International Journal of Management and Commerce Innovations ISSN 2348-7585 (Online)
Vol. 7, Issue 1, pp: (43-50), Month: April 2019 - September 2019, Available at: www.researchpublish.com

DEBT MANAGEMENT SITUATION IN NIGERIA

[1]Prof. P.O. Idisi, [2]Dr.I.J. Ogwu, [3]G.A. Sunday

University of Abuja,

Faculty of Agriculture, Department of Agricultural Economics Abuja, Nigeria

Abstract: **This article looked at the debt situation in Nigeria. The paper examined trend of Nigeria's public debt since 1960s till date. Debt is an important component of fiscal policy. The method of analysis is explanatory and descriptive analysis. This article chronologically narrated Nigeria's debt profile before and after independence. The write up also discussed the implications of debt on economic growth and development of Nigeria. It also discusses how the debts can be managed. The causes of debt in Nigeria were enumerated and extensively discussed. Short-term and long-term solutions were also explicitly narrated. It is recommended that solving the existing external debt problem should not be regarded as the final objective but rather should be seen as an opportunity for enabling Nigeria to absorb more external resources for economic recovery, growth and development. Corruption and blocking of leakages in economy must be treated with all seriousness and sincerity. Technology should be deployed to sustainably fight corruption. Nigeria must consolidate on the gain from Bank Verification Number (BVN) and Treasury Single Account (TSA). It should be noted that in the modern world, corruption is not only fought by "sending more people to jail".**

Keywords: **Debt profile, External debt, Foreign Direct Investment, Oil-price shock.**

1. INTRODUCTION

Without mincing words, Nigeria is classified as one of the Less Developing Countries (LDCs). But ironically, in the midst of plenty it is plagued along other LDCs with the virus of huge debt burden. Nigeria debt burden comprises domestic and external debt. As at 30th December, 2018, debt management office put Nigeria public debt stock at N22.43tn. This figure is alarming viz-a-viz the stock of infrastructural deficit in Nigeria. However, it is important to state that public debt is a virtue and not a vice. After all, some developed countries have high debt profile. Difference between the developed and LDCs is that the former borrowed to invest in critical infrastructure while the latter borrowed to consume. This is evident in the infrastructural deficit that is not in tandem with the nation's debt portfolio. It is disheartening and heart-aching. As a developing country, internal capital formation is key factor in Nigeria development process. It is in the absence of this that majority of less developing countries resort to debt.

External debt is one of the source of financing capital project in any economy be it developed or developing economy. (Adepoju eta'l, 2007: 34) note that, developing countries in Africa are characterized by inadequate internal capital formation due to the vicious circle of low productivity, low income, and low savings.

Like most developing countries of the world, Nigeria rely substantiality on external funds for financing its development projects – roads, electricity (generation, transmission and distribution), education infrastructure, health facilities e.t.c. Such external funds usually come in form of external loans. (M.L. Jhingan, The Economics of Development and Planning, 40th Ed, 2013:461) note that "A current account balance of payment (BOP) deficit means that the country is borrowing from abroad…the LDC borrows by selling bonds abroad, from commercial banks abroad, from international financial institution like the IMF, World Bank, IFC etc, and from private foreign firms. In all such cases, the country accumulates external debt which it has to repay in the future in the form of interest and principal".

Be that as it may, debt management situation in Nigeria requires critical evaluation of the past, the cause and the solution. Evaluation of the past will allow us to know where we are coming from. This will enable us manage the present and plan

for the future. This article will analyze the debt management situation in Nigerian under the following sub-headings; Chronicle of Nigeria debt, Causes of Nigeria debt and, Solution to debt crisis in Nigeria.

