

Effect of External Debt on Economic Growth in Nigeria

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Abstract

The study focused on the effect of External Debt on the economic growth in Nigeria. To achieve the objective of the study, ex-post facto research design was adopted. The data were collected through secondary source from CBN statistical bulletin and World Bank data bulletin from 1993-2023. Multilateral Debt, Paris club debt, London club debt, promissory note debt and others debt were used to measure external debt while gross domestic product was used to measure economic growth. The data collected were analyzed using ordinary least square multiple regression analysis. The result from the analysis revealed that Multilateral Debt, Paris club debt, London club debts, promissory note debt and other debts have significant effect on economic growth in Nigeria. Based on the findings, it was recommended that the total external debt incurred should be channeled towards the purpose meant for its existence. The structure of the external debt should be apportioned to the ratio of its lowest interest that would be later used in financing that particular external debt. Also, the issues of other external debt should be identified for the purpose of analyzing the general economy.

1.1 Introduction

Nigeria, like a great deal of other nations, has a sizable quantity of external debt. External borrowing should often hasten economic growth, particularly in situations where domestic financial resources are insufficient and foreign funding is required to make up the difference. Additionally, according to economists, prudent borrowing levels encourage factor accumulation and productivity increase, which in turn drives economic growth. This can be attributed to the fact that developing nations often have lower capital stocks and fewer investment options. Therefore, chances for economic growth and development are presented by external debt. It is a common belief that borrowing countries can comfortably pay off their debts and accelerate economic growth if they use the borrowed money for profitable projects and macroeconomic stability.

One of the main causes of the 1986 introduction of the Structural Adjustment Programme (SAP), which aimed to restructure the Nigerian economy and set it on a sustainable road to recovery, was the country's external debt crisis. This remark implies that Nigeria could fund more internal investment, which is essential for fostering growth and development, if only the high level of external debt service payments could be decreased. Nonetheless, a debtor typically has few options for effectively managing a debt issue. However, in 1977, Nigeria had less than \$1.0 billion in outstanding external debt. However, by 1988, the total amount of external debt had skyrocketed to almost \$26.0 billion, during a period when the value of all exports, which was used to pay off the debt, had actually decreased by more than half. A ceiling on imports, which are essential for local production activities, has impeded economic growth and development due to the size of the external stock and the associated debt payment obligations.

The topic that needs to be addressed is if the high level of debt in Africa is one of the things causing these nations', especially Nigeria's, poor economic performance and uneven rate of economic change.

Two opposing hypotheses, the "debt overhang hypothesis" and the "liquidity constraint hypothesis," have been put out in an effort to address this query. Nonetheless, because a portion of the growth in output and exports will go towards paying off the foreign debt, the debt overhang hypothesis makes the assumption that the debtor nation only participates in a portion of these increases. According to the notion, decreasing debt will boost one's ability to invest and repay debt, increasing the likelihood that the remaining amount will be repaid. The debtor is said to be on the "wrong side" of the debt Laffer curve when this effect is significant (Were, 2001). The relationship between the amount of debt repaid and the total amount of debt is known as the debt Laffer curve. But the debt Laffer curve theory also suggests that there's a threshold beyond which debt accumulation propels economic expansion (Elbadawi 1996). Lensink and White (1999) contend that there is a threshold beyond which additional aid is harmful to growth, using an aid Laffer curve as support. The "crowding out" effect, which occurs when debt servicing consumes more money than could be saved for growth and investment, is a term used to describe the liquidity constraint. Therefore, for any given amount of future indebtedness, a reduction in the current debt service should result in an increase in current investment (Cohen 1993). Lack of access to international financial markets and the impact of the debt stock on the overall level of economic uncertainty are two further ways that the requirement to service a substantial amount of external commitments may have an impact on economic performance (Claessens, 1996). However, Nigeria has made significant efforts at reducing her debt overhang as part of effort at restoring internal and external balance to the economy. While management efforts have provided some relief, the debt burden is still unbearable and unacceptable.

1.2 Statement of the problem

Low productivity, low income, and low savings are the vicious cycles that lead to inadequate internal capital accumulation in developing African nations like Nigeria. To close the resource gap in this circumstance, foreign technical, managerial, and financial assistance is required. The course of a country's economic development is significantly influenced by its availability to outside funding. It is a crucial resource required to sustain long-term economic expansion. Economic growth should typically be mostly dependent on the creation and accumulation of domestic capital, but because of severe restrictions, it is also dependent on the importation of capital products and complementary raw resources that are not readily available domestically. For a number of reasons, these imports from abroad are essential. Significant investments in infrastructure, including ports, roads, dams, transportation systems, etc., are necessary for balanced growth. Telegram (1992) asserts that foreign debt is required to bridge two different kinds of gaps in the process of development. Among these are (a) the foreign exchange gap, or the shortfall in payments a nation experiences when its external reserves are minimal in comparison to its anticipated import needs. (b) The investment-savings gap, or the amount of foreign money required to increase domestic savings in order to finance actual investment levels.

When utilised effectively, external financial assistance quickens the rate of economic growth. In addition to foreign cash, it will provide access to overseas markets, technological know-how, managerial know-how, and technical experience, all of which are necessary for a country to mobilise its human and material resources for development. According to Anyanwu (1997), loans can be specifically used for things like expanding export-oriented agriculture production, mineral

exploration and exploration, industrialization, transportation and communication, rural and urban development, healthcare services balance of payments, tourism, and infrastructure development.

A borrowing nation views its requirement for foreign borrowing funding through the lens of its projects and development plans. On the other hand, foreign lenders typically assess the borrower's programme and projects in addition to the borrower's ability to repay the loan. When disagreements can be resolved, the borrower and lenders collaborate to develop a range of policy parameters that affect the amount and usage of borrowed money. It is regrettable to learn, although, that a portion of the foreign loans acquired by different Nigerian administrations have not been utilised for the intended purpose or, worse, have been put towards endeavours that do not generate enough revenue to cover the loans' repayment at maturity. This form the basis of this study.

1.3 Objectives of the Study

The main objective of the research is to assess the impact of External Debt on the economic growth in Nigeria. Other specific objective includes:

- (i) To examine the effect of Multilateral Debt on Economic Growth in Nigeria.
- (ii) To determine the effect of Paris Club Debt on Economic Growth in Nigeria.
- (iii) To ascertain the effect of London Club Debt on Economic Growth in Nigeria.
- (iv) To examine the effect of Promissory Note Debt on Economic Growth in Nigeria.
- (v) To ascertain the effect of Other Debts on Economic Growth in Nigeria.

