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DEBT CRISIS AND BURDEN: AN ALBATROSS TO NIGERIA'S DEVELOPMENT SINCE 1960.

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ABSTRACT

This study examines the impact of debt crisis on Nigeria's economic growth and development. In the 1970s, the country's external reserve increased due to the crude oil glut exploration. In this study, necessary information was analyzed while adopting qualitative approach in historical research method. To this end, information obtained from Government Reports and Publications, Journal Articles, Textbooks among others were deemed vital to the study, hence the utilization. Findings revealed that in spite of all proactive strategies, the debt crisis of Nigeria keeps increasing, in that unpatriotic, over-zealous and unscrupulous leaders in Nigeria have been misplacing priorities of the loans. It is obvious that external debt is to a great extent hampering economic growth and development when not properly managed.

However, Nigeria debts burden could have been eschewed if loans were properly contracted and deployed to self-liquidating and economically variable projects. It involves that steps must be taken to attract more direct investment which only not brings in the external finance but also the skills and technical know-how so important for sustainable growth and development of economy. The essence of this study lies in the fact that the Nigeria's debt burden presents a gruesome picture of hopelessness. Nigeria can make real economic progress only when it begins to get on top of its debt crisis. Also, there is need for Nigerian government to seek for multi- year debt rescheduling plan rather than annual repayment system. The long and short of it is that prudence is necessary in the conduct of Nigeria debt policies so as to maintain certain objectives, creation of jobs and economic growth and development. These recommendations, if employed, could assist in placing Nigeria among one the best industrialized nations of the world in the nearest time.

Keywords: Debt, Development, Paris Club and External Debt.

INTRODUCTION

For developing nations to migrate from economic downturn, there is every need for them to borrow money from highly developed nations to close the gap of economic malady. Over the years the period of 1950s and 1960s have been described by scholars and schools of thought as ages of abundance for the less developed nations in most economic development reviews, in that the extent of growth and development of these economies was not just high but was mostly generated internally. In these years mentioned, the Less Developed Countries (LDCS) increases their investment with less dependence on external resources and on the other hands, most of the growth in the 1970s was "debt led" as the country maintained a continuous currents account deficit and borrow largely from the international monetary institutions and other capital market to close the gap of financial downturn

between the have and have not, rich and poor, highly industrialized and less industrialized nations.

The debt crisis and burden of Nigeria can be examined back to the late 1950s. In recent law, debt has no particular meaning and may be known as that which one person legally owe to another or an obligation that is enforceable by legal actions to make payment of money otherwise stated in the terms and conditions. Even where borrowing was permitted to finance some developmental projects, it was not easy to obtain loans from the international capital market and the pre- independence periods did not witness any major growth in the level of opportunity attractive to foreign investors. It is interesting to note that nations borrow for two major views, macro-economic reason (higher investment higher consumption which implies education and health or finance transitory balance of payment deficit to decrease the actual interest rate oversea scarce of local long-term credit or to eschew real budget challenge. Howbeit, any economy that borrow money to increase economic growth and development tend to reduce poverty rate and do not suffer any economic confrontation from macro- economic unstable policies that change economic incentives or any huge adverse setback. To this end, growth and development are sure bet to increase and give way for prompt debt payment. When the economic system is been maintained for a number of years, definitely the income per capita will impact on growth and development of the entire economic system which is an index for poverty reduction. This forecast is known to hold even in theories base on the more actual speculation that nations may not be able to borrow freely as a result of the constraint of debt denial and the stringent measures in repayment of loans. Many years ago, comity of nations that earned foreign resources have been pinned on debt servicing which has had very stringent unpleasant effects on the nation's economic growth and development. This study emphasizes that there many implications of external debt on the Nigeria economy.

More so, the Nigerian economy present has unmatched debt

crises. The extent of the debts and it's correlated harsh implication has become hydra-headed to the government. Some state governments resorted to borrowing from external sources to finance any kind of projects, not minding their usefulness. The case of debt burden and crisis in Nigeria presently cannot be overstretched. Debt burden is really a difficult interrelated challenge. Even with the government proactive effort on managing external debt by employing several proactive attitudes such as debt equity, debt rescheduling, debt conversion, debt cancellation or forgiveness, declaring some debt bad among others there exist yet a number of unresolved and unanswered questions which need to be address here in the course of this work. The following questions will form the springboard of this study also, to give a glimpse into this study is the following essential questions which one must bear in mind while doing any study in such sensitive study area;

- What are the effects of external debt on growth and development of Nigeria?
- In terms of effect of huge debt services payment on various economic sector and such other country's aspects like domestic saving and external payment, standard of living of the people.
- What are the natures, causes, implications of Nigeria external debt?
- What is the practical effort/ attitude embarked on in reducing to the barest minimum the debt burden in Nigeria?
- How the external management has carried out their responsibility in managing the external debt of Nigeria.
- What is the present development in the debt relief initiative?