Chronicle of Nigeria Debt: Nigeria emerged from colonial tutelage with a ratio of external debt to gross domestic product (GDP) of 3.4 percent (Fajana, 1990:5). Based on this promising strong economic base it launched its first year national development plan that was tagged to bring about accelerated development and free from barriers of economics exploitation. (Awojola Abayomi: 269) note that in the early year of political independence of Nigeria (i.e 1960 through 1975), the size of such loans was small, the rate of interest was concessionary, the maturity was long-term and the source was usually bilateral or multilateral in nature. Nigeria external debt in 1960 stood at $USD 150Million. Nigeria in its quest for rapid development, embarked on five year development plan (Celine Udude, 2015:158). Partly because of the civil war (1967 - 1970) and largely because of its burning desire for rapid socio-economic development, the Nigerian government resorted to development finance from public fund mostly from bilateral and multilateral lending bodies. Since the five years plan of the early 1960 up to date, Nigeria had launched several development plans accompanied by more development finance even from the international capital market that is notorious for its high interest rates and terms of repayment, yet development seems to elude Nigeria.

Nigeria, at the lure of international financial institutions, started to borrow huge sums from private sources at floating rates and with short-terms maturities. By 1978 “Jumbo loan” was estimated at USD18.631 billion this was about 160% of Nigeria’s gross domestic product (GDP) for that year. The situation precipitated into debt-crisis that progressively worsens over time. By 1986, Nigeria had to adopt a World Bank/International Monetary Fund (IMF) sponsored Structural Adjustment Programme (SAP), with a view to revamping the economy and making the country better-able to service the debt. Majorly, Nigeria’s debt had been incurred at a non-concessional term during the late 1970’s and the early 80’s. This period was characterized with low interest rate regime. This is when the London InterBank Offered Rate (LIBOR) lowered around 3 and 4 percent. However, by Eighties (80s), the debt grew majorly for two reasons. One, because of inability to service the existing debt on or before maturing date, there was accumulation of debt service arrears. Two, market interest rate was escalated and by mid-1989, London Inter-Bank offered Rate jumped to 13%. These two reasons speak to the fact behind the rising in the debt profile of most developing countries. As a developing country, Nigeria’s debt quadrupled by 1990.

The collapse in oil prices and the ever-rising of imported (Manufactured) goods, poor economic policies, bad management and unfavourable loan terms made it extremely difficult to service the mounting public debt obligations, particularly those due to the Paris Club. Hence, despite three rescheduling arrangement in 1986, 1989 and 1991, arrears continued to mount, which further aggravated debts problem. The trend of the external debt highlights the fact that much of the country’s external debt is owed to fifteen creditor countries belonging to the Paris Clubs; as a percentage of the total external debt, Nigeria’s indebtedness to this group rose almost consistently from about 30% in 1983 to about 80% in 2001. Like other developing African countries, Nigeria’s debt appears to be ceaselessly and perpetually increase. It seemed, the more we pay, the more we seem to owe. (Adetunyi Ojo Ogunyemi 2011:26)

By December, 2005, Nigeria was one of the world’s most heavily indebted countries. Nigeria owed the sum of USD35.994 BN. This was at a time when the federal government’s total current revenue was less than USD 9bn. In other words, debt to total government revenue was almost 400%. The same debt in that year, as a percentage of the country’s Gross Domestic Product (GDP) of 862 billion, was 58%. The World Banks has always advised that debts-to-GDP ratio should not exceed 30 % if a country desires to secures debts relief from its creditors, encourage foreign investment, and court the active participation of the private sector in its economy. It was so obvious that, Nigeria’s public debt by 2005 was clearly unsustainable, because she needed some 152% of what she earned from exports and 400% of her total annual income to repay it.

However, following an agreement with the London and Paris Clubs of creditors in 2005 and implemented in 2006, Nigeria was permitted to buy back some $30billion of her $32.6 billion external debt on the payment of $12.4 billion. This was earth shaking agreement, negotiated and concluded under President Olusegun Obasanjo. The successful redemption of the country’s debt was to enable it channel its revenue of about USD 45million daily on crude oil sale to poverty reduction and socio-economic projects. Yet with the eventual debt repayment to its major creditors in the Paris and London Club the expected gain of aborting a future as well as removing alibi for non-performance by government seems a mirage. As at 2007, Nigeria is still saddled with an external debt burden of over $ 2.8bn and a staggering amount of N1.87 trillion in domestic debts (the Guardian, 2007, 16).

