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External Debt Management and Economic Development in Nigeria

Ugwuanyi, Geogina Obinne[1]; Ugwuanyi, Wilfred, N.J[2]; Efanga, Udeme Okon[3];
Agbaeze, Clifford Chilasa[4]

[1]Professor, Department of Banking and Finance, Michael Okpara University of Agriculture, Umudike, Nigeria.

[2]Professor, Department of Financial Studies, Faculty of Management Sciences, National Open University of Nigeria, Nigeria.

[3]Department of Banking and Finance, University of Calabar, Nigeria.

[4]Department of Banking and Finance, Michael Okpara University of Agriculture, Umudike, Nigeria.

Abstract

This study empirically analyzed external debt management and economic development in Nigeria. The data employed in this study were collected from the CBN statistical bulletin annual report. The study employed Real Gross Domestic Product as the independent variable, while External Debt service, Balance of Payment, External Debt, and Exchange Rate were used as independent variables. The estimation technique employed in this study was Ordinary least squares (OLS) multiple regression method. The findings of this study revealed that external debt management recorded a positive and significant impact on economic development in Nigeria over review period. The study recommended that government of Nigeria should strike a balance between the acquisition of external debt and usage of same for projects that will culminate to enhancement of economic growth and development in Nigeria.

Key-words: External Debt Management, External Debt Service Payment, Economic Development.

1. Introduction

Nigeria's external debt management is one major macroeconomic problem both to the economic agent particularly at the beginning of the years of her independent (Ogege, and Ekpudu, 2010). In spite of many efforts made to control and reduce debt on Nigeria's economy by the Government over the years. Such include the deliberate application of essential resources towards debt servicing, the renewal of the terms of loans and the alteration of structure to debt conversion programme. One particular interest of the government is on the pressure caused by the country's debt compared in the direction of the nation's money owing overhaul capability.

It is in the habit of developing countries to borrow fund for developments needs. Nigeria as a developing country source for external fund since domestic fund is insufficient to meets the needs for economic growth. External debt is simply a part of a county's debt that was loaded from overseas lenders together with commercial banks, Government and international financial institutions. The inability to utilize the debt on productive projects that will yield positive output and to efficiently meet the requirements of servicing the debt is some of the major problems face by Nigeria. External debt appears to be a general occurrence in recent time due to its accumulation, especially for the emerging nations which are at the stage of economic recovery and development where the supply of internal savings are not enough with high current account payment deficit and in-depth need of import of capital to increase domestic resources. The essence of external debt is to enable countries without sufficient internal financial resources source for foreign aid (Noko, 2016).

The focus of many researcher and public debate is on the issue of sustainability of the debt profile of Nigeria. Not long ago as the Paris Club of Creditors introduced a new way of dealing with, such issue. Even then the state and sufficiency of the balance due reprieve create further debate continuously (Noko, 2016).

International lending was carried out by the Commercial bank as a big role by collecting surplus OPEC "petrodollars" and give out general purpose loan to undeveloped county, to provide balance of Payment stut and export sectors expansion during the late 70's and early 80's (Ayadi, 2008). Whileit is true that external , borrowing, canbe instrumental in making available resources, necessary to enhance economic growth and development has its salient detrimentalcosts (Uma, Ebohand, Obidike, 2013).These costs overtime will begin to overshadow the, benefits, for nations that are, developing., Balance, due servicing, is, acontractuallystable exchange on domestic real income and savings as the debt becomes bigger orasinterest rate increase. With the purpose of saying, debt servicing, requirement, can, be, carried, out, through export earnings (Kehinde, 2012). However, if import and export changes or interest rate increases and causing a rapid growth of debt servicing payment or if export earning becomes smaller, the difficulties of debt serving will eventually increase. This have been the experience of a good number of the heavily indebted third World nations (Lora and Olivera 2016).

The genesis of external debt of Nigeria was in 1958 as 28 million US dollars was borrowed from the World Bank intended for railway building. Within the interval of 1958 as well as 1977, the call for external debt was not a lot. The decrease in oil prices in 1978 caused a negative influence on the finances of the government. The government had to borrow to be free from the difficulties of balance of payment and to finance some projects. 1 million U.S dollars which was said to be a jumbo loan was the first money borrowed by the government from the global capital market (GCM) but in 1978 it increased to 2.2 million U.S dollars.