The Nigeria debt burden is as a result of mismanagement of loans and to pursuance of foreign aid from highly industrialized countries of the world from the start established the condition of economic reliance and "master-servant" relationship that could raise persistent seeking and lobbying for foreign aids through

borrowing. This policy ties down Nigeria problem in perpetual attitude to underdevelopment, dependency and poverty. Hence, her external debt crisis is huger and has developed in the same size as the internally generated revenue to this backdrop. The place of quest for foreign aid has really done more harm than good in that the conditionalities attached to it are very devastating. It is generally accepted that the debt burden constitutes a major constraint to the revitalization of the nation's economy.

A HISTORY OF THE NIGERIA DEBT CRISIS AND BURDEN

Going through the corridor history of Nigeria's external debts is verifiable to the colonial times when foreign loan was taken to make up the paltry Internally Generated Revenue (IGR) for developmental motives. (Adepoju, Salau and Obayelu, 2007). The year 1958 and 1977, debts incurred were debts from bilateral and multilateral terms with longer repayment time and lower interest rate. The African Forum and Network on Debt and Development. (AFRODAD)(2007) inferred that Nigeria's external debts increased over the years as a result of shortfall of foreign exchange to her developmental agenda. The downward price of crude oil in the late 1970s had an adverse impact on government expenditures, hence it became essential for government to go into borrowing to balance payment support and project financing. This however, increased the nation's debt profile to 2.2 billion dollars in 1980. (Ajisafe, Nassar and Fatokun,2006; Ndekwe,2008)

Also, in 1999 it rose up to 33.4 billion dollars. It increased instead of decreasing as a result of some insurmountable era of debt servicing and insatiable quest of political leaders to borrow loan for the financing of some wide-elephant project (Essien and Onwuoduokit: 2009). Additionally, the entrance of state governments into external loan decline in the share of loan from bilateral and multilateral creditors, the attendant increase in borrowing from individual spheres at high rate and inability to

manage foreign debts wisely due to corruption and mismanagement of oil revenue (Winberger and Rock 2008; Abrego and Ross, 2001). As crude oil price increased in the world market, Nigeria's attractiveness to the external creditors resulted to major borrowing by transitional governments when led to huge external debt burden. All kind of loans were obtained by both. Federal and state governments which made debt burden to be much and huge amount from the oil revenue were able to service the accumulated external debts yearly. The record of Nigeria's huge debts can hardly be earmarked from its years of misrule and persistent recklessness of its rulers (Soludo,2003; Ikeji, 2009). The Nigeria's inability to manage her import bills led to huge arrears amounting to 9.8 US billion dollars between 1983 and 1998 while the accrued interest of 1.0 US billion dollars was recapitalized. In 1990, Nigeria's foreign debt increased again to 33.1 US billion dollars. (CBN 2006)

The servicing and rescheduling of debts became challenging for Nigeria from 1985 when the foreign debts rose again up to 19 US billion dollars. Before then, Nigeria has had an oil glut revenue which was followed by sharp fall in prices. (Iyaha and Iyare, 2008, Frankal and Duke, 1989). For example, Nigeria earned 25 billion dollars from oil export in 1980 and a fall to 12 billion dollars in 1982 and 6 billion dollars in 1986. Howbeit, government expenditure maintained its status quo despite the fall in oil prices and much of the projects were financed through foreign loans. By the end of 2004, Nigeria's debt stock had reached almost 36 billion dollars out of which 31 billion dollars was owed to the Paris club of creditors while the rest was from multilateral, commercial and other non-Paris club of creditors. (CBN, 2008; DMD, 2008; Hameed et al 2008). Nigeria's debt service payment started on a smooth, tolerable notes in 1958 until it became a hydra-headed years after. It was against these backdrops, that Nigeria resorted to seek for debt relief to settle the debt crisis and burden leading to economic woes when other alternatives failed to yield an appraisable result. The increase in Nigeria debt situation

can as well be traced to the need to finance the widening deficit gap created by profligate spending.

