMARY OF REVENUE, STOCK & SERVICE			2015	2016	2017	2018	2019	2020	2021
DEBT STOCK	EXTERNAL DEBT STOCK		25,785,878,803.77	25,267,919,588.55	21,171,215,357.07	47,260,895,216.19	94,032,206,676.00	92,151,562,542.48	90,308,531,291.63
	DOMESTIC DEBT STOCK		123,253,340,049.37	113,767,772,641.73	137,432,220,364.50	160,371,945,085.84	166,953,584,919.28	163,614,513,220.89	160,342,222,956.48
	TOTAL DEBT STOCK		149,039,218,853.14	139,035,692,230.28	158,603,435,721.57	207,632,840,302.03	260,985,791,595.28	255,766,075,763.37	250,650,754,248.11
DEBT SERVICE	EXTERNAL DEBT SERVICE		1,935,783,602.73	2,055,611,891.71	2,864,589,271.08	2,967,642,484.38	2,406,154,177.80	2,358,031,094.24	2,310,870,472.36
	DOMESTIC DEBT SERVICE		10,125,912,977.35	8,890,994,514.10	11,696,130,478.45	10,299,066,740.54	12,164,978,457.87	11,921,678,888.71	11,683,245,310.94
	TOTAL DEBT SERVICE		12,061,696,580.08	10,946,606,405.81	14,560,719,749.53	13,266,709,224.92	14,571,132,635.67	14,279,709,982.96	13,994,115,783.30
REVENUE	FAAC REVENUE		38,239,133,163.37	27,611,218,327.66	52,330,628,583.38	69,580,463,338.17	66,228,653,243.74	64,904,080,178.87	63,605,998,575.29
	IGR		13,152,281,696.24	12,908,687,154.50	18,104,848,986.68	17,552,105,937.09	22,574,784,282.55	22,123,288,596.90	21,680,822,824.96
	OTHER REVENUES		-	-	-	-	-	-	-
	TOTAL REVENUE		51,391,414,859.61	40,519,905,482.16	70,435,477,570.06	87,132,569,275.26	88,803,437,526.29	87,027,368,775.76	85,286,821,400.25
SGDP	SGDP		1,660,777,850.00	1,808,632,160.00	2,314,948,820.00	2,268,649,843.60	2,223,276,846.73	2,178,811,309.79	2,135,235,083.60
DEBT RATIOS		Threshold							
SOLVENCY RATIOS	TOTAL REVENUE/SGDP	40%	483%	459%	606%	511%	511%	511%	511%
	TOTAL DEBT STOCK/TOTAL REVENUE	250%	1235.64%	1270.13%	1089%	1565.07%	1791.12%	1791.12%	1791.12%
	TOTAL DEBT STOCK/FAAC REVENUE	250%	389.76%	503.55%	303.08%	298.41%	394.07%	394.07%	394.07%

	EXTERNAL DEBT STOCK/FAAC REVENUE	30%	67.43%	91.51%	40.46%	67.92%	141.98%	141.98%	141.98%
	DOMESTIC DEBT STOCK/IGR	92% - 167%	1133.18%	1077.07%	876.03%	1182.95%	1156.09%	1156.09%	1156.09%
LIQUIDITY RATIOS	TOTAL DEBT SERVICE/TOTAL REVENUE	30%	23.47%	27.02%	20.67%	15.23%	16.41%	16.41%	16.41%
	EXTERNAL DEBT SERVICE/TOTAL REVENUE	30%	3.77%	5.07%	4.07%	3.41%	2.71%	2.71%	2.71%
	EXTERNAL DEBT SERVICE/FAAC REVENUE	30%	5.06%	7.44%	5.47%	4.27%	3.63%	3.63%	3.63%
	DOMESTIC DEBT SERVICE/IGR	28%-63%	76.99%	68.88%	64.60%	58.68%	53.89%	53.89%	53.89%
MACROECONOMIC RATIOS	DEBT STOCK/SGDP	5%	8974.06%	7687.34%	6851.27%	9152.26%	11738.79%	11738.79%	11738.79%
	DEBT SERVICE/SGDP	5%	726.27%	605.24%	628.99%	584.78%	655.39%	655.39%	655.39%
	IGR/SGDP	20%-25%	791.94%	713.73%	782.08%	773.68%	1015.38%	1015.38%	1015.38%