1.4 Research Hypotheses

The following hypotheses were tested in null form

H0₁: Multilateral Debt has no significant effect on Economic Growth in Nigeria

H0₂: Paris Club Debt has no significant effect on Economic Growth in Nigeria

H0₃: London Club Debt has no significant effect on Economic Growth in Nigeria

H0₄: Promissory Note Debt has no significant effect on Economic Growth in Nigeria

H0₅: Others Debt has no significant effect on Economic Growth in Nigeria

Literature Review

2.1 Conceptual Framework

2.1.1 The nature and concepts of Nigeria external debt

A thorough evaluation of Nigeria's present and future strategies for handling its massive foreign debt load must be based on a thorough understanding of the debt's amount, composition, patterns, and drivers as well as the financial effects of the heavy debt load. However, inadequate debt data, which existed in Nigeria until recently, could impede such ideal economic analysis. Thankfully, new opportunities for the timely presentation of accurate debt statistics have been made possible by the establishment of the Debt Management Office (DMO) in October 2000. This agency, which centralises and streamlines debt management functions into a single semi-autonomous organisation with professional staff, has been staffing since then (Akindose & Arikawe 2005).

Furthermore, the various kinds of medium- and long-term debts that are present in Nigeria's debt stock provide insight into the root causes of the nation's debt issues. The balance of payment, which consists of capital and current accounts, as well as official settlement balance projects—tied loans are another type of medium-term loan—is the main component of medium- and long-term debts. The government frequently obtains project-tied loans from several international financing organisations, such as the World Bank, African Development Bank (ADB), International Financing Corporation (IFC), etc., in order to quicken the speed of economic development. Last but not least, loans for social-economic purposes make up a third compound of medium- and long-term debts.

These loans are often the result of the government borrowing money from outside sources to meet its financial demands because of a lack of capital and financing resources.

2.1.2 Debt rescheduling initiatives

The Venice terms (1987) pertain to a country that is a first-time member of the Paris club and has a modest revenue. The nation needs to be part of an IMF adjustment plan in order to profit from the Venice terms. Rescheduled debts are settled at the going rate in the market, with a payment plan arranged on an individual basis.

(ii) Toronto terms (1988): This term allowed for partial debt payment write-offs of up to 33 percent, longer maturities, and lower interest rates.

(iii) Houston terms (1990): These allow for payment delays rather than debt reduction and are intended for lower middle-income countries that are heavily indebted. The conditions of the Houston agreement allow the creditor countries to arrange debt swaps with the debtor countries on a bilateral and voluntary basis.

(i) Naples terms (1994): Allows for 67 percent debt reduction on the present value of the debt and is intended for the most impoverished and most indebted nations. Naples Terms apply only to those nations that were previously covered by Toronto or London Terms. Lyon Terms, also known as HIPC (1996), were created for highly indebted poor countries (HIPC) that had previously benefited from Naples Terms. It permits a debt reduction of 80% of its present value.

Under the Cologne Terms, Enhanced HIPC (1999), or HIPC II, 90% of the debt's present value may be cancelled. Of the 41 countries that may qualify for this procedure, 16 have already reaped the benefits of a debt cancellation of 90%. To be eligible for enhanced HIPC the country must have benefited from Naples terms, have a sound track record of three years with the Paris club and continuing strong economic adjustment and must have been declared eligible to the enhanced HIPC initiative by the IMF and World Bank.

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Cologne Terms or Enhanced HIPC (1999) or HIPC II: This allows for cancellation of 90 percent of the present value of the debt. 41 countries are potentially eligible for this treatment of which 16 of them have already benefited from 90 percent cancellation of the debt. To qualify for enhanced HIPC the country must have benefited from Naples terms, have a sound track record of three years with the Paris club and continuing strong economic adjustment and must have been declared eligible to the enhanced HIPC initiate by the IMF and World Bank.

2.1.3 Evolution and origin of the Nigerian external debt

In every economy, one way to finance capital formation is through external debt. Africa's developing nations are defined by insufficient internal capital accumulation as a result of the vicious cycle of low income, low productivity, and low savings. Therefore, in order to close the gap, western nations must provide technological, managerial, and financial assistance. Nigeria's foreign debt profile reveals that the nation's external debt originates from the time before its independence. But up until 1978, the debt's size was negligible. Before 1978, the nation's obligations were primarily composed of extremely long-term loans from official and multilateral sources like the World Bank and its main trading partners.

Since the loans were taken out on favourable conditions, the debts did not place a significant strain on the economy. In addition, the nation received a large amount of money from the oil industry, particularly during the 1973–1976 oil boom. However, the government was compelled to obtain its first jumbo loan of more than \$1.0 billion from the foreign capital market in 1977–1978 due to the decline in oil prices and, consequently, oil receipts. With a three-year grace period, the loan was utilised to fund a range of medium- and long-term infrastructure projects that did not immediately provide profits on their amortization.

The idea that the economy was booming was fueled by the oil market's rebound starting in 1979 and the oil price's all-time high of US\$39.00 a barrel in 1980–81. As a result, some of the 1978 deflationary policies were loosened. Due to the import substitution industrialization strategy's heavy reliance on imported machinery and raw materials as well as the overvalued exchange rate regime, a consumption pattern favouring imported items developed. This trend was exacerbated and maintained. The fourth National Development Plan (1981–1985) contained a large number of projects with a significant import component. The strategy was predicated on an expected \$30 billion in foreign exchange inflow annually; however, between 1981 and 1982, the average monthly import bill was US \$2 billion, or US \$24 billion per annum) while monthly export receipts sank drastically to an average of US \$1.5 billion (or US \$18 billion per annum). In addition to excessive and indiscriminate importation, instances of over-invoicing imports and under-invoicing exports have been reported. As was to be expected, the oil boom's exuberance was fleeting, and the economy was severely strained as soon as oil prices crashed in 1982. The patterns of production and consumption that arose during the oil boom were unsustainable due to the decrease in foreign exchange profits. Both the federal and state governments started taking out large external loans from the International Capital Market (ICM) rather than dealing with the issue of dwindling foreign exchange receipts. Regrettably, the western world experienced an excess of loanable funds during that time as well. The term "recycling of petro-dollars" refers to the practice of international commercial banks that had idle "Petro-dollars" in their vaults offering loans to gullible developing nations under the pretense of promoting their economic development. As a result, pressure on the various economic sectors quickly increased, leading to massive imbalances in government finances, low foreign reserves, balance of payments deficits, and the build-up of trade arrears for both insured and uninsured trade credits. Nigeria eventually reached a refinancing agreement in 1983 on \$2.1 billion worth of letters of credit as a result.

Promissory notes were used to repay trade debts acquired through open account and invoices for collection that were unpaid as of December 31, 1983. The nation was unable to pay its external debts as trade arrears kept growing. When creditors declined to establish additional credit lines for imports to Nigeria in 1986, a tipping point was reached. As a result, the government filed for debt relief with the creditors, which resulted in the 1986, 1989, and 1991 restructuring agreements with the Paris Club. The agreement provides for the capitalization and restructuring of penalties, late and moratorium interest, and maturities within the consolidated period associated with accumulated debt service arrears. Thus, even in the absence of fresh loans being taken out, the debt stock rose sharply.