One major risk to a nation's increase is a go up in the nation's fiscal deficits caused by high level of external debt servicing. The ensuing effect of huge increase of debt introduced the country to an elevated debt load (Kehinde, 2012). One of the wealthiest nation on the continent of African is Nigeria, yet because of the several macro-economic problems that troubles the country, such as dishonesty, joblessness, wholly reliance on crude oil as a main basis of income, inflation, and increasing external debt and debt service payment, greater part of her national plunge under the poverty line (Oyejide, Soyede and Kayode, 2011).

Before the $18 million debt termination approved for Nigeria in 2005 by Paris Club, the external money owing of the country was about $40 million with over $30 million of the sum being payable to Paris Club alone. The history of Nigeria's enormous debts can be attributed to, misrule and irresponsibility of its rulers. In 1971 Nigeria's debt stock amounted to $1 million. Within 1991, it rise to $33.4 million, and instead of decreasing, increase has been its state, especially the unquenchable desire of political leaders to acquire loan for carrying out uncertain projects and also with the undefeatable system of debt servicing.

Nigeria's external debt stock was increasing subsequent to the debt termination in 2005; available statistics is an evidence of this. Nigeria's external debt outstanding rose in the year 2006 to the year 2009 with the following figures $3,545 million, $3,654 million, $3,720 million $3,947 million respectively and so it continues to increase to date. (CBN, 2018). The study therefore empirically ascertained the impact of external debt management on economic growth of Nigeria within the period of 33 years (1986 – 2018).

1.1 Problem Statement

The Nigeria' sight debt profile have remain worrisome in the minds of researchers and policy makers. Prior studies on the related subject matter appear to have laid more emphasis on positive significant of external debt at the cost of its negative significant on the economic growth of Nigeria. This outcome leads to imbalance in such empirical studies and therefore constitutes a lacuna for the present study.

One of the problems faced by Nigeria in her external debt management is the inability to utilize the debt properly for economic growth. Due to corruption the debt is been converted to unnecessary projects that its output will not be enough to cover the principal payment and the interest. The consequence of this is that Nigeria economy could not get to the height it ought to reach. This plainly explains that the utilization of loan is what matters. Borrowing to fund government expenses is not bad but what the debt is spent on and the mode of debt serving is the issue of concern.

According to Noko, (2016) debt does not essentially mean a slow growth of an economy; it is a nation's incapability to comply with debt service requirements coupled by insufficient awareness on the whatness and structure of the debt as well as the money the nation is required to pay raise hardship in the economy and woes in the nation.

This is another important call out developing nations are facing, including Nigeria. The incapability of Nigeria as a country to successfully meet up with its debt servicing necessities/payments has exposed the country to a huge responsibility of debt service. The consequences of this debt service responsibility causes further problems for the country, in addition to a rise in the fiscal short fall also which is caused by debt servicing level. This causes a severe risk to the economy as a huge sum of the nation's income has gone to waste. Meanwhile, despite the substantial in literature on the subject matter, earlier studies remained silent on the significant of external debt management on economic growth of Nigeria.

It is on this premise that this study is set to evaluate the impact of external debt management on economic development in Nigeria within the past 33 years.

2. Literature Review

2.1 Conceptual Review

External debt is defined as that fraction of money owing by a country which was borrowed from other countries lenders such as commercial banks, international financial institutions or government. The necessity of External debt was due to insufficient domestic financial resources of a country to fund public goods that would raise the welfare of the nation and stimulate economic growth (Ademola, Olaleya, and Olusiyi 2013). External debts are finances source from outside the nation's resident which is mainly in foreign currency with interest to finance précised project.

Some researchers are of the observation that external debt accelerates the economic growth of the nation. This observation is same as that of neoclassical model of the economic growth of the nation. The Keynesian theory states that capital gathering is seen as a vehicle to the growth of an economy. Momodu (2012) states that the Asian Tigers- Malaysia, Singapore, Indonesia and Taiwan and South American country, Brazil proved this theory to be significant in their country. These counties were developed through the proper implementation of external debt.