KEYS

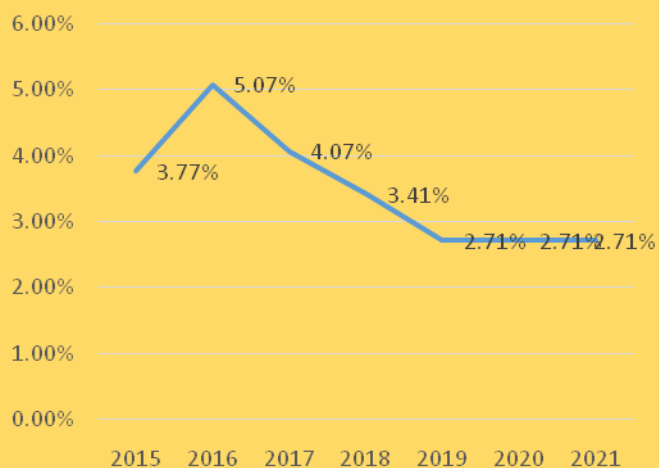
	LESS THAN LOWER THRESHOLD
	WITHIN SUSTAINABLE THRESHOLD
	ABOVE SUSTAINABLE THRESHOLD



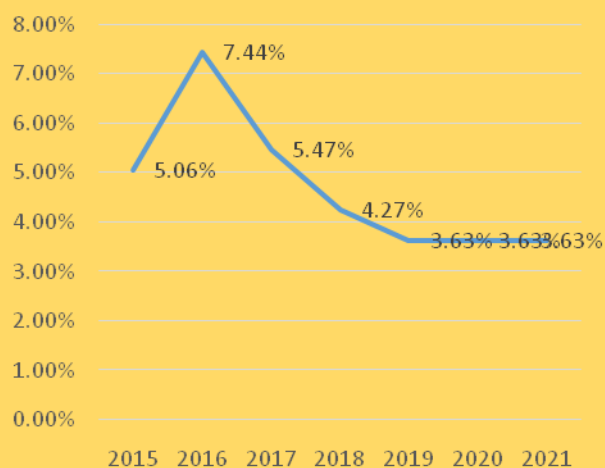
TOTAL DEBT SERVICE/TOTAL REV.



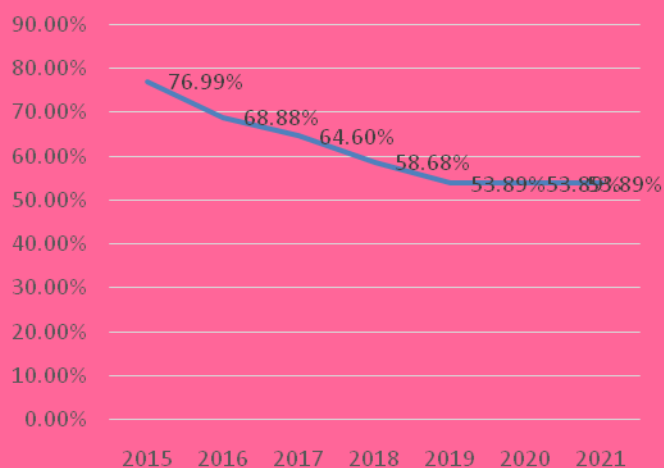
EXT. DEBT SERVICE/TOTAL REV.



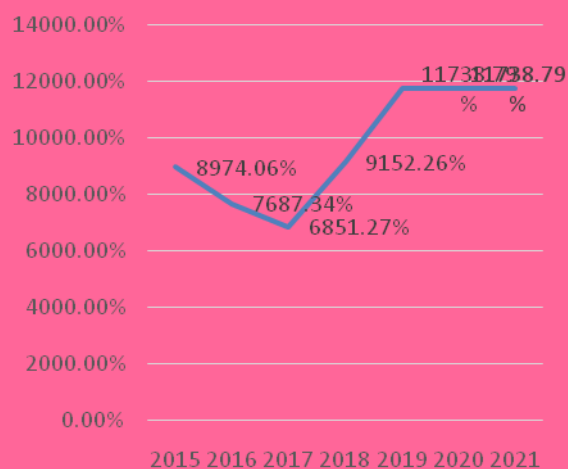
EXT. DEBT SERVICE/FAAC REV.