Part of the increase in the total amount of debt owed to the creditors of the Paris Club (official debts) during the mid-1980s can be attributed to non-concessional rescheduling outcomes and unpaid new maturities that become due. In 1983, the total amount of outstanding private debt was \$9.98 billion. Promissory notes were used by the government to settle \$4.8 billion in short-term trade arrears that were aggregated and restructured between 1984 and 1988. The London Club debts comprise outstanding maturities on medium- and long-term loans that were due by December 31, 1987, as well as arrears of commercial bank obligations accrued through the use of letters of

credit (open accounts and bills for collection) after December 31, 1983. The London Club was collateralized with US Treasury zero coupon notes that matured in November 2020 following two non-concessional debt reschedulings (Dikpo, 2005).

2.1.4 The management of Nigeria external debt

Despite the severity of the suffering Nigeria's debt load caused, it did not receive the prompt and serious care it required. For instance, it wasn't until the final quarter of 2000 that the necessity of having a full-fledged office (DMO) devoted exclusively to handling the nation's debt was recognized. Even as far back as 1986, there had been some debt restructuring and rescheduling, but due to a lack of the proper institutional structure, these efforts were limited in scope and effectiveness. Specifically, in the numerous reorganisation efforts, sustainability issues were not given the proper consideration. With the inauguration of a democratically elected administration in May 1999, there was a significant shift in the institutional and attitudinal components of debt management. Normalising the status of the national debt was one of President Olusegun Obasanjo's main priorities (Isa, 2004:4). By March 2000, the government had ordered a review to create a workable plan for handling Nigeria's debt. In October 2000, the Federal Government established the Debt Management Office to assume focused responsibility for debt management responsibilities previously handled by multiple organisations, based on the study's findings and recommendations. Following its initial concentration on computerising and updating the debt database and reviewing the nation's loan portfolio, the DMO has been actively engaged in discussions for the rescheduling of Nigerians' external obligations. Nigeria started talks with the Paris Club in October 2000 to reduce its external debt service obligation because of the size of the debts owed to the club; after a second round of negotiations, it reached an agreement with the Paris Club in December 2000; as previously mentioned, the rescheduling agreement was structured in Houston terms; the Paris Club agreed minutes provide the framework agreement under which Nigeria will negotiate separate bilateral agreements with the Paris Club creditors. Negotiations have been held with the 15 Parish Club creditor countries, with differing degrees of progress and gain. Although the Houston terms include a postponement of payments, they do not contain any clauses pertaining to debt reduction. They can result in an ongoing cycle of restructuring and are insufficient to solve Nigeria's debt issue. There is still a debt overhang in Nigeria.

2.5.1 Nigerian external debt management under structural adjustment programme and other strategies

The Structured Adjustment Programme (SAP), which was implemented in 1986 to restructure the Nigerian economy and place it on a sustainable road to recovery, included the weight of external debt as one of its key components. The implication of this is that Nigeria could finance more domestic investment, which is essential for fostering growth and job creation, if only the high amount of foreign debt service payments could be decreased. Strict rules specifying requirements for borrowing onboard were established during the SAP era. For instance, N200 million was set as the maximum amount that the state government could borrow from outside sources (Anyanwu, 2000:347). The 1984 budget forbade state governments from borrowing money overseas and restricted federal borrowing to extraordinary situations. Nonetheless, during the SAP period, the following three external debt management strategy principles were implemented: The process of converting short-term financial obligations into long-term ones is known as refinancing.

Rearranging: This is the process of renegotiating the terms of the current loan.
New loan facility: This involves obtaining fresh loans from outside sources, either as a standby facility or for the development of exports or trade support.

2.1.6 External debt and economic growth in Nigeria

Nigeria's external debt was N82.4 million in 1960, N435.2 million in 1970, and N488.8 million in 1971. The value of exports within the same time period was N885.4 million, N596.5 million, and N339.4 million. With the assumption of power by Murtala/Obasanjo in 1975, the figures for external debt rose marginally to N349.9. The total amount of external debt did not significantly rise in the first year of the administration. In summary, there were periods of economic expansion and contraction. There is variability in the growth's direction. There was a discrepancy between the government's goal of economic growth and the outcomes thus far attained. In 1977/79 factor cost, the GDP grew at a negative rate in 1975, 1978, 1981, 1982, 1984, and 1986. This supports the theory that recessions are a natural byproduct of the different ways that capitalism functions. For the years 1970 to 1980, the growth rate based on per capita income was not encouraging.

2.1.7 The burden of Nigeria external debt on economic growth

Resources for Nigerians' socioeconomic growth and poverty alleviation have been significantly impeded by the country's external debt servicing. A yearly debt services payment of around US \$3.6 billion, or 16% of export profits excluding arrears of US \$19.6 billion owed basically to members of the Paris club, was due prior to the October 2000 rescheduling arrangement with the creditors of the Paris club. In 2000, the actual spend for servicing was US \$1.9 billion, which is equivalent to approximately four times the federal government's budgeted allocation for education and approximately twelve times the amount for health. The actual amount paid for debt servicing in 2001 was US \$2.13 billion, which was equivalent to six times the amount allocated to education and seventeen times the amount allocated to health care in that same year.

However, significant public spending in these two areas is required to raise the calibre of services and facilities in order to significantly reduce poverty. The influx of foreign investment is another area where the external debt overhang is negatively affecting the Nigerian economy. Export Credit Guarantee Agencies (ECGAS) stopped providing insurance coverage for exports of investment capital as well as goods and services to Nigeria due to the country's difficulties in paying off its obligations. As a result, there has been a hindrance to the much-needed influx of foreign resources for the promotion of investment growth and employment.

Nigerian importers are at a competitive disadvantage when compared to their rivals abroad who have access to ECGA coverage and import credit facilities since they must offer 100% cash cover for all of their orders. This circumstance makes the agony of having a large amount of external debt worse by preventing the relief that would have come from rapid economic development and recovery. The high amount of external debt Nigerians have is a major barrier to sustained progress and the fight against poverty. The target of halving poverty by the year 2015 might be challenging to accomplish unless the debt load is drastically decreased (Iyoho, 1999).

2.7.1 Macro-economic implementation of external debt burden

Nigeria is one of the third-world countries whose debt burden is being measured by the World Bank using certain metrics. They are listed in the following order:

- i. GDP to debt ratio: This metric determines the percentage of the country's GDP that is either imported or exported. It illustrates the connection between the amount of resources allocated to debt servicing and the basis of domestic resources (Nzotta 2004: 249).
- ii. The debt service/export ratio calculates the annual amount of funds that must be allocated to help a nation pay its external debts when they become due.
- iii. The interest payment/export ratio compares the present cost of servicing borrowed capital to the current amount of money earned overseas.
- iv. The debt service to government revenue ratio calculates a nation's level of debt. It is the total of the government revenue divided by the debt service on external debt. The ratio of government revenue to debt service determines the amount of debt owed by a country. It is calculated by dividing total government revenue by the amount of external debt being serviced.