External debt is termed as an undesirable significant on the economic growth and development of a country, for instance at a stage when the debt could not be paid let alone the interest. The debt then became a burden to the country thereby bridging economic growth. Debt servicing reduces funds that a country has for investment purpose.

It is the agreed interest rate paid to the lend In like manner, balance of payments simply means an orderly record of financial transactions of a nation / economy for a specific era of point in time, typically one year, between residents of a nation and non residents all over the world. These transactions involve goods and services, changes in claims of the liabilities all over the world, the prerequisite and accepting of authentic assets and income. Especially, the records transactions of balance of payments on goods and services as well as income, ownership change as well as added changes in an economy's holdings of Special Drawing and monetary gold's (Obudah, and Tombofa, 2013).

Atique and Malik (2012) opined that some countries with a weak balance of payments position will eventually experience low growth in the economy because of low turnout of local industries; this may be viewed as too costly from a political or social point of view. They stress that an efficient and appropriate administration of balance of payments can be very useful to all developing nations in a way to make sure the contentment of fundamental needs, general resources mobilization and to ensure permanent and equilibrium of payment viability. Amassoma, (2011) observed that nations undergoing problems within balance of payments should strictly boost local production so as to produce for exports and encourage gradual appreciation of her currency to result to a change on the expenditure problems. Ajayi and Oke, (2012), evaluate the effect of reduction on the balance of payments of some development countries.

2.1.1 Concept of Debt

Debt is a condition in which an individual or a nation is owing something, especially money that is still to be paid to someone else. Oyejide, Soyede and Kayode (2011) posited that Debt is seen like the resource or cash used in a business / society so as to not contribute via its vendor by means of and does not in any supplementary way fit in to them. Debt is also a liability that is represented by a monetary tool or other recognized equivalent.

Debt, be it internal debt or external debt could be classified into two such as:

a. Productive debt and

b. Dead weight debt.

Productive debt: This refers to finance that is gotten to facilitate the country purchase some kind of assets that will be use for economic development. Example is loan obtained for acquiring refineries, electricity, factories, and other valuable assets.

Dead weight debt: This refers to as a loan obtained from foreign countries for war and also expenses on current expenditure. Once a nation obtain a advance from foreign nations, it means that a nation can import from foreign nations goods and services in the direction of the rate of the money that was borrowed, and equally export something of importance in exchange. Once it is time for the repayment of the capital and interest, that same nation has to go through the trouble of exporting of goods and service without getting any kind of imports in exchange. In the case of these two classes of debt mentioned and discussed, the borrowing countries (borrowers) future savings is required to cover the repayment of the capital and the interest as well. Therefore, any investment financed through debt should be very productive and should be managed very well enough as to yield a very high profit that will be higher than the debt servicing cost (Ajayi and Oke, 2012).

Without regard to danger or safety, Nigeria in her quest to finance economic growth embarks on foreign loans in a rigid condition. Yet all these efforts and requirements taken by Nigeria such as devaluation inter alia could not increase the value of productivity.

2.1.1.1 External Debt Management

Ogbonna and Appah (2016) posited External debt Management to be gamut of institutional and technical arrangement in organizing the liabilities of a country so that the debt service burden is kept within sustainable level. It also involves how it is administered to avoid unfavorable economic debt and non government debt is involved.

External debt management comprises of three definite interrelated processes.

a. Selecting the proper financing

b. Deciding how much to borrow and

c. Keeping absolute up – to date records on debt

2.1.1.2 External Debt Service Payment

World Bank (2013) explained exterior debt service payment as the totting up of most important repayment and interest repayments at the specified year. External debt service payment refers to imbursement in respect of mutually principal and interest. Real debt service is the set of payment s really made to please a debt responsibility, including principal, interest and any late imbursement fees.

