

## Appraisal of Debt Burden and Debt Servicing: Nigerian Case (2000–2014)

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**Abstract:** In this paper, the trend, value and nature of Nigerian total debt burden was examined. The federally generated revenue was compared with the total debt burden in order to explain the shortages in meeting the income needs of the country. The paper reveals that there is need for the country to aggressively increase its revenue generation for total debt sustainability and to have positive impact on the Debt burden indicators and debt servicing capacity, (for example, Debt Service ratios: external debt/GDP ratio, external debt/exports ratio, interest service ratio and reserves/external debt ratio). The findings are that external debt in the period of consideration, 2006 had the least amount. While there had been steady increases during the period, the external debt had not reached near the amount it was after Nigeria got her debt cancellations. The highest amount for the period under consideration is ₦1631.52 billion that is after debt cancellation, whereas in the period, 1999 and 2004 had ₦4890.27 billion. The domestic debt had been on the increase from ₦898.25 billion in 2000 to ₦7904.02 billion in 2014. Therefore, domestic debt had become relevant part of the country total debt indebtedness.

**Key words:** Debt burden • Debt servicing • External debt • Domestic debt and Naigeria

### INTRODUCTION

The widening gap between the standard of living of developed countries and less developed countries has called for examination of the causes of growth, coupled with the economic crisis in the early 1980s, many less developed countries have debt problems. [1]. The African's debt problems comprised the critical half of the world debt crisis [2]. The increasing debt burden of developing countries had seriously affected their growth and measures taken to avert then have prove inadequate. [3]. The Nigeria's debt problem was also part of this less developed countries debt crisis. According to [4], the global debt crisis was caused by the following; over-borrowing by the developing countries and reckless lending by international commercial banks in the 1970s, the collapse of world community prices (including petroleum) in the early 1980s and the sharp increase in international interest lending rate in 1982.

Many authors had discussed the debt problems, one of the earliest author was [5] who identified debt problems through the concept of companies, stated that the situation when high levels of debts would curtail investments as the benefits from additional investments in firms financed with risky debt accrue largely on existing debt holders than shareholders, then firms face under-investment problems. Most researchers in both developed

and developing countries had concentration analysis of external debt efforts on economic growth but few had done work to include domestic debt in their analysis. Among those studies are the following; [6] studied foreign debt recording on percentage income, [7] in their BIS working papers investigated secular stagnation, debt overhang and other rational for slow growth, six years on, while [8] did examine debt overhangs; past and present Clement Bénédict et al studied external debt, public investment and growth in low income countries, while [9] examined the effect of debt and economic growth evidence from Pakistan.

In Nigeria, there are a number of researches done on effect of external debt on economic growth. [10] examined the effect of external in economic growth, [11] worked on the effect of external debt on economic growth and development of Nigeria while few researches had been done on total debt, that included domestic debt. Among the few is the study done by [12] and they claimed that their work broaden the standard debt sustainability framework to include domestic debt and also focused on total debt sustainability, they stated that a fully-fledged macroeconomic analysis should include domestic debt and showed how the switch from foreign to domestic borrowing and rising domestic real interest rates are likely to undermine the overall sustainability and the success of debt relief programs. Their study stated using descriptive

analysis made it clear why domestic debt should be included (that is, it had become a relevant part of the overall levels of indebtedness and also interest rates on domestic debt are a serious constrain to government spending and investment. The Nigerian debt record started with the first loan which was \$28 million dollars which was given by the World Bank for the purpose of construction of railing way [13]. In 1964, Nigeria took another loan of \$13.1 US dollar for construction of Nigeria Dam from Paris Club of Creditor. Another loan was taken from the International Capital Market in 1978 of 1 billion US dollars, always known as “jumbo loan”. With this jumbo loan and the global financial crisis, Nigerian external debt kept on rising, that, in 2004, Nigerian external loan alone came to ₦4, 890.27 billion, while Domestic debt, from ₦899.25 billion in 2000 skyrocketed to ₦7904 billion in 2014.

External debt is the foreign – currency dominated liabilities of a country, while domestic debt is the liabilities of the country’s currency. The total debt of a country comprises both the external debt, private debt, domestic debt including both government and private debt owed to foreigners and the actuarial debt implicit in underfunded or simply unfunded old age pension and medical care programmes. Each of these forms of debt produces distortions that in general slowdown economic growth [14].

According to [15], the external debt liabilities imply shift of resources abroad in the form of debt repayment and debt servicing, though both foreign and domestic debt help to close the gap between the public sector’s income and expenditure.