Ratio of debt service to government revenue: This calculates a nation's debt load. It is the total of the government revenue divided by the debt service on external debt.

2.2 Theoretical Framework

2.1.1 System stability theory

The profligacy model (Bauer 1991; Krueger 1985) and the development cycle model (Beenstock 1984, Vaubel 1983, Deepak Lal 1983, Sjaastad 1983, Bauer 1984) are combined to form the System Stability Theory (SST). According to the system-stability theory, both individuals and nations have a tendency to accumulate debt in their early years or during developmental cycles. Therefore, as nations enter the mature phase of the growth cycle, they reduce their trade surpluses and levels of debt, just as individuals do when they pay off or retire their debt. According to Beenstock, the debt crisis is a transient liquidity problem brought on by OECD anti-inflationary policies. He is adamant that the liquidity crisis will end abruptly, as commodity prices seem to be rising on global markets, and that real interest rates would decline as economic prosperity and OECD inflation rates decline. The essential tenet of the system-stability theory is that ordered relationships and normal curves characterise the real world, which is inherently stable. Thus, bad debts are transient disruptions of a fundamental economic balance. Despite its theoretical refinements, the development cycle model (DCM) which forms the basis of the system stability school of thought is unable to predict when the indebtedness of emerging countries will decrease. Lal (1983) and Cline (1984) added a new perspective on the system's stability. According to Lal, most Low Developing Countries (LDCs) have debt-to-export ratios that are not large by historical standards. The loan's production, efficiency, and management are the main concerns. According to Cline (1984), the primary queries to consider are: Are the nations insolvent or illiquid? Do their debts represent good or bad debt? If they are thought to be illiquid, more lending might be necessary to help them through their immediate problems; if they are insolvent, the best course of action is to attempt to recover a portion of the debt while incurring some losses. This point of view is in line with the profligacy thesis, which contends that the financial irresponsibility of both creditors (banks) and borrowers (developing nations) is what led to the debt crisis. It was mentioned that the majority of debtor nations struggle to maintain budget balance. From the perspective of system stability, the local hesitancy to establish tight monetary targets and policies is reflected in the growth of the fiscal deficit. This hesitancy stems from the existence of unpopular and abusive political regimes. They are unwilling to raise taxes in order to maintain their legitimacy and/or hold onto power, therefore they turn to increasing spending that is either supported by central bank borrowing or by borrowing from outside. Krueger, Anne (1974). The 1970s transgressions of low-cost borrowing combined with wasteful use persisted throughout the early 1980s. According to the

profligacy thesis, borrowers and banks should be compelled to pay for the necessary adjustments because they have acted irresponsibly and dishonourably. It provides examples of widespread inefficiencies and waste in the nations of debtors. It determined that deficiencies in domestic economic policy played a significant role in the debt crisis. These include the trade policy reflected in the overpriced exchange rate, the import substitution industrialization plan, and the massive and ballooning fiscal deficit. According to system stability theory, state-owned businesses should be privatised and sold, and the government should merely create the necessary conditions for these activities. This is due to the theory that the most effective way to arrange the production and distribution of things is through competitive markets. The government should focus on building the necessary infrastructure and fostering conditions that will encourage the growth of the private sector. It implies that banks and ostentatious nations must to shoulder the costs of change. Debt cancellation is opposed by the system stability hypothesis because it could be seen as encouraging irresponsibility and indiscipline in financial matters.

In conclusion, the system-stability theory acknowledges that policies that have harmed development and living standards, squandered resources, and caused the debt crisis are to blame. Without a doubt, these policies have caused distortions in relative prices and sparked capital flights, as evidenced by the significant amounts of external liquid funds held in foreign institutions by individual citizens of debtor nations. In order to provide these nations the proper moral clout and signal, it suggests a total stop to any additional funding to countries in default and a prohibition on debt rescheduling. It maintains that banks and the debtor countries themselves should bear the majority of the financial burden. It promotes restructuring debtor nations' economies to correct pricing, privatise a portion of their economies, and realign them with the world economy. It suggests lower interest rates for wealthy nations (loose fiscal policy and tighter monetary policy, instead of the opposite).

2.3 Empirical Review

Numerous research on the connection between industrialised countries' foreign debt and economic growth are discussed. Important empirical research on the relationship between external debt and economic development has been evaluated. Fry (2022) examines how different approaches to financing deficits affect economic growth in 66 low-income nations and emerging economies from 1979 and 2021. In contrast to borrowing from outside sources, the analysis demonstrates that the least expensive way to finance the budget deficit is through the issue of local debt based on the market. These strategies all lower growth, lower domestic savings, and raise inflation.

Singh (2023) uses the Granger causality test and the cointegration approach to investigate the connection between India's economic growth and its external debt. The author examines two theoretical perspectives about economic growth and external debt. The first is the conventional wisdom, which holds that external debt has long-term negative effects on economic growth. The second is the Ricardian Equivalency hypothesis, which asserts that domestic debt has no effect on growth. The external debt and economic growth are not co-integrated, according to the Engle-Granger cointegration test results. The study backs up the theory of the Ricardian equivalency between India's growth and domestic debt. Kemal (2022) discusses Pakistan's debt accumulation and how it affects the country's economic progress and poverty. The study demonstrates the detrimental effects that both domestic and external debt accumulation and servicing have on the impoverished. The study's conclusions show that while Pakistan's debt load as a proportion of GDP is higher than that of any other South Asian nation, it is still not high enough to qualify for debt write-off. This indicates Pakistan's ability to pay off its debt. Uzochukwu (2023) uses the per-capita income technique and annual data from 1970 to 2022 to examine the quantitative effects of

economic development and state debt, both domestic and foreign, on poverty in Nigeria. The study, which makes use of growth and debt variables, contends that these factors have been crucial in accelerating Nigerian poverty. Schclarek (2023) notes how the growth of per capita GDP in developed nations is correlated with gross public debt. The paper's findings demonstrate that, for a sample of 24 industrialised nations using data from 1970 to 2022, there is no compelling evidence of a statistically significant association between gross public debt and per capita GDP growth.