Exterior debt service payment comprises of two terms of payments such as:

a. The long term external debt service payment

b. The external debt service payment can be in short term,

The lengthy term external debt service payments are debt that has original or external ripeness of more than one year and is payable to non – resident by resident of an economy and repayments in alien currency, goods or service and interest in arrears on long term debt. While the external debt service payment in short term are debt within external ripeness of one year or less.

Nigeria’s exterior debt service payment data was reported at 192.440 USD in December 2018. This records reduce from the prior number of 849.973 USD mn for September 2018. Nigeria’s External debt service payment data is streamlined quarterly, averaging 95.286USD mn from March 2008 to December 2018, with 44 comments that data reach an all – time elevated of 849.973 USD mn in September 2018 and a documentation low of 47.998USD mn in June 2016. Nigeria’s External debt service payments data relics lively state in CEIC as well as is reported via Debt Management Office Nigeria (2018).

2.1.1.3 Balance of Payment

Balance of payment is a report of all dealings made stuck amid entities in one nation and the rest of the globe above a definite phase of point in time, such a year or quarter. Balance of Payment (BOP) is also recognized as Balance of International Payment (BIP), it summarize all transactions that a country’s persons, companies and government bodies output of the country. Those dealings consist of importation and exportation of goods services and resources, as well as transmit payments such as overseas aid and remittance (Will Kenton 2019).

CEIC (2018) Nigeria Balance of payment; Current Account: data balance was reported at 10.381USD bn in Dec 2017. This report an add to from the prior number of 2.714 USD bn for Dec 2016. Nigeria Balance of payment; Current Account: Balance data brought updated yearly,, averaging 1.203 USD bn from Dec 1977 to 2017, with 41 observations. The date reached an all – point in time high of 36.529 USD bn in 2005 and a documentation low – 16.019 USD bn in 2015. Nigeria Balance of payment: Current Account: Balance data what's left dynamic position in CEIC and World Bank reported it.

2.1.1.4 Exchange Rate

An exchange rate is the rate at which one legal tender will be exchanged for another in finance. Exchange rate is resolute in the overseas exchange market might be open to a varieties of diverse types of sellers and Buyers and where trading of currency is nonstop. A right or suitable exchange rate have been one of the very significant factor in favor of economic increase in the economies of the majority of developed nations, while usual fluctuations or improper exchange rate have been a foremost impediment to economic increase of many African countries of which Nigeria is all-encompassing (Lawal, Atunde, Ahmend and Abiola 2016).

2.1.2 External Debt Management on Economic Growth of Nigeria

Subsequent to the declaration of the external debt of Nigeria at the beginning of 1980s. External debt management became the duty of the Central Bank of Nigeria (CBN) by reason of its growing percentage. This makes it easy for the establishment of a unique department in collaboration with the ministry of finance for external debt management. According to Oke and Sulaiman (2012), the department established discussed in their periodic meetings on a variety of strategies to which debt could be manage. These strategies include:

1. An order on new loan and instructions to the government to prohibit outside borrowings.

2. Debt reform: A turn around on how to remedy the existence of debt burden of a country through renewal of the terms of loan, A change of schedule, buying back what has been previously giving out collateralized bond i.e. to secure a loan by using collateral and supply of new currency

3. Limit on debt service payment: This need to separate a part of export income to be use for development of the nation (Domestic development)

External debt management of Nigeria with regard to debt service annual payment unfavorably influence economic growth of Nigeria because of diverse reasons, the year changes in the payment of debt which turns out to be a large sum for the makes it burdensome for the government to have knowledge on how to effectively distribute the resources obtainable for the reformation of the economy. This continually decreases the potentials of the government policies to achieving results which constantly act as a discouragement to private sector investment. Making choices on the repayment of loan can be complicated and burdensome, but different researches recommended that foreign loan is agreeable when is contracted. Debt relief and termination debt comprises of the settlement of arrears by Nigerian owed to Paris club and to make a just payment this minimal acceptable condition of the Paris club for any country owing them to settle its debt before the negotiation of debt relief. Note that Nigeria’s case is outstanding in the sense that before the settlements of arrears debt has been offered. In the payment of arrears Nigeria debt stock

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was reduce by the Paris club and 67% of the total debt stock were written off in October 2005 within the first phases and second phases the arrears were paid and 34% of Nigeria qualified stock were written off. In March 2006 the remaining 33% were written off as well.