The impact of external debt had been extensively discussed by many authors but most of the research are on the effect of external debt on economic growth, few research had done work on total debt to include all debts as stated by [16] that each of the components produces distortions that slow down economic growth. And also according to [17], stated that the problems of poor economic performance and debt overhang in African countries needs continuous discussion to identify appropriate and lasting solution.

The aim of this paper is to analyze the nature and enormosity of total debt that is external debt, domestic debt and debt service payments of Nigeria since 2000 to 2014. The total revenue which include foreign earnings and internally generated revenue will be analyzed in section 3. Section 4 discusses the trend in Total debt structure, external debt, domestic debt and debt service payments, while section 5 presents conclusion.

**Trend in Nigerian Government Finances:** The revenue generated by the country is very relevant in analyzing the total debt burden. It is when total revenue generated is not enough for the country/s obligations that other sources of revenue are searched for, for example, aids, grants, loans etc. according to [18], with the decline in the world crude oil market in 1982, Nigeria started to experiencing serious resources gap in the implementation of her development programs and project. In 1981, the external debt outstanding was only ₦2.33 billion but from 1982, it is more than tripled and kept on rising till it became highest in 2004, ₦4478.33 billion, the highest to date. According to [19] in their analysis of oil revenue contribution stated that the issue was whether capital inflows, oil revenue, foreign borrowing and direct foreign investment had the expected positive impact on the economic growth in Nigeria and concluded that foreign borrowing is negatively associated with economic growth.

When the Nigeria’s total debt burden is placed against total public revenue generation of the country the debt burden becomes more glaring. From the Table 2 between 2000 to 2004, the revenue generated, if all is used to pay debts could not be able to eliminate/reduce debt to half. [20] had portaged and likened country as a company, it could be said that Nigeria could be bankrupt. But the Nigeria case is exceptional, because she is endowed with oil resources

Boyrie and, untapped mineral resources and has great potential for agricultural resources.

Prior studies had attributed that capital flight and capital movement had distortions in Nigerian finances. In the study by [21] stated that the external debts were used as a means of intensifying exploitation of Africa and other developing nation and that the exhorting of these nations resources had reached, according to some estimate “unbearable limit”. According to [22] capital flight and capital movement through trade mispricing, counted for the major Africa debt burden. She stated that Nigeria experienced the largest amount of capital flight with most of it taking place via public external borrowing. While [23] calculated the amount of capital flight from *Conte d’Ivoire*, Morocco and Nigeria and attributed it to changes in external reserves and governmental budget deficit

Therefore, if most of the external reserves and governmental budget deficit are sponsored through external budget, this create additional debt burden. Then as stated by [24], that the impact of external debt was not positively felt because funds were not channeled to the real productive sectors, mismanagement and mismatch of the funds and diversion of the funds to private hands.

Adoped from Marco Arnone& Andres F. Presbiiitero (2007)

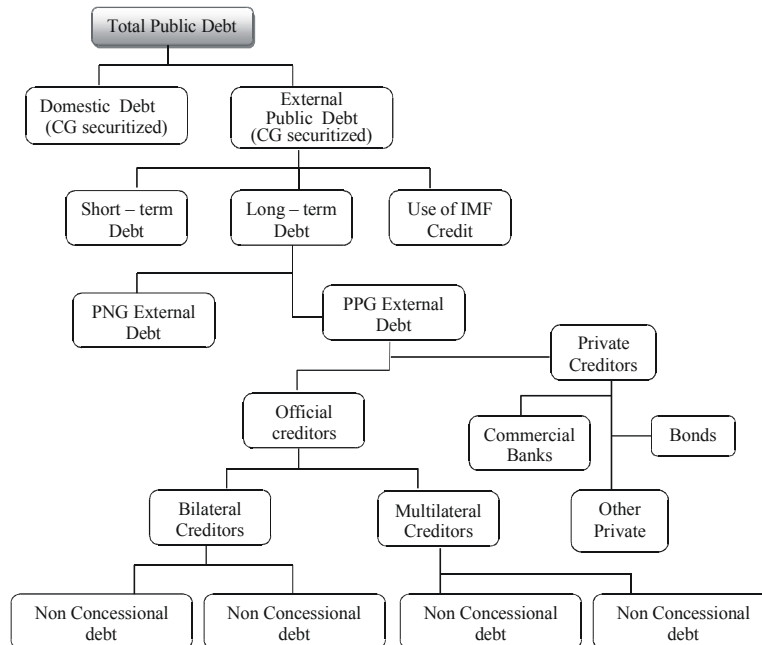


Table 1: Federal Government's Domestic Debt Outstanding (N'Billion)