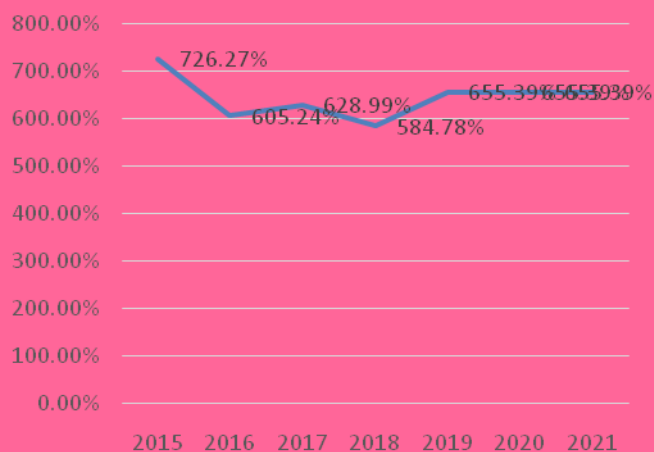
DOM. DEBT SERVICE/SGDP

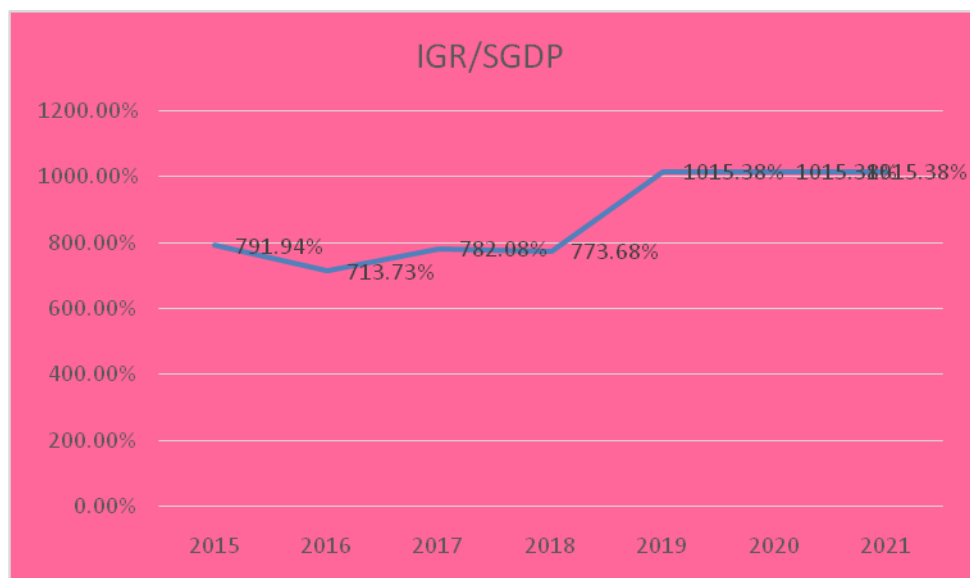


TOTAL DEBT STOCK/SGDP



TOTAL DEBT SERVICE/SGDP





6.3: RECOMMENDATION

Flowing from the debt ratio analysis, there are clear evidences that our level of sustainability needs a proactive approach to avert debt crisis in future. In that circumstance, conscious efforts must be made to pursue policies that would help promote macroeconomic stability, such as the acceleration of non-oil growth sector, the concentration on growth enhancing infrastructure, expanding the sources of internally generated revenue while improving the efficacy of collection processes. Also, the maintenance of prudent fiscal discipline and the development of coordination of fiscal inventions as well as the efficient implementation of debt management strategy that places emphasis on prudent and productive public sector borrowings should be encouraged.

From the ratio highlighted above, the external debt is gradually soaring out of the threshold and therefore needs adequate measures to streamline and control its sustainable, it is also clear that the domestic debt is above the threshold and therefore not sustainable. On the whole, our public debt position is not sustainable, thus Internally Generated Revenue needs to be improved upon and cutting down on borrowings should be intensified.

SECTION SEVEN

RSIK ANALYSIS OF CROSS RIVER STATE TOTAL PUBLIC DEBT.