Using the Granger Causality Regression model, Abbas and Christensen (2022) demonstrate how external debt affected economic growth for ninety-three low-income countries between 1975 and 2021. The analysis demonstrates that while debt levels surpassing 35% of total bank deposits have a negative impact on economic growth, modest levels of marketable domestic debt as a percentage of GDP have considerable positive, non-linear benefits on economic growth. The economic effects of external debt on Kenya's economy are examined by Maana et al. in 2023. Using annual data from 1996 to 2022, the authors use the ordinary least squares technique to investigate the effects of foreign debt on lending to the private sector. According to the report, Kenya's significant degree of financial development during the period prevents external debt from displacing private sector credit. The study also uses a modified Barro growth regression model to look at how actual output is affected by domestic debt. The findings show that during the time, there is a slight but positive correlation between the rise in domestic debt and economic growth. According to the report, the government ought to implement more extensive changes that stimulate institutional investors and encourage the purchase of Treasury bonds. The roles that external and external debt play in Indonesia's macroeconomic circumstances are examined by Muhdi and Sasaki (2023). The authors used annual data from 1991 to 2022 and utilised ordinary least square (OLS) estimation. According to the study, one of the main strategies for reducing the deficit is to address the rising trend of external debt. Both investment and economic growth have benefited from it. Apart from these favourable outcomes, however, the strategy results in depreciation of the national currency. On the other hand, the growing trend in domestic debt deterred private investment because of the crowding-out effect, which lowers the amount of capital available and overall production. Adoufu and Abula (2022) use time series data from 1986 to 2021 to apply the OLS technique in order to examine the impact of growing external debt on the Nigerian economy. The study's conclusions show that a number of variables, including a large budget deficit, poor output, more government spending, a high rate of inflation, and a limited revenue base, are to blame for Nigeria's growing external debt. The research indicates that the expansion of the economy has been adversely impacted by external debt and suggests that the government should endeavour to settle the outstanding domestic debt. Checherita and Rother (2023) calculate the average effect of public debt on GDP growth per capita for twelve countries in the euro region for the roughly 40-year period from 1970 to 2022. Real interest rates, total factor productivity, public investment, and private savings are the avenues via which government debt affects economic growth. The study demonstrates the nonlinearly detrimental effect of public debt on economic expansion. The fast rise in Nigeria's external debt stock has been attributed to the necessity to support growing government spending. Gbosi (2023) contended that the decline in oil prices on the global market has forced the government to rely more heavily on borrowing from the domestic economy to finance its spending. He claims that despite the government's numerous attempts to rationalise public expenditures, significant progress has not been made in cutting spending, and as a result, the amount of the external debt has continued to rise. Based on a new data set of 27 sub-Saharan African countries over a 20-year period (1980–2022), Christensen (2023) conducted a cross-country survey to examine the role of the external debt market in these countries. He discovered that these countries' external debt markets are typically small, very short-term, and have a limited

investor base. Additionally, while having far less external debt than foreign indebtedness, he found that paying interest rates on external loans significantly burdened the budget. Not only that, but he went on to say that using domestic debt is also found to have a major crowding out effect on private investment. Asogwa (2023) used a more thorough approach to examine how domestic debt affects economic growth and came to the conclusion that Nigeria's external government debt has been experiencing a crisis of confidence due to market participants' persistent unwillingness to hold longer maturities. Only short-term debt instruments have been available for the government to issue more of. According to Gurley and Shaw (2020), a robust and healthy financial structure of an economy is a prerequisite for the increasing amount of public debt. Therefore, every government in a market-oriented economy should plan for a gradual increase in the national debt. But it doesn't seem like any government intends to raise debt over the long run. The amount of public debt has a tendency to rise in reaction to current demands. Here, we must draw attention to the myth that a nation that borrows is inevitably burdened by debt. This incorrect conclusion was explained by Queientin (2019), who stated that if a nation couldn't afford to repay its debt, then it would be considered problematic. For him, the most important factor is the cost of debt servicing, which covers loan principal and interest payments. In order to justify his borrowing, he pointed out that higher government spending on development initiatives typically results in lower revenue. According to Ajayi (2022), Nigeria's debt issues have their roots in the decline of the global oil price in 1981, ongoing hardship on the worldwide oil market, and partially inadvertent internal mistakes. Due to the debt issue, credit options progressively dried up, which caused several projects to stop. He said that the greatest and most long-lasting way to reduce the debt load is to revive economic development. However, there are two things that impede the necessary growth: the constraints placed on it by unsuitable internal policies, and the external variables that are outside the economy's control. According to Sanusi (2022), the issue with external borrowing can be attributed to negligent external policies, such as project financing mismatches and inappropriate monetary and fiscal policies. Because of the apparent transient nature of the external shocks, he thinks that some of the policies were not very important. He thinks that the policies of expansion brought about enormous macroeconomic consequences that both stimulated and inhibited export growth. Ahmed (2022) observed that there are two main factors contributing to the debt problem: the structure of the economy and the government's economic policies. He explained that the export trade is heavily concentrated on one side and that developing economies are characterized by a significant reliance on one or a small number of agricultural and mineral goods. The manufacturing industry is still in its infancy and is mostly dependent on imported materials. According to him, their reliance on developed nations for the provision of additional resources and funding required for economic growth has left them open to external shocks. James (2020), states that debt has no appreciable impact on the expansion of the Nigerian economy because the borrowed funds were redirected into private pockets rather than being used for profitable endeavours. He went on to say that the highest levels of the War Against Corruption should be waged in order to realise the benefits of debt forgiveness. Oshadami (2022) came to the conclusion that the rise in domestic debt had a detrimental effect on economic expansion. The underlying premise of this situation is that the government has been able to issue more short-term debt instruments since the bulk of market participants are unwilling to retain longer maturities. This has complicated accurate forecasting in the economy by influencing other macroeconomic factors including inflation and the appropriate implementation of monetary policy. The aforementioned research indicate that domestic debt has a mixed effect on economic growth. Certain research suggest that domestic debt hinders economic growth, while other studies contend that domestic debt has a favourable impact on economic growth.

Methodology

3.1 Research design

The research design is *ex post facto*. Ex-post facto, or after the fact, research, according to Asika (2004), is a systematic empirical study in which the researcher does not control or modify independent variables because the situation under examination already exists or has occurred. The research design was selected due to the fact that the events observed in this study (Nigerian external debt) have already occurred and cannot be altered. However, the figures for Nigeria's external debt during the surveyed years can be periodically observed for the purpose of analysis or assessment.

3.2 Sources of data

Textbooks, periodicals, newspapers, CBN bulletins and Annual Reports, CBN Journals, Articles, publications from the Federal Office of Statistics (FOS) and Debt Management Office (DMO), etc. were some of the secondary sources of data used for this study. This thesis did not use any primary data, such as questionnaires.

3.3 Methods of data collection

This is the apparatus (instrument) that was employed to gather information or measure variables in order to respond to research questions and validate study hypotheses presented in the first chapter. The survey approach was applied. The information gathered between 1993 and 2023 from secondary sources, including as CBN journals and bulletins, annual reports, newspapers, and magazines, was compiled, calculated, and selected in accordance with the study's hypotheses.