Year	Treasury Bills	FGN Bonds <sup>1</sup>	Treasury Certificates	Promissory Note	Treasury Bonds	Development Stocks	Total
1981	5.78	-	2.06	-	-	3.35	11.19
1982	9.78	-	1.67	-	-	3.56	15.01
1983	13.48	-	4.89	-	-	3.85	22.22
1984	15.48	-	6.41	-	-	3.78	25.67
1985	16.98	-	6.65	-	-	4.32	27.95
1986	16.98	-	6.65	-	-	4.81	28.44
1987	25.23	-	6.65	-	-	4.91	36.79
1988	35.48	-	6.79	-	-	4.76	1703
1989	24.13	-	6.94	-	11.35	4.63	47.05
1990	25.48	-	34.21	-	20.00	4.40	84.09
1091	57.76	-	34.21	-	20.00	4.22	116.20
1992	119.75	-	35.24	-	19.01	3.96	117.96
1993	116.38	-	36.58	-	117.14	3.73	273.84
1994	170.93	-	37.34	-	195.96	3.35	407.58
1995	276.91	-	23.60	-	174.06	3.17	477.73
1996	199.63	-	-	-	237.39	2.96	119.98
1997	364.52	-	-	-	134.39	2.84	501.75
1998	378.53	-	-	-	179.62	2.68	560.83
1999	361.76	-	-	-	430.61	2.44	794.81
2000	465.54	-	-	-	430.61	2.11	898.25
2001	584.54	-	-	-	430.61	1.83	1, 0016.97
2002	733.76	-	-	-	430.61	1.63	1, 166.00
2003	825.05	72.56	-	-	430.60	1.47	1, 329.68
2004	871.58	72.56	-	-	424.94	1.25	1, 370.33
2005	854.83	250.83	-	-	419.27	0.98	1, 525.91
2006	695.00	643.94	-	-	413.60	0.72	1, 753.28
2007	574.93	1, 186.16	-	-	407.93	0.62	2, 169.64
2008	471.93	1, 445.60	-	-	402.26	0.52	2, 320.31
2009	797.48	1, 974.93	-	63.03	392.07	0.52	3, 228.03
2010	1, 277.10	2, 901.60	-	-	372.90	0.22	4, 551.81
2011	1, 727.91	3, 541.20	-	-	353.73	-	5, 642.84
2012	2, 122.93	4, 080.05	-	-	334.56	-	6, 537.54
2013	2, 581.55	4, 222.00	-	-	315.39	-	7, 118.98
2014	2, 815.52	4, 792.28	-	-	296.22	-	7, 904.02

Source: Central Bank of Nigeria and Debt Management Offi

Table 2: Federal Government's Domestic Debt Outstanding (N'Billion)