Nigeria's external debt owed by Federal and States rose astronomically to $5.6bn as at December, 2011. This shows that in 5 years' time the debt has grown by 100%. By December, 2012, it rose to $6.5bn, 2013 $8.8bn, 2014 $ 9.7bn, 2015 $ 10.7bn and 2016 $ 11.2bn. By December 2017, Nigeria's external debt witnessed another Olympia jump. The debt jumped from 11.2bn to $15.04bn. This era witnessed geometric lip in the country's external debt. Federal government shared $11.10bn out of $ 15.04bn external debt as at December, 2017. By June, 2018, Nigeria's external debt's in Naira worth N3,477,321,000,399.57 this equal $11,401,052,460.326. (Tribune, 2018. Feb 23). With the recent domestic and international borrowing spree, Nigeria debt has increased by over N10trn since President Buhari assumed office in May 29 2015. As at 2015, the debt stood at N12,062, 335,230,000 or $63,506,140,000. The total debt profile is now about N22 trillion or $73 billion. In addition to this total, the federal government floated the N3billion Eurobond in November, 2017; N10.69 billion Green Bond in December, 2017 and another $ 2.5 billion Eurobond in early 2018 all these sum to another N2trillion. Lastly, at the 2017 world Bank/International Monetary Fund annual meetings in Washington DC, both bodies raised the issues of Nigeria's rising debt profile; Nigeria was warned of the dire consequences of her debt status should by any means price of crude oil (Nigeria's main foreign exchange earner) slumps.

2. CAUSES OF NIGERIA'S DEBT

Nigeria, being a less developed country (LDC) is infected by similar causes of debt as occurred to other LDCs. The followings are the causes of debts as it apply to LDCs in general and Nigeria in particular.

1. Oil-Price Shocks: The accumulated debts of LDCs which led to international debt crisis in the 70s and 80s were majorly caused by oil-price shocks. Oil-price shock is the sudden increase in the price of oil world-wide. This happened in two phases. First hike in oil-price was in 1973. The increase in oil price was more than four-fold. This became general phenomena in the entire world. During this period, most oil producing countries, Nigeria inclusive, experienced huge receipts of foreign earnings but lack capacity through visionary leader to manager the prosperity. The second increase in oil price occurred in 1979, this time the oil price doubled the initial four-fold increase of 1973. The consequence of this increase was noticed in the increase of Nigeria import bill. The Nation as at then continued to consume imported goods and services. The local goods and services were neglected and left rotten. The local industries such as textile were exposed to unhealthy rivalry with that of developed countries. Therefore, Nigeria becomes import-dependent economy. Though, then Balance of payment initially favored Nigeria because it's an oil exporting countries. The effects of the oil boom era on Nigeria are turning her to import-dependent country, exposing her infant local industries to the cold hand of developed economy, deficit balance of payment and high indebtedness to developed countries.

2. Bad Macro-economic Management: In an attempt to maneuver the effect of deficit balance of payment (BOP), Nigeria began macro-economic management of her economy. She embarked on expansionary fiscal and monetary measures by continued to expand her expenditure to meet her demand for economic development. In 1972 the military head of state, General Yakubu Gowon, set up Udoji Commission. The commission among other things recommended salary increase for all civil servants in the Nation. This was approved and paid with arrears. This popular "Udoji payment" was basically government's expenditure spent on consumption not even on consumption of local goods but imported goods. This further increase Nigeria's crave for foreign goods and service which in turn led to deficit BOP. This did not have immediate effect on Nigeria's debt. Unlike non-oil producing LDCs, the consumption of foreign goods did not lead to indebtedness immediately rather open door for it. It was this that led to Nigeria's external debt explosion, whenever there is oil-price shock. Indeed, it is obvious that Nigeria borrows to consume and not on capital goods.