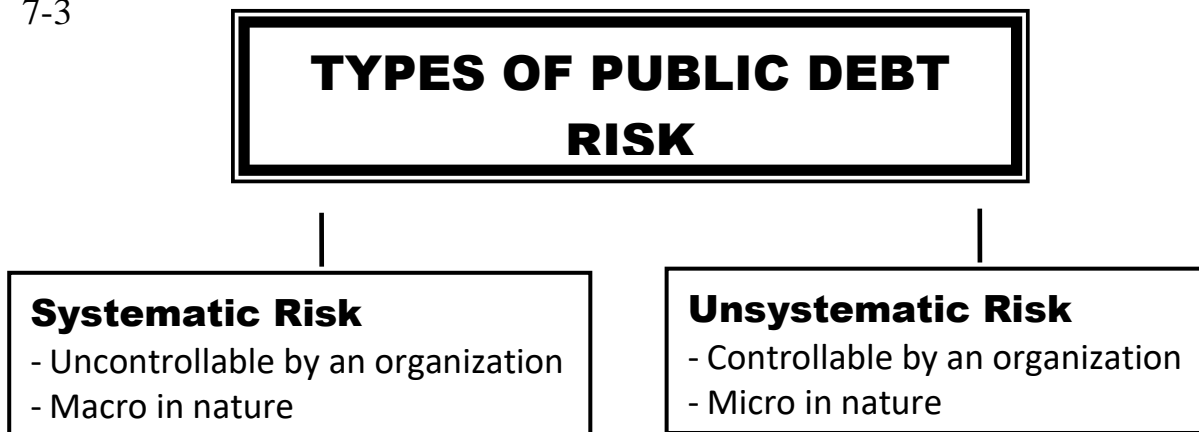
7.1 INTRODUCTION

Risk is an event(s) that negatively affect the accomplishment of an objective, while positive events are classified as Opportunities.

Cross River State Public Debt has some risk and can be systematic or unsystematic in nature. Systematic risk are regarded as non-diversifiable, unavoidable, market imposed e.g inflation, Taxation, economic problems which are all externally imposed on the State and are also macro in nature. While unsystematic, avoidable or idiosyncratic risk occurred. Unsystematic risk means are associated with the State and are micro in nature.

Risk analysis of Cross River state debt portfolio is the process or means of assessing the likelihood of an adverse event occurring within the State and professionals should work in tandem to minimize future unforeseen effect taking into cognizance risk tolerance and risk capacity. It is a major component of the entire debt management strategy which is to meet the financing needs of government at a minimal cost and within prudent level of risk.

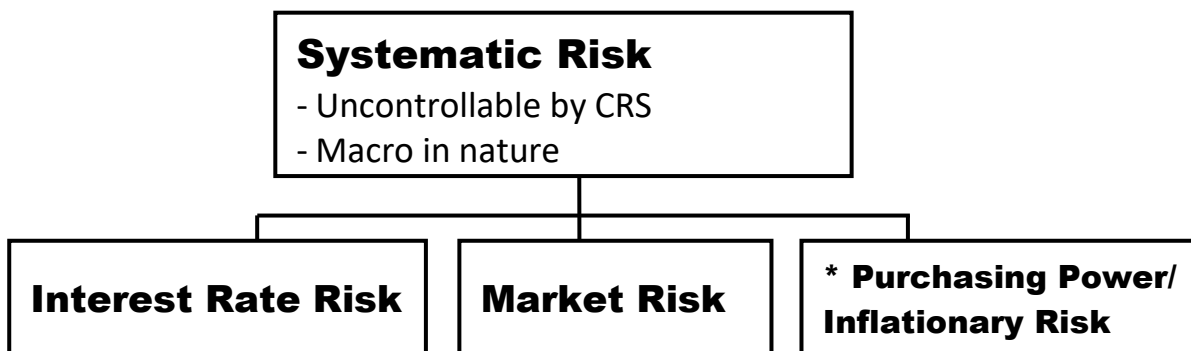
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A Systematic Risk

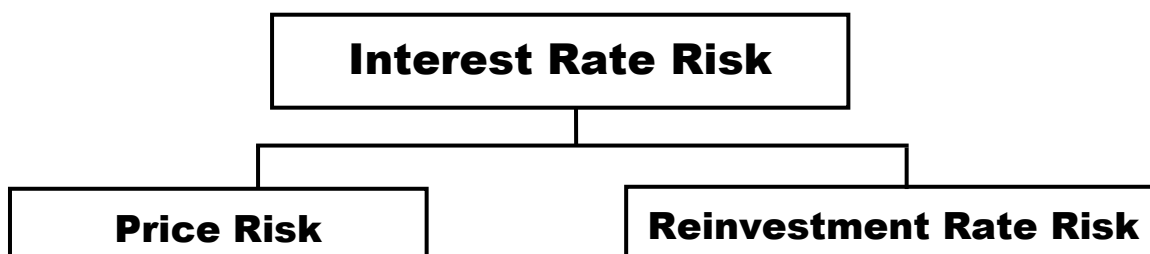
Systematic risk is due to the influence of external factors on Cross River State. Such factors are normally uncontrollable from State's point of view and are macro in nature as its effects cannot be planned by the organization.