THE NIGERIA EXPERIENCE ON DEBT CRISIS AND DEBT BURDEN

Going by the traditional approach which supports external finance to give value to public expenditure and economic development and growth and refusal of the developed nations which are Nigeria great trading partners to meet their moral financial responsibilities to Nigeria, has resorted her to external loan from those countries and other western financial institutions like IMF, IBRD, WB, Paris Club among others. Those countries continued to encourage Nigeria to borrow more as those loans have become a problem in terms of repayment. This which has actually been regarded as debt crisis. Debt crisis is a situation of irredeemable debt, a condition whereby a person cannot be able to pay back what was borrowed over an agreed time frame. Nigeria in this kind of situation is faced with debt crisis and is heavily indebted and cannot pay the principal debts she owes Nigeria uses a great proportion of its gross domestic product (GDP) to service the debt with nothing left for domestic social services. It is interest to note that at this kind of condition, Nigeria tends to scout for more external financial support to square up with the basic needs of her citizens. According to Ibrahim (1990; 22-23) sees debt crisis as debt that can never be repaid, not even by the great grandchildren of debtor country's current generation as such will be born to continue servicing the debt. This situation is referred to as "evergreen loans".

Evergreen for the creditors but of course, burning furnaces for the borrowers. He also sees evergreen loans as exploitative credit facilities whose initial principal amounts are too huge for the borrower to repay and/ or the borrowed principal keeps increasing through negative effects of compound interests and its capitalization. Ibrahim (1990) considers such conditions generally as "debt trap" and indeed the economy in its holistic nature has been trapped. As Nigeria has been entrapped in huge foreign debts

have some negative features. The representatives of the creditor institution have been stamped despite agreements reached to monitor strategic financial institutions of Nigeria such as the central bank, the finance ministry and other viable economic sectors. This was an effort to monitor and ensure that no resources are misappropriated or diverted to anything other than servicing the external loans. It is for this singular fact that Ajayi (1990) agrees that countries experiencing debt crisis have been caught in a very tight roped debt trap. This is the situation present in Nigeria.

In general note, Nigeria got entrapped in the debt burden, various accounts have been noted by analyst as being the fulcrum causes of the crises. These identified crises ranges from persistent fall in the prices of raw materials, widening trade deficit and constant balance of payment challenges which impacted an external aid, slavery and colonial exploitation of Nigeria by some Europeans nations, total neglect of agriculture leading to export deficit shortage of food with consequent crave for foods from abroad like wheat, fish, rice, chicken, turkey, grains among others thereby emptying Nigeria external reverses due to bad management leading to mismanagement, misappropriation, bad economic policies, corruption, misplaced propriety, over invoicing of contract value and total collapse of law and order (Ajayi, 2000:125)

Another glaring crisis is the persistent bargaining and negotiation for rescheduling of the debt (Mimike 1997:50). Nigeria has so many proactive efforts before she could be granted debt forgiveness through granting of debt concessions with the condition of coming up with good ideas of initiating new economic reforms that would pave way for liberalize and commercialize its economy for private participation (CIA world fact book, 2010). The Nigeria's foreign debt burden was very pathetic and disturbing before negotiation leading to debt forgiveness. Nigeria's debt profile has been put at 31 billion dollars, while her foreign reserve had grown to 8 billion dollars. Nigeria ought to service her debt by paying 4.9 billion dollars annually in line with contractual

agreements over payment of foreign debts. This amount included a total of 1.1 billion dollars required by various state governments to service the foreign loan debts and 3.8 billion dollars require by the federal government to service her foreign debt.

Nigeria was already in initial debt on 22 billion dollars' worth of Paris club debt owed to sovereign lenders and was struggling to service her 3.5 billion dollars London club responsibility (CIA fact book,2008). Abia and Niger states top the list of debtors with a service requirement of 89 billion dollars and 85.5 million dollars respectively, followed by Lagos state 79.2 million dollars, Imo state 78 million dollars and Plateau state 70.3 million dollars. Also, Zamfara state 3 million dollars, Kastina state 3.7 million dollars, Kebbi state 4vmillion dollars and Cross river state 11 million dollars (Ekundayo, 2010:13). Hence, since Nigeria has been failing to fulfil her repayment obligations, it has been faced to a number of penalties to pay (daily times newspaper, 2003). Her debt profile at the end of the fiscal year 2009 stand at 3.97 billion dollars out of the amount, the federal government owes 2.093 billion dollars while the rest to the state government in the amount of 1.85 billion dollars (CIA world fact book,2010).