Also, in order to safe her currency; Nigeria adopts several foreign exchange regimes. Example of such regimes are; fixed parity with GPS (1959 - 67), second tier foreign market(1986), Interbank forex market (1988), Autonomous forex market (1995), Dutch Auction system (DAS), (2002), floating exchange regime, crawling peg etc. These exchange regimes was to avoid real appreciation of Nigeria currency (Naira) in the face of rising inflation. Nigeria also adopted series of trade reform measures to boost exports and encourage foreign direct investment (FDI) through international Banks. Unfortunately all these further increase Nigeria external debt.

3. Influence of Policies of Developed countries and their Banks: To say that action of developed countries and their banks have no influence on the rate and volume of Nigeria's debt is untrue. Truly, the policies of developed countries and action of their banks were largely instrumental to Nigeria's external debt. The rise in oil price has increased the revenues of oil exporting countries which their economy could not absorb. As a result of this, such "petro-dollars" are deposited in the commercial banks of developed countries. The latter could not use this fund as a result of recession which resulted into huge accumulated fund. At the same time, the LDCs needed funds for their developmental programmes. The LDCs turn to these foreign commercial banks for loans. Consequently, they "recycled" the fund and give it to LDC in form of loans.

4. **Influence of Corruption**: Majority of less developed countries (LDCs) are endemically corrupt. The political class and the elites of these countries are *pathologically* corrupt. When it comes to stealing of the resource of their common patrimony, they are kleptomaniac about it. Recently, former British Prime Minister, David Cameron, at Buckingham Palace described Nigeria as fantastically corrupt". These agents of corruption are aided by their allied within and without to launder huge resources of their countries in developed country's banks eg. Swiss Bank. Nigeria in particular, became officially corrupt nation during military era. Since Nigeria returned to democratic rule in 1999, there have been several cases of corruption charges levied against political office holders, companies and individuals operating in the public and private sectors. Otalor & Eiya, 2013, p 130 noted, "There is no doubt that corruption is one of the greatest challenges of the contemporary world. It undermines good governance, fundamentally distorts public policy, leads to the misallocation of resources, harms private sector and particularly hurt the poor". It is in attempt to eradicate or ameliorate this same poverty created by corrupt practises in the process of providing critical infrastructure that aids employment generation; that leads Nigerian Government to seek for foreign loans. The infrastructure is provided at very exorbitant and ridiculous amount. Projects are completed at disproportionate amounts of money, with very little to show for it. Eventually, it can be said that Nigeria's unfavorable debt situation is self-made.

5. **Influence of Rising Interest Rate:** The influence of rising interest developed countries on the debt burden of Nigeria cannot be over emphasized. In other words, the increase in interest rate of developed countries contributes to the debt profile of Nigeria. It all started during the second oil price hike. Both money and real interest rates between 1979 and 1982 were increased in developed countries. Unlike what happened in the first oil –price hike, the interest rates in developed economy were low even negative in some countries. It was the second oil-price increase that led to inflation in the developed nations' economy. They adopted restrictive monetary policies to control this inflation which result into "Sharp increase in money and real interest rates". Consequently, the cost of servicing the debts before the first hike in oil-price and the second hike in oil-price increased the Nigeria's debt. (M.L Jhingan, 2011, pg 462) opined that the cost of servicing was made worse by the growing proportion of debt at variable interest rates in the form of loans from commercial banks belonging to developed countries. Between 1980 and 1986, the ratio of debt service to exports of all developing countries increased from 13.2% to 25.9% respectively.

6. Escalation of Public Sector Wages and Salaries Bills: The escalation of public sector wages and salaries bills contributes immensely to the Nigeria's domestic debt. The escalation was as a result of higher minimum wages and upward review of salaries and allowance. In 1999, the then President Olusegun Obansanjo increased workers' salary. Also, in 2011 President Goodluck Jonathan increased the minimum wage of Nigerian workers to N18,000. Given the over bloated civil service this increase in minimum wage increased the wage bill. By the end of 2011 the burden of the public expenditure is so high that government resorted to borrowing to meet up in this huge wage bill. The present administration of President Muhammadu Buhari has to give "bail-out" fund to states to allow them meet this obligation of wage payment. Now, for seemingly genuine reason (inflation, quest for living wage…) Nigeria workers are asking for new minimum wage. Federal governments, tripartite committee has submitted a report with recommendation of N30,000 minimum wage. Only time will tell how government will cope with this humongous wage bill without incurring debt.