The role of extended debt on the growth of the economy has no consensus. Various researchers are in opinion that external debt has a useful outcome on the growth of the economy in as much as external debt will multiply the inflow of capital and when it is used for profitable projects it will quicken the growth of the economy.

Foreign capital will not only be available for the development of industries but also for the development of managerial skill, develop experts in technical skills. Finally have means of entering foreign market so as to utilize the country's resources for the rapid growth of the country. Conversely, if there is excess accumulation of external debt it will be unfavorable to economic growth of Nigeria.

2.2 Theoretical Framework

This study is anchored on the Debt–cum-growth theory.

2.2.1 Debt–cum-growth Theory

Debt–cum–growth theory regards external debt as an exchange for internal savings and internal investment and consequently this internal savings and internal investment are aggregation (Udoka and Ogege, 2012).

In the Debt – cum – growth theory, the original non-optimizing approach was enhanced in the basic conceptual structure in which foreign lending for investment reasons has mainly been the area of importance to complete the domestic investment which domestic saving cannot actualize (Abdullahi, Aliero and Abdullahi 2013). The Debt-cum-Growth Model also regards debt capacity in terms of the advantage and cost of lending from foreign countries as a way of making the country to grow and development. The fundamental thing is that a nation will keep up its ability to service debt provided that the debt is sufficient to provide the country with the growth it required.

2.3 Empirical Review

Akram,(2010) undertook a study a study in Pakistan. In his study, he analysed the impact that external debt exerted on economic growth and investment. He employed Auto regressive distributed lag (ARDL) model to estimate the correlation that existed between variables. He found out that domestic and foreign debt recorded negative impact on per capita GDP and investment. As such, there was a crowding out effect of debt in the economy.

In another study, Ezeabasili, Isuand and Mojekwu, (2011) examined the correlation connecting foreign debt and the growth of the Nigerian economy starting from 1975 to 2006 using econometric approach. The results of the study revealed that foreign debt had a negative correlation with the growth of Nigeria economy. They recommended that Nigeria government should put to consideration the ability to absorb note than considering low debt to gross domestic product (GDP) as well as low debt service. Also, future debt negotiation should be considered using GDP capacity ratios.

In the same vein, Atique and Malik (2012) undertook a study in the Pakistan economy. They analysed how foreign and domestic debt impacted upon the economic growth in the country of Pakistan starting 1980 to 2008. They used (OLS) approach and co-integration test. Their result showed a negative impact of foreign and domestic debt on the economic growth of the country of Pakistan.

Similarly, Oke and Sulaiman (2012) oversee the correlation of external debt, economic growth level and the volume of investment in Nigeria designed for 28 years, starting from 1980 – 2008. The explained variable used in the study was (GDP) whereas, external reserves ratio to (EXD), (EXR), inflation rate, private investment, interest rate and debt service ratio served as the explanatory variable in the study. RSresults of the multiple regression technique employed, it was evident that there is a positive relationship between the variables.

3. Methodology

3.1 Research Design

This study is undertaken to evaluate the impact of external debt management on economic development in Nigeria from 1986 to 2018. The ex post facto (after - the- fact) research design was used for thirty-three years study period because secondary sources of date were explored.

3.2 Model Specification

The model adopted in this study is similar to that used by Ajayi, and Oke (2012), their empirical analysis of the Effect of external debt on economic growth and development of, Nigeria.

The econometric model for this study is presented thus:

$$RGDP=\beta_0+\beta_1EXD+\beta_2EXDS+\beta_3BOP+\beta_4EXR+e \qquad (1)$$

Where: EXD = External debt, EXDS = External debt service, RGDP = Real gross domestic product, EXR = Exchange rate, BOP = Balance of payments.

A Priori Expectation

It is expected that all the independent variables shall be positive and significant in the model.