3.4 Problems associated with data collection

Even though there was a lot of interest in this difficult subject, there were many issues with data collecting that made it difficult to get the necessary information quickly and easily. The CBN library's bureaucratic bottlenecks and the lack of up-to-date resources and knowledge on this subject took a lot of time. The majority of the materials on hand are so antiquated and out of date that they are unfit for reviewing a topic as current as the external debt of Nigeria. Lastly, neither the internet non-CBN bulletin nor the library included any recent information.

3.5 Model specification

Every piece of data that was gathered for the study was assessed, verified, contrasted, and thoroughly examined. A straightforward open macroeconomic debt growth model was used to measure the association between the foreign debt (London Club, Paris Club, Multilateral Club) and GDP of the Nigerian economy. The authors created a multiple linear regression model in order to examine how this foreign debt affected the GDP. The relationship between the variables will appear thus;

$$\text{GDP} = F(\text{LCD}, \text{PCD}, \text{MLD}, \text{PND}, \text{OTD}) \dots \dots \dots 1$$

The linear equation will become;

$$\text{GDP} = \beta_0 + \beta_1\text{LCD} + \beta_2\text{PCD} + \beta_3\text{MLD} + \beta_4\text{PND} + \beta_5\text{OTD} \dots \dots \dots 2$$

The econometric equation will then be thus;

$$\text{FXR}_{t-1} = \beta_0_{t-1} + \beta_1\text{LCD}_{t-1} + \beta_2\text{PCD}_{t-1} + \beta_3\text{MLD}_{t-1} + \beta_4\text{PND}_{t-1} + \beta_5\text{OTD}_{t-1} + \mu_{t-1} \dots 3$$

Where;

GDP =	Gross Domestic Product of the Nigerian Economy
LCD =	London Club Debt of the Nigerian Economy
PCD =	Paris Club Debt of the Nigerian Economy
MLD =	Multilateral Debt of the Nigerian Economy
PND =	Promissory Note Debt of the Nigerian Economy
OTD =	Others Debt of the Nigerian Economy
$\beta_0- \beta_4 =$	Coefficients of the variables
μ	= Error term

3.6 Techniques of data analysis

Multiple Regression analysis was used to analyze the data. The choice of Regression Analysis was due to the fact that:

1. It generates report that shows clearly the relationship between Dependent and Independent Variables.
2. The result is easy to interpret.

3.7 Data Estimation Procedure

The significance of the independent variable with respect to the dependent variable will be examined using multiple linear regressions. Additionally, we have to assess the model's validity based on two main criteria: The a-priori expectation criterion was developed using economic theories, taking into account the signs and magnitudes of the variable coefficients. The a-priori expectation for this research is as thus; $-1 < \text{MLD} < 0$, $\text{PCD} < -1 < 0$, $-1 < \text{LCD} < 0$, $\text{PND} < -1 < 0$, $-1 < \text{OTD} < 0$.

The statistical theory serves as the foundation for this criterion. R-square, F-statistics, and T-test make up this set. F-statistics is used to assess the overall significance of the regression analysis, whereas R-square focuses on the regressed variables' overall explanatory determination. The independent variable's substantial impact is evaluated using the t-test

4.3 Data Analysis

To do this, annual data on GDP, promissory notes, other foreign loans, Paris Club, London Club, and multilateral debts were gathered and measured for the time under examination. Regression analysis was suggested for the data using SPSS statistical software. Regression analysis was conducted using the multiple regression approach. The regression's findings are displayed below:

Presentation of Regression Result 4.3.1 Table I
 Summary of Regression Result

	Beta	Std Error	T- Value	Sig	R	R2	F- Value	Sig	Durbin Watson
Constant	-152.934	101.689	-1.504	0.046	0.925	0.889	2.252	0.082	2.463
MLD	160.470	101.738	1.577	0.028					
PCD	156.590	101.858	1.537	0.037					
LCD	175.411	100.838	1.740	0.005					
PND	138.589	101.221	1.369	0.014					
OTD	153.488	102.022	1.504	0.006					

Dependent Variable: GDP

Source: Researcher's Output (2024)

The preceding analysis table's conclusion indicated that, with foreign debt serving as the dependent variable and GDP as the constant value in the regression table above, there was a negative shift towards the latter as a whole. The dependent variable experienced a positive movement in the direction of the independent variables (MLD, PCD, LCD, PND, and OTD). Figure 0.925 (92.5%), which represents the total variance of the variables, indicates that these variables are appropriate for the investigation, and the F-statistics (2.252) significant at 0.082 indicates that the model is significant for the study. The variables in the model used to accomplish the empirical findings of this study show no signs of autocorrelation, as indicated by the Durbin Watson value of 2.463

4.4 Test of Hypotheses

4.4.1 Hypothesis One (H₀₁)

Multilateral Debt has no significant effect on Gross Domestic Product (GDP) in Nigeria

$$t\text{-cal} (x) < t\text{-tab} (3.182)$$

Decision: If the t-statistics are not significant, accept the null hypothesis (H₀); if they are, reject the null hypothesis and accept the alternative (H_i). The significance level is set at 0.05. Coefficients of regression for multilateral debt (MLD = -152.934 + 160.470x

$$t\text{-stats} (1.577) < t\text{-tab} (3.182)$$

As can be seen from the above findings, Multilateral Debt positively affects GDP (coefficient of regression = 160.47). This implies that a rise in multilateral debt borrowing will result in a rise in GDP growth. The variable is significant at 15% according to the t-statistic, which is 1.577. This is noteworthy because it is smaller than the 5% t-table (3.182). The alternative hypothesis will be adopted and the null hypothesis, which claims that multilateral debt (MLD) has no appreciable effect on GDP, will be rejected.

4.4.2 Hypothesis Two (H₀₁)

H₀₂: Paris Club Debt has no significant effect on Gross Domestic Product (GDP) in Nigeria
t-cal (x) < t-tab (3.182)

Decision: Accept the null hypothesis (H₀) if the t-statistics is not significant and reject the null hypothesis and accept the alternative (H_i) if it is significant. Significant level is at 0.05. Regression coefficients: Paris Club Debt (PCD). = -152.934 + 156.590x, t-stats (1.537) < t-tab (3.182)

Paris Club Debt has a positive effect on GDP, as seen by the preceding statistic, with a coefficient of regression of 156.59. It follows that a rise in Paris Club borrowing will inevitably result in an increase in GDP. The variable is significant at 15%, according to the t-statistic of 1.537. This is not significant because it is less than the 5% t-table (3.182). The alternative hypothesis is thus supported, while the null hypothesis—which claimed that Paris Club Debt (PCD) had no appreciable effect on GDP—is rejected.