7. Trade Policies: Both developed and less developed countries (LDCs) adopted policies that led to growth in external debt of the latter. The LDCs, in order to protect their infant industries adopted inward-oriented import-substitution policy. This policy initially brought gains but ultimately led to inefficiencies in the production of manufactured good. The recession caused by the two periods of oil-price hike and the increase in non-tariff restrictions by developed countries led to reduction in export and export revenue of LDCs. Due to this, LDCs recorded an annual average loss estimated summed $8billion between 1981 and 1986. As a result of this, Nigeria could not conveniently discharge her developmental obligation without resorting to borrowing –either domestic or external borrowing. Generally, the cumulative loss suffered due to this by LDCs was $95 billion during this period.

3. SOLUTION TO DEBT CRISIS IN NIGERIA

Debt Servicing: Akinmade (2009) stresses that debt service ratio of 30% seem to be the ideal ratio adopted by the country. The prospects of redeeming a substantial part of our debts in the short to medium term have become doubtful barring unexpected favourable development in the oil sector. While the debts have some in-built capabilities to grow on their own, the urgent need for additional loan to close our persistent resources gap has made debt reduction through redemption most likely for now. However, they continue to provoke debate due to fluctuations in the debt service ratio as indicated in 2004 at 29.1% and 32.2% in 2006.

Debt Conversion Programme: Debt conversion has become a major responsibility of the central Bank of Nigeria in recent times resulting in the setting up of a department in the Bank to undertake the function. Consequently, the debt conversion programme (DCP) was established in July, 1988 to implement Nigeria's debt conversion programme. Akinmade (2009) stressed that debt conversion involves the exchange of Nigeria's foreign currency denominated debts for local currency which is then used in the purchase of equity capital in a local enterprise i.e. exchange of external debt for domestic debt or equity. He stressed further that, the objective of a debt conversion programme to a debtor country is to reduce the stock of its debt while simultaneously facilitating economic growth and recovery. It attracts the needed foreign investment without a corresponding increase in foreign exchange inflow. The Nigerian programme has been structured to minimize the effects of a number of constraints. For instance, there is a limit to the amount and type of debt to be converted and there is an effective monitoring scheme to ensure that the proceeds of such redemptions are invested in well-defined and identifiable business. The programmers' serious limitation is that it offers only a little scope for reducing substantially the debt stock. According to Akinmade (2009), in Nigeria for example, less than 14.1% (N959 million) worth of debts was redeemed in the first year of the programme compared to outstanding debts of over 130 billion. As at 31 December, 1982, our external loan stock was reduced by US$ 306.7 million, comprising the US$ 138.3 million and US$ 168.4 million converted in 1998 and 1989 respectively. Onuoha (2010) asserted that external debts valued at US$ 153.7 million (about N8.7 billion) were cancelled through the debt conversion programme. Since the inception of the Debt Conversion Programme, external debt valued at US$ 649.4 (about N19.2 billion) has been cancelled. However, Sanusi (2008) states that "Debt conversion can take many forms. These include the following:

Debt for Equity: This is the conversion of debt at face value and at the prevailing exchange rate for the currency of the debtor country. Proceeds are designated as registered capital investment of the creditors in the debtor country. The proceeds are strictly for financing an entirely new company; expand an existing company, to recapitalize an existing venture and or to finance portfolio investments. This scheme seeks to reduce the size of the external debts and link the servicing of the external obligations more closely to the country's capacity to pay in that the outflows of returns to investors would depend upon the earnings generated by the activity being financed.

Debt for Cash: This is similar to debt to equity except that the proceeds from the conversion are not capitalize but rather used for working capital for loan repayments and for local tax payments.