4. Data Analysis and Interpretation

4. 1 Co-integration Test

Table 4.1

Test (Trace)

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None *	0.900776	130.7288	69.81889	0.0000
At most 1 *	0.647420	59.10729	47.85613	0.0031
At most 2	0.458796	26.79045	29.79707	0.1069
At most 3	0.221362	7.757730	15.49471	0.4917
At most 4	3.99E-05	0.001238	3.841466	0.9713

The results in Table 4.1 are estimated using Johansen co-integration approach. The Johansen co-integration trace test result betokens 2 cointegrating equations at 0.05 significance level. This means that (EXD) and (RGDP) in Nigeria have a long run relationship within the review period.

ARDL Result

Table 4.2 – ARDL regression result

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
RGDP(-1)	0.490673	0.157205	3.121221	0.0262
RGDP(-2)	0.304642	0.208849	1.458669	0.2045
RGDP(-3)	-0.520908	0.184343	-2.825750	0.0369
EXD	0.909678	0.514275	1.768855	0.1371
EXD(-1)	0.865502	0.544784	3.588706	0.0130
EXD(-2)	-0.580277	1.090113	-0.532309	0.6173
EXD(-3)	0.048478	0.593532	0.081677	0.9381
EXD(-4)	-2.045316	0.830480	-4.462812	0.0070
EXDS	14.13705	6.010680	2.351988	0.0654
EXDS(-1)	4.915305	5.264859	0.933606	0.3934
EXDS(-2)	15.68350	5.792002	2.707785	0.0424
EXDS(-3)	22.48635	5.632838	3.992011	0.0104
EXDS(-4)	-14.16097	5.509409	-2.570326	0.0500
BOP	0.644525	0.208530	3.090810	0.0271
BOP(-1)	1.184858	0.282493	4.194287	0.0085
BOP(-2)	1.368991	0.445600	3.072245	0.0277
EXR	3.311399	16.83096	0.196745	0.8518
EXR(-1)	-16.31137	14.25764	-1.144044	0.3044
EXR(-2)	29.26955	23.57520	1.241540	0.2695
EXR(-3)	24.61201	15.03585	1.636888	0.1626
EXR(-4)	-14.38044	23.77993	-0.604730	0.5718
C	-410.3936	184.1927	-2.228067	0.0764
R-squared	0.732984			
Adjusted R-squared	0.729909			
F-statistic	13425.28		Durbin-Watson stat	2.252055
Prob(F-statistic)	0.000000			

Source: Computed by the author using E-view 9

The Coefficient: Following the values of coefficient for external debt (EXD) in all the lags are 0.909678, 0.865502, - 0.580277, 0.048478 and - 2.045316. The value of coefficient for external debt service (EXDS) are 14.13706, 4.915305, 15.68350, 22.48635 and - 14.16097. The values of coefficient for Balance of payment (BOP) are 0.044525, 1.184858 and 1.368991. The values of coefficient for exchange rate are 3.311399, -16.31137, 29.26955, 24.61201 and – 14.38044. While the constant intercept (C) is – 410.3936. The value of – 410.3936 for C represents what economic growth (RGDP) output will amount to without External debt (EXD), External debt service (EXDS), Balance of payment (BOP) and Exchange rate (EXR).

The coefficient values of 0.909678 and 0.048478 for (EXD) implies that holding other factors constant a unit raise in (EXD) leads to 0.909678 and 0.048478 percent increase in (RGDP). The same interpretation holds true for (EXDS), (BOP) and (EXR) with positive coefficients values.

Still on the coefficient of (EXD) ; the values of – 0.580277 and -2.045316 implies that a unit decrease in (EXD) leads to – 0.580277 and – 2.045316 percent decrease in (RGDP). Also the same interpretation holds true for (EXDS) (BOP) and (EXR) with negative coefficient values.

The R^2 value of 0.732984 means that the explanatory variables account for about 73 percent variation in economic growth of Nigeria. In other words, EXD, EXDS, BOP and EXR account for about 73% variation in RGDP.

F- value of 13425.28 and its corresponding P- value of (0.000000). The null hypotheses can be strongly rejected which states that (EXD), (EXDS), (BOP), and (EXR) do not have significant impact on economic growth of Nigeria.

Durbin – Watson statistic of 2.252055 shows that the variables were free from auto correlation since the value of 2.25 is close to the region of 2.