The types of systematic risk are depicted below.



Interest rate risk

Interest-rate risk arises due to changes or variability in the interest rates from time to time. It particularly affects debt securities and foreign or up country loans (eg water Board loans) because they carry fixed rate of interest on the principal and interest. The types of interest-rate risk are depicted and listed below.

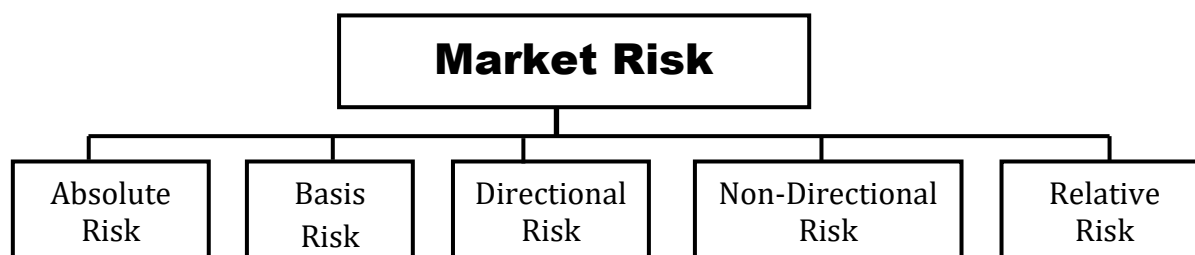


- I. Price risk arises due to the possibility that the price of the shares, facilities, investment, etc. may increase or decline or fall infinitesimally or substantially in the future.
- II. Reinvestment rate risk results from the fact that the interest returns or dividend earned from an investment (Cross River state Reserve Fund) can't be reinvested with the same rate of return as it was acquiring earlier. Hence we cannot Hedge our facilities of Loans.

2. Market risk

Market risk is connected with unswerving fluctuations seen in the trading pricing of any particular share or securities (MOFI investment), due to rise or fall in the trading price of listed shares or securities in the stock market.

The types of market risk are depicted and listed below.



- I. Absolute risk
- II. Basis risk and
- III. Directional risk
- IV. Non-Directional risk
- V. Relative risk

The meaning of different types of market risk is as follows:

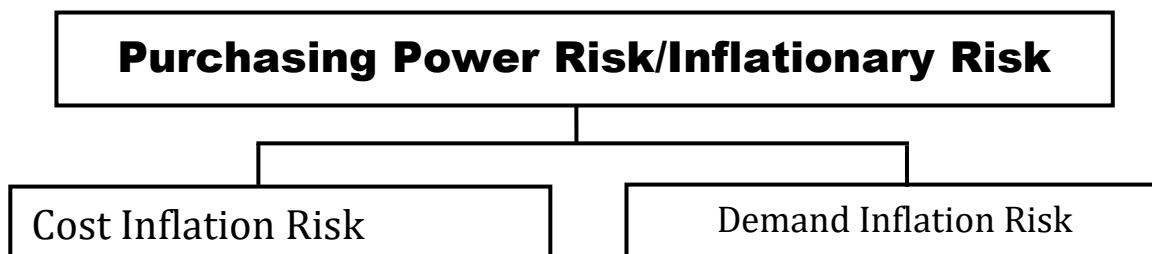
- i. **Absolute risk** is without any content. For instance, if a coin is tossed, there is six percentage chance of getting a head and tail.
- ii. **Basis risk** is due to the possibility of loss arising from imperfectly matched risks. For e.g., the risks which are in offsetting positions in two related but non-identical markets.

- iii. **Directional risks** are those risks where the loss arises from an exposure to the particular assets of a market. For e.g., an investor holding some shares experience a loss when the market price of those shares falls down. Also our our losses are subjected to high exposure of foreign loans for Water Projects.
- iv. **Non-Directional risk** arises where the method of trading is not consistently followed by the trader. For example, the dealer or trader will buy and sell the share simultaneously to mitigate the risk.
- v. **Relative risk** is the assessment or evaluation of risk at different levels if business functions. For instance, a relative risk from a foreign exchange fluctuation may be higher if the maximum sales accounted by an organization are of export sales.