Debt for Export: This involves the exchange of export for debt obligations. For example the government can export goods worth US$ 80 million in order to cancel external debts of that magnitude.

Debt-Debt Swap: This is a change of one creditor for another in respect of loans. Typically, the parties assign loans or give sub-participation to each other without otherwise changing the terms of payment.

Debt-Peso Swap: When conversion involves residents of the country instead of a foreign investor, we term deal as a debt-peso swap. By „peso", we mean local currency. Hence, debt-peso swap are designed for repatriation of flight capital. Residents buy their own country's debt in the secondary market using their funds abroad or foreign currency acquired in the parallel market.

Debt Refinancing: A refinancing arrangement involves the procurement of a new loan by a debtor to pay off an existing debt, particularly short-term trade debts. The new loan may be contracted from the same creditors as the case may be. To solve the problem of paying for imports due to accumulated arrears of trade debts, it became necessary to seek for relief by refinancing the trade arrears. Thus, in 1984, Government decided to refinance the remaining trade arrears especially those contracted through open accounts and bills for collection by issuing promissory notes to cover them. The terms of the promissory notes agreements include the payment of interest at the rate of 1% above the arithmetic average of the lending rate quoted by some major international banks in New York, London and Paris. They also include a maturity period of 2½ years and the redemption of the notes in 14 equal installments beginning from October, 1986. However, following the difficulty in servicing the debts under these terms, the agreement was renegotiated leading to the stretching of the repayment period over 22 years with an effective rate of return of 5% per annum. The new terms are generally believed to be the best relief package which the country has got. The total value of promissory notes issued amounted to US$ 4.8 billion.

Debt Buy-Back, Collaterization and New Money Options

The buy-back arrangement implies the offer of a substantial discount to pay off an existing debt. This type of arrangement was concluded in February, 1992 when Nigeria bought US$ 3.395 billion commercial debt due to the London Club at 60% discounts. In other words, Nigeria paid US$ 1.352 billion to liquidate or buy-back the commercial debt. Furthermore,

US$ 2.054 billion has been collaterized as 30 years per bond with the London Club. With this arrangement, the yield of the bond within a 30year period would off-set or pay-off the collaterised amount, which is referred to as the zero coupon option. The new money option refers to the granting of new loans by or creditor or a group of creditors to assist a debt-ridden nation.

Debt Repudiation: Debt repudiation happens when a debt is canceled. Usually the country to repudiate debt is debtor country. Officially, the Federal Government would not repudiate any genuine debt except those of doubtful credibility that would not be reconciled by Chase Manhattan Bank of New York. These doubtful claims are between US$4billion and US$12.5billion. However, repudiation of genuine debt would lead to ostracism. In the words of Ani (2007), for the third consecutive year, the Federal Government did not take new external loans. In addition, during the year, Government cancelled loans amounting to US$ 700 million. The restriction on borrowing continued to 1997. This consequently, contributed to the reduction of the debt stock from US$ 32.584 billion in 1995 to US$28.060 billion in 1996. Ani (2007), maintains that "although discussion with the Bretton Woods Institution on the Medium Term Economic Programme (MTP) continued in 2015, its impact on debt service was not felt until 2011/2012

4. LONG-TERM SOLUTION TO NIGERIA'S INDEBTEDNESS

Nigeria being a LDC needs to find a long-term solution to her debt crises. There is need for concerted effort by Nigerian government to see public debt as national disgrace and thus take decisive action towards containing it. However, the following measures should be taken;

1. (a)Tight Monetary and Fiscal Policies: This measure is adopted to reduce budget deficit. This (budget deficit) is achievable through cut in government spending, reduction in interest rate and inflation. (b)Giving Incentive to Foreign Investors; This can be done by providing enabling environment where there are functional institution that support the course of foreigners. It is common Knowledge that investors will be always patronize countries where their investments are secured. Therefore, Nigeria must ensure that institutions that support quick justice delivery, financial probity, security of lives and properties, freedom of information, robust immigration and custom services, and host of others are built. (c)Currency devaluation, this will encourage more exports and promote healthy competition, through a more open trade policy. However, this must be done with a caution by protecting infant industry. In other words, the infant industry must be protected and not exposed to unhealthy competition with foreign industry. While adopting this measure, government must be on their toes to contain capital flight and avoid worsening balance of payment. The objective of the measure is mainly to attract foreign exchange with a view to reduce foreign debt.