The Probability value: Considering the value of probability at 5% significance level on the independent variable, EXD, EXDS and BOP. It means that they are statistically significant on the growth of Nigeria economy. While the probability value for Exchange rate is statistically insignificant on the growth of Nigeria economy.

Discussion of Results

The study being both quantitative and explanatory brought to bear the impact of external debt management on economic development in Nigeria with the use of annual time series data within the period of 1986-2018. The study employed a multiple regression using ARDL model which made it possible to predict the prediction of the impact on the regressors and the regressand. The coefficients of the predictors which are significant at 5% level were mixed, i.e. both negative and positive showing the extent of impact the variables had contributed on Nigeria's economic growth.

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Study over the years on the impact of external debt on the economic development of a nation has aroused the interest of many scholars, even though the empirical results from a number of these studies are diverse in nature of uniformity. Our finding from the analytical result revealed that of the four independent variables tested, (EXD) and (EXDS) significant and impact on economic development in Nigeria proxy by (RGDP) although, this relationship is heterogeneous across the various lags. The implication of this relationship is that strategic management of the various fund obtained through (EXD) at one time or the other has promoted economic productivity.

Furthermore, the (EXDS) have impacted statistically significant on (RGDP) of Nigeria. This is evidence that the Nigerian economy has gained at some points in time following the debt serving in operation by the nation. This significant impact is appropriate with the study by Amassoma (2011). However, our result with significant impact for external debt accumulation is in variance with Ogege and Ekpudu (2010) who found that external debt accumulation and volatility of exchange rate has hindered growth in Nigeria.

Furthermore, from the findings, Balance of Payment (BOP) showed a significant impact on Real Gross Domestic Product (RGDP), this means that within the reference period balance of payment have contributed meaningfully to the economic output in the country. Also (EXR) showed an insignificant relationship with (RGDP), this means that within the time frame covered on the study Exchange rate has not contributed meaningfully to the economic output in the country. The finding of insignificant contribution of exchange rate is appropriate with Kabadiya *et al.,* (2012) which also discovered inverse relationship economic growth and exchange rate volatility.

5. Conclusion and Recommendations

5.1 Conclusion

This study ascertained the impact of external debt management on economic development in Nigeria.

External debt management refers to as the establishment of the condition of issue and redemption of public securities/foreign loan. Its aim is to see that the need for borrowed fund by the government and the agreement of payment are done at a considerable cost on the long run, consistence with wise degree of risk. On the other hand, economic development is when the production of economic goods and services gets higher from a particular period to another period. Just as the economic development of Nigeria is important so external debt and external debt management is an important component of the economic picture of Nigeria and failure to make repayment can cause serious economic upheaval. However the study was carried out to evaluate the impact of external debt management on Nigeria's economic development.

5.2 Recommendations

Based on the findings of this study, the following recommendations were made.

1. On Nigeria's external debt the government of Nigeria should strike a balance between the acquisition of external debt and usage of same for projects that will culminate to enhancement of economic growth and development in Nigeria.
2. Furthermore, to maintain economic development, Nigeria should not have high external debt (EXD) and low real gross domestic product (RGDP) as this will cause a risk of defaulting on external debt payments.
3. External debt service payments (EXDS) had positively and significantly impacted on the country's real gross, domestic, product, (RGDP), which leads to economic development of the nation Nigeria; it explains right application of the borrowed fund which encourages responsiveness of the government to service/pay back borrowed funds from external bodies. This study recommends that financial authorities, maintains effective and efficient utilsation of borrowed funds.
4. Balance of payment (BOP) also with positive impact on real gross domestic product (RGDP); has been an instrument in enhancing the nation's economic development. The government should therefore produce enough economic output to maintain the payment for its growth, with improve export performance and a lower income elasticity of demand for import, as a faster economic development will be achieved.
5. The negative impact of exchange rate (EXR) on the nation's real gross domestic product (RGDP) if it continues will indicate no future hope for the

Nigeria economy through productivity and currency appreciation. This is because economic productivity and exchange rate stabilization is central to effective foreign exchange policy formulation and debt management.

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