CAUSES OF NIGERIA DEBTS CRISIS

The causes of Nigeria's external debt crisis and burden could be classed into six grey areas such as;

1. Adverse interest rate movements
2. Adverse exchange rate movements.
3. Inefficient trade and exchange rate policies.
4. Poor lending and inefficient loan utilization.
5. Poor debt management practices
6. Accumulation of arrears and penalties.
7. Political rascality, bad governance, abuse of office and power, misplaced priority, fiscal indiscipline, weak control, issues with monitoring and evaluation, a community that was openly tolerant of corruption and other underhand and extra-legal methods of primitive

accumulation. Indeed, Nigeria is plagued by heavy external debt burden due to their inability to manage borrowed funds resulting from corruption, embezzlement and financial recklessness. Furthermore, in Niger mismanagement of the oil revenue during the oil glut period and high level of corruption in the handling of borrowed funds among others were responsible for her debt crisis. In addition, a lot of white elephant project were embarked upon for political interest, these were later abandoned by successive governments after so much money would have been invested on them. Nigeria's debts crisis compounded by massive poverty and structural weakness of the nation's economy made the attainment of rapid and sustainable growth and development complex.

In 2003, the government began deregulating of downstream sector in fuel prices, announced the privatization of the country's four oil refineries and instituted the National Economic Empowerment Development Strategy (NEEDS), a home-grown strategy designed and run program modelled on the IMF's poverty reduction and growth facility for fiscal and monetary management. In November 2005, Abuja won Paris club approval for a debt relief deal that eliminated 18 billion dollars of debt in exchange for 12 billion dollars in payment a total package worth 30 billion dollars of Nigeria's total 37billion dollars external debt (CIA world fact book,2008) (Ekundayo 2010:13)

External loan has its inherent strength to push a nation on developmental stride but as it has been noted, its mismanagement involves huge social and human costs. It could also result to sharp fall in the nation's foreign assets and fall in productive strength of the national economy with all its attendant effects on macro-economic sphere. A foreign loan becomes a debt or debt crisis when such loan is been mismanaged or not committed to development and growth-oriented projects. The debt burden and crisis that started from the poor management of loans was further complexed by more misappropriation and mismanagement of

scarce resources, widespread and unregulated cases of official corruption among other issues.

More so, reckless and inefficient borrowing can be in form of the following:

- Poor implementation due to feasible absorptive capacity and governance challenges.
- Mismatch between loan terms and conditions project profile.
- Leakages associated with governance problem.
- Inefficient priority given to economic viability of projects.
- Borrowing not linked to future growth and development on exports.

(CIA World fact book, 2008)

The devastating result of arrears owe interest and penalties leads to:

- ✓ Payments to creditors unilaterally curbed.
- ✓ Huge arrears, penalties and interests accumulated over the years between 1985-1998.
- ✓ In December 2000, rescheduling terms made in debts profile
 - a) Principal balance =1.48 billion dollars
 - b) Principal arrears = 10.31 billion dollars
 - c) Interest arrears = 4.45 billion dollars
 - d) Late interest = 5.18 billion dollars (Ekunday, 2010: 13)

IMPACT OF THE DEBT CRISES AND BURDEN ON NIGERIA

It is a well-known fact that Nigeria have too much burden on her head, the burden packaged with economic crisis and socio-political complexes. Expenditure so much of export earning on debt servicing implies that little is left for the nation to perform its constitutional duties to the citizens. It is also carefully noted that in its efforts to separate economic pendulums to carve a snitch for

economic and socio-political growth and development, Nigeria has no other alternative than to look up to the highly industrialized nations for loans to achieve this development and growth. Here, development to her might implies embarking on capital intensive program such as roads and bridges, schools, hospitals, radio and television stations, hydro-electric projects and general projects that could promote the standard of living. The result of these, is that the loan well packaged with a number of terms and conditions, needs to be serviced and as such, Nigeria is expected to invest the money in the economic outfit that will yield good results for servicing and paying back of the loan but with the implementation of these non-profit social projects, Nigeria lacks sufficient funds to maintain them, more than not, deteriorate, thereby adversely impacting on the standard of living of the citizens. In an effect to this, the government could introduce some measures by cutting down government expenditures on governance, salaries and allowances of workers, placing ban on certain products been imported in other to promote local products that could generate revenue and still sustain the same taste of the foreign products. Also, stringent measures could also be employed such as payment of high import duties which will make prices of imported goods surge upwards thus discouraging importation, taxes on certain goods increase, removal of subsidies on important items thus generating internal revenue (Aluko and Arowolo 125). Government may be forced to place ban on employment and in addition, workers may be retrenched thereby swelling the unemployment market.