3. Purchasing power or inflationary risk

Purchasing power risk is also known as inflation risk. It is so, since it emanates (originates) from the fact that it affects a purchasing power adversely. It is not desirable to invest in securities during an inflationary period.

The types of purchasing power or inflationary risk are depicted and listed below.



1. Cost inflation risk
2. Demand inflation risk and

The meanings of demand and cost inflation risk are as follows:

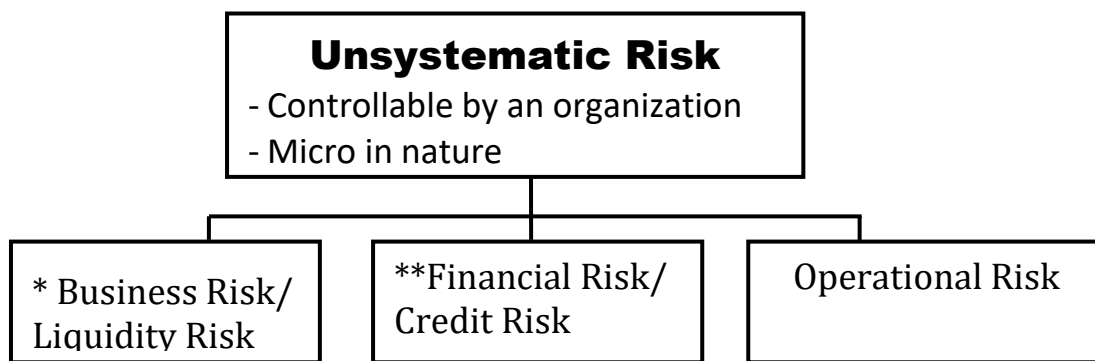
1. Cost inflation risk occurs due to sustained increase in the prices of facility, goods and services. It is actually caused by higher running or production cost. A high cost of running or production inflates the final price of finished goods consumed by the people.
2. Demand inflation risk arises due to increase in price, which result from an excess of demand over supply. It occurs when supply fails to cope with the demand and hence cannot expand anymore. In other words, demand inflation occurs when production factors are under maximum utilization.

A. Unsystematic Risk

Unsystematic risk occurs due to the influence of internal factors prevailing within an organization. Such factors are normally controllable from an organization's point of view and its micro in nature.

Because It is a micro in nature, it affects only Cross River State in particular. It can be planned, so that necessary actions can be taken by the organization to mitigate (reduce the effect of) the risk.

The types of unsystematic risk are depicted and listed below.



- I. Business or liquidity risk
- II. Financial or credit risk
- III. Operational risk.

I. Business or liquidity risk

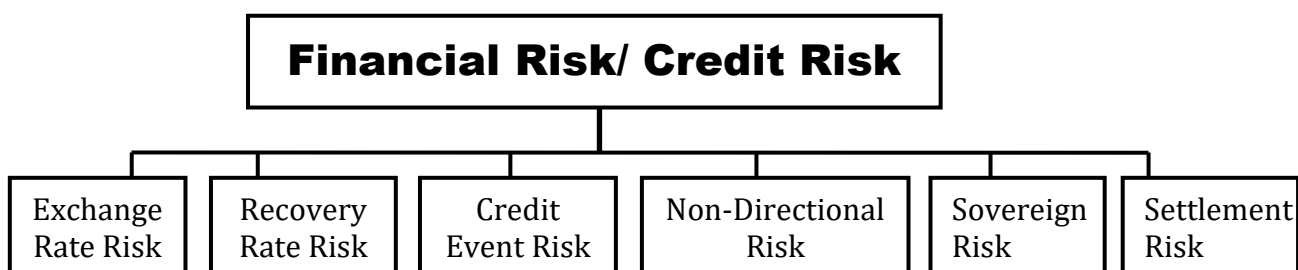
Business risk is also known as liquidity risk in this context. It is so, since it emanates (originates) from the normal and extra ordinary business of the State to keep up its returns such as sale and purchase of securities affected by business cycles, technological changes, etc.

i. Financial or credit risk

Financial risk is also known as credit risk. It arises due to change in the capital structure of the organization. The capital structure mainly comprises of three ways by which funds are sourced for the projects. These are as follows:

- a) owned funds, for e.g., share capital
- b) Borrowed funds. For e.g., loan funds.
- c) Retained earnings. For e.g., reserve and surplus.