Year	CBN	Commercial Banks	Merchant Banks	Sinking Fund	Total Banking System	Non-Bank Public	Total
1981	4.52	1.77	0.07	0.00	6.37	4.83	11.19
1982	6.49	2.82	0.17	0.00	9.48	5.53	15.01
1983	10.40	5.14	0.39	0.00	15.93	6.29	22.22
1984	9.53	8.73	0.89	0.00	19.15	6.52	25.67
1985	9.91	10.25	1.13	0.00	21.29	6.65	27.95
1986	16.10	4.42	0.15	0.00	20.67	7.77	28.44
1987	17.65	7.57	0.29	0.00	25.51	11.28	36.79
1988	26.64	7.31	0.17	0.00	34.11	12.92	47.03
1989	15.65	3.61	0.08	0.00	19.35	27.70	47.05
1990	27.38	8.70	0.36	0.00	36.45	47.65	84.09
1991	62.29	6.81	0.67	0.00	69.78	46.42	116.20
1992	138.77	5.54	0.69	0.00	145.00	32.96	177.96
1993	202.43	29.54	9.34	0.00	241.31	32.52	273.84
1994	308.44	38.90	8.37	0.00	355.71	51.87	407.58
1995	414.29	20.54	1.76	0.00	436.58	41.15	477.73
1996	312.80	47.24	8.82	0.00	368.87	51.11	419.98
1997	403.30	39.40	5.70	0.00	448.40	53.35	501.75
1998	454.91	48.80	8.88	0.00	512.59	48.24	560.83
1999	530.42	188.17	13.33	0.00	731.91	62.89	794.81
2000	498.92	344.89	0.00	0.00	843.81	54.44	898.25
2001	569.51	386.45	0.00	0.00	955.96	61.02	1, 016.98
2002	519.77	460.23	0.00	0.00	980.00	186.00	1, 166.00
2003	613.79	500.43	0.00	0.00	1, 114.22	215.46	1, 329.68
2004	403.46	669.07	0.00	0.00	1, 072.53	297.79	1, 370.33
2005	408.42	726.23	0.00	0.00	1, 134.65	391.26	1, 525.91
2006	335.53	882.85	0.00	0.00	1, 218.39	534.87	1, 753.26
2007	293.58	1, 410.04	0.00	0.00	1, 703.63	466.00	2, 169.63
2008	289.37	1, 482.16	0.00	0.00	1, 771.53	548.78	2, 320.31
2009	323.18	1, 274.58	0.00	284.72	1, 882.48	1, 345.55	3, 228.03
2010	343.14	2, 605.01	0.00	144.37	3, 092.52	1, 459.30	4, 551.82
2011	348.00	3, 790.80	0.00	147.20	4, 286.00	1, 336.80	5, 622.80
2012	398.27	3, 580.42	0.00	160.32	4, 139.01	2, 398.52	6, 537.53
2013 <sup>1</sup>	544.07	3, 865.89	0.00	320.50	4, 730.45	2, 388.53	7, 118.98
2014 <sup>2</sup>	180.21	3, 982.72	0.00	176.77	4, 339.70	3, 564.32	7, 904.02

Source: Central Bank of Nigeria and Debt Management Office

The example of diversion of funds to private hands are many. For instance, the Nigerian Guardian September 10, 2017 published an order of division of the Federal High Court placed an interim for features of properties that were among 56 houses that were traced to a person and a former minister, for being allegedly bought between 2011 and 2013 valued at \$2.2 million Dollars (3.3 billion naira). The Nigerian Guardian also published diversion of money meant for farmers, titled "Anchor Borrowers #265.7 million Scandal;BOA, CBN Officials Fiiingered

The above is one among many of the linkages of Government Finances from the external reserves and governmental budget deficits. [25], stated that Nigeria had been utilizing external debt to the extent that the debt becomes so huge to water down substantial part of the country's revenue.

#### Trends in Total Public Debt Structure; Domestic Debt, External Public Debt, Stock and Debt Service Payments:

The component of total public debt will include domestic public debt according to [26], therefore a visual representation of total public debt is shown in figure I as Nigerian component of total public debt. The total public debt is divided into external public debt and domestic public debt. The composition of external debt is multilateral, Paris club, London club, promissory notes and others while domestic debt comprises Central Bank, Commercial Bank, Merchant Banks, sinking fund and non-bank public [27]. There are two Tables 1 and 2 to show the breakdown of domestic debt and external debt outstanding in Nigeria from 2000 to 2014.

In Table 1, the pattern of increase in domestic debt since the year 2010, it increased steadily from ?898.25 billion naira to ?7904.00 in 2014. This increase according

Table 4: Federal Government's Domestic Debt Outstanding (N'Billion)