The long and short of debt crisis and burden is that, in most cases, the loan is not use for what it was borrowed for thus hampering development processes. The loan process is done in and shrouded with secrecy. The loan is initially borrowed for personal interest and parochial motives. It is sometimes tied partly polities, patronage and elevation of primordial interest and overall socio-economic development. The continued hardship experienced by citizens as a result of cubistically measures may bring about

serious restiveness to government in power. Over the years, the emerging military regime may also be ousted in a counter-coup thereby creating a vicious circle of social disorder, economic backwardness and political pendulum. This was a clear case in Nigeria between the period 1983-1985, where the military government of General Muhammadu Buhari was ousted in a palace coup organized by General Ibrahim Babangida. In January 15th 1966, General Aguiyi Ironsi seized power coercively from Abubakar Tafawa Balewa and was in turn pushed out in July 1966 by General Yakubu Gowon in a counter-coup who was alleged to be power-drunk. The instance of these unfortunate development brought about in Nigeria, external domination and exogamous influences of the local economy is another by-product of debt crisis. The general impact of the above on the development of Nigeria is that the economy often shifts from bad to worse. The debt burden enhances Nigeria's dependence on the outside world, slows the prospects of economic recovery and growth, jeopardizes the ability of Nigeria government and increases the poverty level. (Hardy, 1986:65).

DEBT RELIEF

In the process of charting ways forward on debt relief, the Nigeria government under the policy support channel led to a charter in principle to write off about 60% of her debt provided she agrees to pay off certain agreed amount. The problem propelling to debt crisis in Nigeria was worst between 1950s-2004. By this time in view, her domestic product of 6% of its GDP to her creditors by way of servicing debt grew up (Ikeje,2009). Thus, this debt issue became very serious and problematic owing to its burden on debt export ratio which weighed the extent of debt in export revenue. Sometimes in May 2005, Nigeria debt was cancelled to the amount of 18 billion dollars which amount to 18 billion dollars or a 60% cancellation. (Omoruji, 2010; Ikeje, 2009). It brought 18 billion dollars debt cancellate in Nigeria, 33 billion Paris club debt, a total reduction of 60% and a 76% reduction of arrears portion of the debt. It was first in history for Nigeria. The Paris club had given

Nigeria a discounted payback of a portion of debt stock. (Aluko and Arowolo, 2010; CBN, 2012).

IMPACT OF DEBT RELIEF ON NIGERIA ECONOMY

The debt relief package has reduced Nigeria net transfers to its creditors. This reduction requires external transfer which will have a direct effect on Nigeria's economy through fiscal situation and output. Hence, without this debt relief, Nigeria would have had to service full interest and amortization on all the public commercial debt out of a budget that was already severely caught back. (CBN, 2008). Nigeria external debt was expected to become sustainable, in that, Nigeria will be able to maintain a medium of external indebtedness. The benefit hereafter from investing and borrowed funds and service the debt impacting so much on the nation's economy. To this end, available resources from critical infrastructural needs, the relief will motivate private sector driven economy and job creation. Finally, the debt relief de-classifies Nigeria as a "bad and doubtful debt" country and this will improve the credit worthiness of the nation before the college of nations. (Ikem,2006; Aluko and Arowolo, 2010). The expected impact of debt relief hence is fiscal viability, increase foreign direct investment, renewed confidence of foreign investors, achievements of macro-economic stability, creation of more jobs, infrastructural development and improved standard of living of the citizens. It was expected that the debt relief is the most significant indication for the country to absorb the debt depression in order to resume sustainable growth and eventual development.

FINDINGS

Nigeria has been borrowing money from the industrialized nations and other independent creditors like IMF, IBRD, WB, Paris Club. This invariably has taken huge amounts of resources from the nation's annual budget for debt repayment and servicing. It is interesting to note that a decade after she got debt cancellation and rescheduling from the creditor nations and independent bodies