These market-oriented adjustment programs are given as condition precedence by IMF before any debtor LDCs could be availed financial help,

(2). Measures by Developed countries; Because the developed countries are the creditors of less developing countries(LDCs) they should not only be doing but must be seen doing the following to Nigeria. (i) Give grants and not loan; the developed countries should provide developmental assistance and support to Nigerians as grants and not loans. (ii)They should wave a major portion of Nigeria's debt as this will increase Nigeria's disposable income. It is with this that the government will have more money to embark on developmental projects and safe her from borrowing .(iii) Developed countries should establish a fund which should provide guarantee to private loans by corporations and banks of developed countries in case of default.

(iv) Export prices fluctuations; this is general phenomenon that affects price of exportable goods to developed countries. Price fluctuations in developed countries affect the foreign earnings of LDCs which Nigeria is part. Therefore, developed countries should adopt appropriate measures to overcome price fluctuations in their primary products through the creation of international buffer stocks (the absorb price shock), commodity agreements, compensatory financing etc. (M.L. Jhingan; 2013; 465).This will give Nigeria favorable terms of trade which fall a large portion of her foreign debt. However, Nigeria on her part should take the following measures which may help in reducing their debt.

(i)Availability of infrastructure is key to national development and attracting as well as encouraging foreign investors. The investors are expected to bring foreign direct investment (FDI) and not loan of any sort. Nigeria therefore should as a matter of urgency embark on massive infrastructural projects through concession, public private partnership, FDIs and not through foreign loan. It is disheartening that Nigeria government still travels around the world to attract loans and net foreign investment. (ii)Nigeria needs to create a favorable balance of payment by reducing her import through trade restrictions within the provision of WTO. This can also be done by making Nigerians consuming what they produce and

produce what they consume. (iii)Nigeria should activate her internal structure to ensure the production of more quality goods for both domestic consumption as well as product that meet international standard. This will promote domestic consumption of such products as well as for export of all kinds. Nigeria government should take research funding seriously to discourage exporting primary products but rather encourage and promote diversification of products. Research funding will promote value addition on all exportable goods as such improve her foreign earnings. Quality control mechanism is also important to ensure quality products for domestic use and exports. This is essential to enable domestic products favorably competing with foreign products in domestic and global market.(iv) Monetary and fiscal policies with the overall objective of growth and development with stability so that the country becomes self-sufficient and there is little need for external debt.

5. CONCLUSION AND RECOMMENDATION

Debt situation in Nigeria is burdensome such that embarking on any developmental project become herculean task. The external debt now facing Nigeria is an impossible burden in their development efforts. Adequate debt relief measures are therefore necessary. It is equally clear that Nigeria will need to use external savings in its development efforts as indeed all the developed countries had to do during their process of development. Capital formation and accumulation are key to national development. Solving the existing external debt problem should not, therefore, be regarded as the final objective; indeed solving that problem should be seen as one of the necessary conditions for enabling Nigeria to absorb more external resources for economic recovery, growth and development. Corruption and financial waste cutting must be treated with all seriousness. Corruption is better fought systematically. Nigeria must consolidate on the gains from Bank Verification Number (BVN) and Treasury Single Account (TSA). It should be noted that in the modern world, corruption is not only fought by "sending more people to jail". Technology can do a whole lot of help in this direction.

REFERENCES

[1] Abbas, S. and Christensen, J.(2007) The Role of Domestic Debt Market in Economic Growth: An Empirical Investigation for Low Income Countries and Emerging Markets-IMF working Paper

[2] Adafu, I and Abula, M. (2010).Domestic Debt and the Nigerian Economy, Current Research Journal of Economic Theory 2(1):22-26 Adeyemi S.O (1996): "Beyond Structural Adjustment: A policy Framework", In Beyond Adjustment: Management of the Nigerian Economy 1996 NES conference Proceedings.