4.4.3 Hypothesis Three (H₀₃)

London Club Debt has no significant effect on Gross Domestic Product (GDP) of Nigerian.
t-cal (x) < t-tab (3.182)

Decision: Accept the null hypothesis (H₀) if the t-statistics is not significant and reject the null hypothesis and accept the alternative (H_i) if it is significant. Significant level is at 0.05

Regression coefficients: External Debt.

$$= -152.934 + 175.411x$$

t-stats (1.740) < t-tab (3.182)

London Club Debt has a positive effect on GDP, as demonstrated by the preceding data, with a coefficient of regression of 175.411. This indicates that the Nigerian economy does not benefit from an increase in London Club borrowing. The variable is significant at 17%, according to the t-statistic, which is 1.74. This is noteworthy because it is smaller than the 5% t-tab (3.182). For this reason, the null hypothesis, which claimed that London Club (LCD) had no appreciable effect on Nigeria's GDP, is rejected. The entire association between London Club Debt and GDP was also tested using the Pearson correlation. The correlation between these two variables yielded a zero coefficient result of 0.149, indicating a direct association whereby an increase in one will inevitably lead to a corresponding increase in the other.

4.4.4 Hypothesis Four (Ho₄)

Promissory Note Debt has no significant effect on Gross Domestic Product (GDP) of the Nigerian Economy.

$t\text{-cal}(x) < t\text{-tab}(3.182)$.

Decision: Accept the null hypothesis (Ho) if the t-statistics is not significant and reject the null hypothesis and accept the alternative (Hi) if it is significant. Significant level is at 0.05

Regression coefficients: Promissory Note Debt (PCD). = $-152.934 + 138.589x$, t-stats $(1.369) < t\text{-tab}(3.182)$

Promissory note debt has a positive effect on GDP, as demonstrated by the preceding result, where the coefficient of regression is 138.589. This implies that a rise in the borrowing of Promissory Notes will inevitably result in an increase in GDP. The variable is significant at 15%, according to the t-statistic of 1.369. This is not significant because it is less than the 5% t-table (3.182). The alternative hypothesis is thus accepted, while the null hypothesis—which claimed that promissory note debt (PND) had no appreciable effect on GDP—is rejected.

4.4.5 Hypothesis Five (Ho₅)

Others Debt has no significant effect on Gross Domestic Product (GDP) of the Nigerian Economy. $t\text{-cal}(x) < t\text{-tab}(3.182)$

Decision: Accept the null hypothesis (Ho) if the t-statistics is not significant and reject the null hypothesis and accept the alternative (Hi) if it is significant. Significant level is at 0.05

Regression coefficients: External Debt. = $-152.934 + 153.488x$, t-stats $(1.504) < t\text{-tab}(3.182)$

The GDP is positively impacted by other debt, as demonstrated by the preceding data, with a coefficient of regression of 153.488. This indicates that the Nigerian economy does not benefit from an increase in borrowing for Others Debt. The variable is significant at 15% according to the t-statistic, which is 1.504. This is noteworthy because it is smaller than the 5% t-tab (3.182). Thus, the alternative hypothesis will be accepted while the null hypothesis, which claims that Others Debt (OTD) has no appreciable effect on Nigeria's GDP, is rejected. The entire association between Others Debt (OTD) and GDP was also tested using the Pearson correlation. Although there is only a slight positive relationship between the two variables, the correlation between them has a zero coefficient result of 0.16, which indicates that there is a direct relationship—that is, as one variable increases, the other will likewise increase simultaneously.

5.1 Summary of findings

There are established several linear correlations between GDP and Multilateral Debt, Promissory Note, London Club Debt, Paris Club Debt, and Other Debt. The results were analysed using the MRM approach, and the chapter's hypotheses were tested using Pearson correlation and T-statistics. The results of the Pearson correlation analysis showed that the GDP and the Paris Club and Promissory Note had an adverse association, which is consistent with the a-priori stated naturally as in the emergence of debt management and economic growth in Nigeria. Thirty years' worth of data related to the variables examined in this chapter were included in the tables and provided an explanation at the bottom. The regression influence of multilateral debt (MLD), Paris Club debt (PCD), London Club debt (LCD), promissory note debt (PND), and other debt (OTD) on the GDP of the Nigerian economy has thus been shown in this chapter. According to the study's scope, the investigation looked at how Nigeria's economy has grown in relation to its external debt. Having conducted a thorough analysis, evaluation, and interpretation of the data gathered from the CBN statistical bulletin, which

comprised the study samples. The subsequent outcomes were obtained: We found that multilateral debt increased GDP, supporting hypothesis one. It explains the GDP-multilateral debt positive linear relationship in an enviable way. With a t-statistic of 1.577 at 15%, which is less significant than the t-test's 5% threshold, the alternative hypothesis was accepted and the null hypothesis was rejected. In support of hypothesis two, we found that Paris Club Debt increased GDP, demonstrating the positive linear link between PCD and GDP. Given that its t-statistics were less than the t-test's 5% significance level, at 1.537, or 15.37%, the null hypothesis was rejected and the alternative hypothesis was accepted. The third hypothesis noted that the GDP was positively impacted by the independent variable, London Club Debt (LCD). It provides an enviable explanation for the positive linear correlation between GDP and LCD. Since its t-statistics were 1.74 at 17.4%, they were less than the t-test's 5% significance level (0.005), which led to the adoption of the alternative hypothesis. Nonetheless, 17.4% of t-statistics indicated that London Club Debt accounts for a smaller portion of foreign debt, which is consistent with the a-priori inherent argument. The association between these two variables—London Club Debt and GDP—was examined further using the Pearson correlation finding, which showed a direct relationship. Promissory note debt was found to have a positive effect on GDP in hypothesis four, indicating a positive linear relationship between PCD and GDP. With a t-statistic of 1.369, or 13.69%, less than the t-test's 5% significance level (0.014), the alternative hypothesis was accepted and the null hypothesis was rejected. The GDP was found to be positively impacted by the independent variable Others Debt (OTD), supporting hypothesis five. It provides an enviable explanation for the OTD and GDP's positive linear relationship. With a t-statistic of 1.504 at 15.04%, it was found to be less significant than the t-test's 5% threshold (0.006), indicating that the alternative hypothesis was accepted. However, according to 15.04% of t-statistics, the foreign debt is less explained by other debt. The relationship between these two variables—other debt and GDP—was further examined using the Pearson correlation finding, which showed a direct association. According to the coefficient of determination (R^2) for the model developed, 88.9% (0.889) of the independent variables in the model explain the dependent variable, while 11.1% of the other variables in the model that are not stated will also explain the dependent variable.