which was obtained by past government regimes, new debt burdens have started setting in with the renewed unpatriotic and unplanned borrowings which the Nigeria National Assembly has described the process through which these loans were obtained as 'dubious, unpleasant, shady and corrupt' although they ascent to the loans. As at the moment, Nigeria external debt profile has increased in no small measures and it is impacting much on the yearly budget in charges and repayment. The international creditor bodies over the years have kept on encouraging Nigeria to access more loan from them most especially China which is Nigeria's greatest trading partner simply because of what they are gaining at the end of the day while Nigeria sinks in the process of repairing and servicing the loans. Hence, by so doing, one will note that charges spent in servicing the loans have over ran the actual amounts borrowed which is a huge advantage for the international creditor bodies at Nigeria's expense, thus huge capital flight to the western world. For example, two decades before the Paris Creditor Club writes off some percentage of Nigeria loan from them in 2005 after series of negotiation and compromise, Nigeria's real borrowing was put at about 10 billion dollars, while it has spent over 35 billion dollars in annual debt service payments for the period and still owned about 36 billion dollars (Ukeje, 2009). The external loans have indicated that huge amount of money leaves Nigeria inform of capital flight to the western world. For example, in 2005, United Kingdom got about 12.4 billion dollars paid by Nigeria as a part of the pact on debt deal with the Paris Club is even more than what the UK government spent in aid to the entire African continent in five years and more than what the G8 nations gave to the conditional aid to the African countries in one decade (Aluko and Arowolo,2010, Asuehinene, 2009). Lastly, Nigeria is still dangling in terms of economic growth and development even after debt relief and reschedule in 2005. The standard of living and life expectancy are still at the low ebb, high unemployment wave, insecurity has taken over the entire polity, the average citizen is not sure of an adequate square meal, electricity is story for another

decade as every effort so far made have proved abortive and holistic infrastructural rots all over the country. There is total lack of political will to cut government spending. These are the indices that the debt relief and rescheduling have not fully translated to the aspiration and desired economic growth and development.

CONCLUSION

This study established the essentials of foreign aid to socio-economic development in Nigeria. It however, observed that mispriority and mismanagement of foreign loans has adverse effects on the economy of Nigeria. It also advocated that Nigeria should look inward in her quest to come out from economic doldrums and stagnation while it is true that debt crisis and burden arising from conditionalities has stagnated the economic fortunes to growth and development in Nigeria. It is equally clear that a transition of bad and inept leadership foisted and hosted on Nigeria and her national has made her debt unpayable. A group of opportunistic leaders has brought Nigeria in general to its knees. It is paradoxically ironically that a producer of goods is actually not capable of determining the price of their goods. Hence, foreign aid should not be seen as a gift because it is a serious business after which by its nature, its dealings and its manner must be business-like. The Nigeria government as a matter of facts should have designed a way of managing with and accommodating the conditionalities tied to aid rather than complaining of its effects which they were, of course aware of before entering and taking such loans. Foreign loans is interties yielding with a huge interest underpins intended to impose on country's ideology on another and have a dominion and control over the recipient country. The main reason for external borrowing is to stimulate growth. For any nation to grow, there must be a robust investment in infrastructure, small, medium and large-scale enterprises that can boost growth in all spheres of sector. If the available funds are not well utilized into viable project that will benefit Nigeria's economy investment will decline. However, whether or not external debt would be

beneficial to the borrowing nation depends on whether the borrowed money is used in the productive segments of the economy or for consumption. Undoubtedly, the inability of Nigeria to meet their social needs and escape from debt results from the fact that the borrowed funds have not been used productively. Instead of financing domestic investment in the key sectors, a chunk of the borrowed funds was captured by some Nigeria political leaders and channeled abroad in the form of capital flight.

RECOMMENDATIONS

1. There is the need for the federal government to map out well considered guidelines for external loans.
2. Also, there is every need to define the motives, duration, moratorium requirement and commitment, negotiation fees including the condition under which government can approve and guarantee external loans.
3. There is need for government to adopt the use of superior method to negotiate for fixed interest payment and varying amortization schemes.
4. There is need for government to put in place appropriate steps aimed at the optimal use of borrowed funds so that servicing such funds will not invoke economic crisis with its growth rate.
5. There is need for Nigeria to seek multi-year rescheduling rather than year by year repayment.
6. Concerted effort should as a matter of urgency be geared toward avoiding recurrence of debt overhang as a matter of indebtedness.
7. There is every need to watch the contracting loans at a favorable terms and conditions.
8. There should be reviewed efforts towards diversifying the economic capacity base on the country and encourage the growth of none oil exploit in order to increase the export revenue out of the country and reduction in oil.

9. Agriculture should also be given great attention to make it to be more attractive using modern facilities.
10. The long and short of it, is that prudence is necessary in the conduct of Nigeria debt policy so as to maintain certain objectives, creation of jobs and economic growth and development.

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