The types of financial or credit risk are depicted and listed below:



- 1. Exchange rate risk
- 2. Recovery rate risk
- 3. Credit event risk
- 4. Non-Directional risk
- 5. Sovereign risk and
- 6. Settlement risk

The meaning of the types of financial or credit risk is as follows:

1. Exchange rate risk is also called exposure rate risk. It is a form of financial risk that arises from a potential change seen in the exchange rate of one country's currency in relation to another country's currency and vice-versa. For e.g., investors or businesses face it either when they have assets or operations across national borders, or if they have loans or borrowings in a foreign currency.
2. Recovery rate risk is an often neglected aspect of a credit-risk analysis. The recovery rate is normally needed to be evaluated. For e.g., the expected recovery rate of the funds tendered (given) as a loan to the customers by banks, non-banking financial companies (NBFC), etc.
3. Sovereign risk is associated with the government. Here, a government is unable to meet its loan obligations, reneging (to breaks a promise) on loans it guarantees, etc.
4. Settlement risk exists when counterparty does not deliver a security or its value in cash as per the agreement of trade or business.

3. Operational risk

Operational risks are the business process risks failing due to human errors. This risk will change from industry to industry. It occurs due to breakdown in the internal procedures, people, policies and systems.

The types of operational risk are depicted and listed below:



1. Model risk
2. People risk
3. Legal risk and
4. Political risk.

1. Model risk is involved in using various models to value financial securities. It is due to probability of loss resulting from the weaknesses in the financial-model used in assessing and managing a risk.
2. People risk arises when people do not follow the organization's procedures, practices and/or rules. That is, they deviate from their expected behaviour.
3. Legal risk arises when parties are not lawfully competent to enter an agreement among themselves. Furthermore, this relates to the regulatory-risk, where a transaction could conflict with a government policy or particular legislation (law) might be amended in the future with retrospective effect.

4. Political risk occurs due to change in government policies. Such changes may have an unfavourable impact on an investor. It is especially prevalent in the third-world countries.

SECTION EIGHT

INSTITUTIONAL ISSUES

8.1: INTRODUCTION

With the determination to remain focused, and ensure strict compliance with her mandate the Debt Management Department took numerous steps to review her activities. These steps and reviews have resulted in the implementation of major milestones.

8.2: Renegotiation of Outstanding Debt

During the year under review, the Department in collaboration with the State Ministry of Finance, the Debt Management office Abuja, and Asset Management Corporation of Nigeria (AMCON) embarked on serious renegotiation and restructuring programme of some long outstanding Debt. Indications are glaring that the outcome of this exercise will impact positively on the State finances.

8.3: Quarterly Report

As a transparent Government, the Department produces quarterly report of the State's debt Stock and Debt Service payment position to demonstrate the commitment of Government to prudent financial Management of her lean resources.

SECTION 9

FINANCIAL STATEMENT AND ACCOUNTS

9.1: 2019 BUDGET

In 2019, the budget sum of ₦10,054,501,967.00 was approved for Debt Management Department which comprised of ₦17,171,967.00 for recurrent expenditure and ₦10,037,330,000.00 for capital expenditure.

From the ₦17, 171,967.00 of the Recurrent Expenditure, the actual amount utilized was ₦7,937,982.18 while the balance of ₦9,233,984.82 was outstanding to Government's credit. Equally, the approved Capital Expenditure was ₦10, 037,330,000.00 and the actual expenditure was ₦14, 571,132,635.67 higher than the approved budget by ₦4, 533,802,635.67. Additional financing was provided to meet up with the funding through virement.

In the light of the above, it is clear that there is 46 percent implementation of the 2019 budget in respect of recurrent expenditure during the year while only 145 percent of the capital budget was implemented during the financial year which is an improvement over the previous year.

APPROVED 2019 BUDGET AND ITS EXPENDITURE				
	₦	ACTUAL EXPENDITURE (N)	OUTSTANDING BALANCE	% IMPLEMENTATION
AMOUNT APPROVED	10,054,501,967.00	14,579,070,617.85	(4,524,568,650.85)	145%
CAPITAL EXPENDITURE	10,037,330,000.00	14,571,132,635.67	(4,533,802,635.67)	145%
RECURRENT EXPENDITURE	17,171,967.00	7,937,982.18	9,233,984.82	46%