[3] Adebiyi,W.K, Olowookere, J.K, (2013)"Managing Nigerian Debt: The Practical Solutions": Research Journal of Finance and Accounting ISSN 2222-1697 (Paper) ISSN 2222-2847 (Online) Vol.4, No.19, 2013

[4] Ajayi, E.A. (1989). Nigerian Debt Management Experience, Central Bank Nigeria, 13 (2).

[5] Ajayi, S.I. 1991. "Macroeconomic Approach to External Debt: The case of Nigeria". AERC Alison, J., (2003). "Key Issues for Analyzing Domestic Debt Sustainability". Debt Relief International Publication, ISBN: 1-903971-07-1

[6] CBN, (2005) Statistical Bulletin, Central Bank Nigeria December, Vol. 16 Access from: Central

[7] Bank of Nigeria (2011), Statistical Bulletin, December, vol. 22

[8] Celine,U, Anthony, I, Chijioke, E.A.(2013). "An Appraisal of Nigerian Debt Crisis and the Challenge of Underdevelopment", International Journal of Social Sciences and Humanities Reviews Vol.5 No.2, June, 2015; p.158 – 165, (ISSN: 2276-8645)158

[9] Christensen, J., (2004), Domestic Debt Market in Sub-Saharan Africa. IMF Working Paper Wp/0646.

[10] CIA World Fact book (2010). Nigeria's Economy Profile. Debt Management Office Federal and State Government External Debt Stock as at 31st December, 2009 (in US Dollars)

[11] Dolan, E.G. and D.E. Lindsey, (1991). "Macroeconomics". 6th Edn., The Dryden Press, Chicago. ISBN: 0030328926.

[12] Egefe, B., (1992). 'Growth and Foreign Debt: the Ethiopian experience: 1964- 86' Nairobi AERC Research paper 13.

[13] Essien E (1990): "Nigeria under Structural Adjustment". Ibadan, Fountain Publications.

[14] Fosu, A. K.,(1996): 'The impact of external debt on economic growth in sub Saharan Africa'. Journal of economic development, http://www.cenbank.org/OUT/PUBLICATIONS/RE[PRTS/RD/207/STABULL 2005.PDF

[15] Lipsey, R.G. (1986): Economics, New York Harper and Row. Mbire, B. and Atingi, M., (1997): "Growth and Foreign Debt: The Ugandan Experience.". AERC Research Paper 66, Nairobi.

[16] Mimiko M (1997): The Global Village: Selected Topics on International Relations. Akure, ABM Research and Services.

[17] M.L. Jhingan, (2013.The Economics of Development and Planning. 40th Ed, Vrinda Publication(P) Ltd.

[18] Nwankwo,A.(2011). "Federal Government Plans N794billion Local Debt to Finance 2012 Deficit". The Nation News Paper of 17th Dec. 2011.

[19] Obasanjo O (1993). Hope for Africa. Abeokuta, ALF Publications.

[20] Oke, M.O. and Sulaiman I.A. (2012). "External Debt, Economic Growth and Investment in Nigeria." European Journal of Business and Management. ISSN 2222-1905 (Paper) ISSN 2222-2839 vol. 4 No. 11 2012. Available online at www.iiste.org.

[21] Okonjo- Iweala, N. (2006).Nigeria Foreign Debt and Stolen Wealth. Grand House Reception in honour of Minister of Finance at Niteshift Colliseum in Lagos on 2nd July, 2006.

[22] Okonjo-Iweala (2011), "Okonjo-Iweala Frets Over Rising Domestic Liabilities". The Nation Newspaper of 25th August, 2011.

[23] Osei, B., (1995): "Ghana: The Burden of Debt Service Payment under Structural Adjustment". AERC research paper 33: Nairobi.