5.2 Conclusion

In conclusion, the external debt funding was intended to support government spending, infrastructure development, security, and the financing of private loans and entrepreneurship in order to accelerate Nigeria's economic growth. We discovered that the empirical research conducted by other authors revealed a linear inverse link between foreign and domestic debt. However, in order to calculate the amount of outstanding external debt owed to the Nigerian economy, we conducted an empirical study and found that there was no debt owed to the London Club, Paris Club, or promissory notes. However, the majority of Nigeria's debt in modern times was incurred through multilateral loans, with a smaller amount coming from other debt instruments. The findings empirical results demonstrated that promissory had a detrimental effect on Nigeria's GDP. In general, emerging and impoverished countries are encouraged to finance their growth through external debt. The maximum amount of foreign debt that a nation may sustain over time. This has demonstrated that, because to a lack of emphasis on obtaining the promissory note, only the London Club, Paris Club, and Multilateral contributed to the expansion of the economy. Furthermore, the coefficient of determination demonstrated that sufficient variables were examined to ascertain the correlation between GDP and external debt

5.3 Recommendation

The researcher is obligated to offer the following suggestions in light of the study's findings, all of which will help to enhance the way external debt decisions are managed. They are listed in the following order:
The entire amount of external debt should be applied to the reason it was created. The external debt structure ought to be distributed according to the lowest interest rate that will ultimately be utilised to fund that specific external loan. It is important to identify the problems with additional external debt in order to analyse the whole economy. It is the responsibility of the debt management office to try to provide financial guidance in order to raise and use these external loans for its own objectives. The findings of this empirical research should advocate to the practice of external funding in the economy.

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Appendix

REGRESSION

/DESCRIPTIVES MEAN STDDEV CORR SIG N

/MISSING LISTWISE

/STATISTICS COEFF OUTS R ANOVA CHANGE

/CRITERIA=PIN(.05) POUT(.10)

/NOORIGIN

/DEPENDENT GDP

/METHOD=ENTER MLD PCD LCD PND OTD

/RESIDUALS DURBIN.

Regression

Descriptive Statistics		
	Mean	. Pearson Correlation
GDP	4.9437	
MLD	.3240	
PCD	.4620	
LCD	.0730	
PND	.0677	
OTD	.0740	

Sig. (1-tailed)

		. N	

Std. Deviation	N
3.06084	30
.32271	30
.32304	30
.07992	30
.06038	30
.08877	30

Correlations

	GDP	MLD	PCD	LCD	PND	OTD	
GDP	1.000	.225	-.251	.149	-.269	.160	
MLD	.225	1.000	-.939	-.619	-.588	.733	
PCD	-.251	-.939	1.000	.385	.392	-.838	
LCD	.149	-.619	.385	1.000	.498	-.379	
PND	-.269	-.588	.392	.498	1.000	-.406	
OTD	.160	.733	-.838	-.379	-.406	1.000	
GDP	.	.116	.090	.215	.075	.199	
MLD	.116	.	.000	.000	.000	.000	
PCD	.090	.000	.	.018	.016	.000	
LCD	.215	.000	.018	.	.003	.019	
PND	.075	.000	.016	.003	.	.013	
OTD	.199	.000	.000	.019	.013	.	
GDP	30	30	30	30	30	30	
MLD	30	30	30	30	30	30	
PCD	30	30	30	30	30	30	
LCD	30	30	30	30	30	30	
PND	30	30	30	30	30	30	
OTD	30	30	30	30	30	30	

Mode 1	Coefficients ^a				
	Unstandardized Coefficients	Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta		
(Constant)	-152.934	101.687		-1.504	.046
MLD	160.470	101.738	16.919	1.577	.028
PCD	156.590	101.858	16.526	1.537	.037
LCD	175.411	100.838	4.580	1.740	.005
PND	138.589	101.221	2.734	1.369	.014
OTD	153.488	102.022	4.451	1.504	.006

a. Dependent Variable: GDP

	Residuals Statistics ^a				
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.6913	10.8925	4.9437	1.72971	30
Residual	-5.03502	5.35222	.00000	2.52524	30
Std. Predicted Value	-1.880	3.439	.000	1.000	30
Std. Residual	-1.814	1.928	.000	.910	30

a. Dependent Variable:
GDP

4.2.1 Table 1: Nigerian Foreign Debt Outstanding

YEAR	GDP @ CURRENT BASIS PRICES (N'BILLION)	Multilateral Debt (N'BILLIO N)	Paris Club Debt (N'BILLI ON)	London Club Debt (N'BILLION)	Promissory Note Debt (N'BILLIO N)	Others Debt (N'BILLIO N)
1993	1,572,732	1.29	7.73	6.16	1.27	0.84
1994	1,823,827	4.67	21.73	8.44	4.15	2.46

1995	1,997,928	8.78	63.21	6.77	20.63	1.40
1996	2,008,829	9.99	75.45	14.99	25.74	7.79
1997	2,821,721	21.47	121.23	42.84	35.07	19.78
1998	2,013,728	34.61	154.55	53.43	40.95	15.08
1999	2,781,942	39.46	173.05	58.24	43.56	14.14
2000	2,352,845	89.27	324.73	41.89	64.14	24.23
2001	2,251,923	81.46	400.38	45.32	69.67	36.32
2002	2,178,427	97.06	404.21	45.37	70.07	32.11
2003	2,371,892	97.04	476.73	44.99	69.26	28.85
2004	2,745,253	102.63	420.00	44.95	47.08	2.66
2005	2,801,973	96.20	417.57	44.95	35.48	1.74
2006	2,708,430	93.21	458.26	44.95	35.15	1.45
2007	3,194,015	361.19	1,885.66	187.63	136.52	6.36
2008	4,582,127	379.04	2,320.27	223.83	158.49	15.75
2009	4,725,086	313.50	2,475.51	228.95	144.75	13.58
2010	6,912,381	375.70	3,220.82	182.96	146.34	7.06
2011	8,487,032	413.88	3,737.28	196.16	123.99	7.02
2012	11,411,067	384.25	4,196.84	196.16	106.56	6.46
2013	14,572,239	330.65	2,028.58	189.77	85.53	60.54
2014	18,564,595	332.22	0.00	0.00	64.83	54.41
2015	20,657,318	374.30	0.00	0.00	0.00	64.59
2016	24,794,239	464.56	0.00	0.00	0.00	58.70
2017	24,794,239	524.20	0.00	0.00	0.00	66.23
2018	33,984,754	635.45	0.00	0.00	0.00	54.39
2019	37,543,655	723.12	0.00	0.00	0.00	173.73
2020	332,169,009	727.32	0.00	0.00	0.00	299.58
2021	366,769,456	977.05	0.00	0.00	0.00	396.53
2022	375,578,356	1,142.29	0.00	0.00	0.00	489.23
2023	411,456,453	2,123.24	232,	678.45	89.890	234.123

Source: CBN Statistical bulletin and Nigeria bureau of statistics 2024