Year	CBN	Commercial Banks	Merchant Banks	Sinking Fund	Total Banking System	Non-Bank Public	Total
1981	4.52	1.77	0.07	0.00	6.37	4.83	11.19
1982	6.49	2.82	0.17	0.00	9.48	5.53	15.01
1983	10.40	5.14	0.39	0.00	15.93	6.29	22.22
1984	9.53	8.73	0.89	0.00	19.15	6.52	25.67
1985	9.91	10.25	1.13	0.00	21.29	6.65	27.95
1986	16.10	4.42	0.15	0.00	20.67	7.77	28.44
1987	17.65	7.57	0.29	0.00	25.51	11.28	36.79
1988	26.64	7.31	0.17	0.00	34.11	12.92	47.03
1989	15.65	3.61	0.08	0.00	19.35	27.70	47.05
1990	27.38	8.70	0.36	0.00	36.45	47.65	84.09
1991	62.29	6.81	0.67	0.00	69.78	46.42	116.20
1992	138.77	5.54	0.69	0.00	145.00	32.96	177.96
1993	202.43	29.54	9.34	0.00	241.31	32.52	273.84
1994	308.44	38.90	8.37	0.00	355.71	51.87	407.58
1995	414.29	20.54	1.76	0.00	436.58	41.15	477.73
1996	312.80	47.24	8.82	0.00	368.87	51.11	419.98
1997	403.30	39.40	5.70	0.00	448.40	53.35	501.75
1998	454.91	48.80	8.88	0.00	512.59	48.24	560.83
1999	530.42	188.17	13.33	0.00	731.91	62.89	794.81
2000	498.92	344.89	0.00	0.00	843.81	54.44	898.25
2001	569.51	386.45	0.00	0.00	955.96	61.02	1, 016.98
2002	519.77	460.23	0.00	0.00	980.00	186.00	1, 166.00
2003	613.79	500.43	0.00	0.00	1, 114.22	215.46	1, 329.68
2004	403.46	669.07	0.00	0.00	1, 072.53	297.79	1, 370.33
2005	408.42	726.23	0.00	0.00	1, 134.65	391.26	1, 525.91
2006	335.53	882.85	0.00	0.00	1, 218.39	534.87	1, 753.26
2007	293.58	1, 410.04	0.00	0.00	1, 703.63	466.00	2, 169.63
2008	289.37	1, 482.16	0.00	0.00	1, 771.53	548.78	2, 320.31
2009	323.18	1, 274.58	0.00	284.72	1, 882.48	1, 345.55	3, 228.03
2010	343.14	2, 605.01	0.00	144.37	3, 092.52	1, 459.30	4, 551.82
2011	348.00	3, 790.80	0.00	147.20	4, 286.00	1, 336.80	5, 622.80
2012	398.27	3, 580.42	0.00	160.32	4, 139.01	2, 398.52	6, 537.53
2013 <sup>1</sup>	544.07	3, 865.89	0.00	320.50	4, 730.45	2, 388.53	7, 118.98
2014 <sup>2</sup>	180.21	3, 982.72	0.00	176.77	4, 339.70	3, 564.32	7, 904.02

Source: Central Bank of Nigeria and Debt Management Office

to [4] could be attributed to result of the international monetary fund recommended policy for developing economics to develop their domestic markets for government securities.

According to [7] this shift of debt from external to domestic has advantages and disadvantages. The disadvantage as stated that a rising domestic debt in HIPC countries (wholly indebted poor countries) where countries are not rooted in macroeconomic stability in terms of credible fiscal and monetary policies and monetary policies and financial market liberalization would put the countries into potential problems like lower economic growth because of reduced investment, that is, crowding out of investments due to higher domestic interest rate. This would undermine debt sustainability because of higher interest and lower growth. It also stated that the unfavourable exploitation of domestic debt could be worsened by a reduction in international aid resources.

The advantages of the domestic debt according to them also would reduce government exposure to interest rates and currency risks, development of domestic market will strengthen the process of sustained economic growth as it would mobilize domestic savings and reduce capital flight.

Table 2, shows the composition of external debt, owed to various creditors. The largest debt owed was in 2004 to the value of 4890.27 billion naira, out of this ₦4'96.86 was owed to the Paris Club, but in 2001, it was ₦2320.27 billion naira, showing that within three years the debt doubled. This increase according to African forum and network on debt and development [20] was not new additional loans but rather that the increased overtime was because of proportional shortage of foreign exchange to their development needs. Also [4] noted that much of the increase in external debt about half came from non-guaranteed debts by the government, another quarter

Table IV: Federal Government's Domestic Debt Outstanding (N'Billion)

Year	Multilateral	Paris Club	Paris Club	London Club	Promissory Notes	Total
1981	018	1.98	0.00	0.00	0.18	2.33
1982	0.53	5.47	1.98	0.00	0.83	8.82
1983	0.57	6.00	2.76	0.55	0.70	10.58
1984	1.27	6.36	5.44	1.16	0.58	14.81
1985	1.29	7.73	6.16	1.27	0.84	17.30
1986	4.67	21.73	8.44	4.15	2.46	41.45
1987	8.78	63.21	6.77	2063	1.40	100.79
1988	9.99	75.45	14.99	25.74	7.79	133.96
1989	21.47	121.23	42.84	35.07	19.78	240.39
1990	34.61	154.55	53.43	40.95	15.08	298.61
1991	39.46	173.05	58.24	43.56	14.14	328.45
1992	89.27	324.73	41.89	64.14	24.23	544.26
1993	81.46	400.38	45.32	69.67	36.32	633.14
1994	97.06	404.21	45.37	70.07	32.11	648.81
1995	97.04	476.73	44.99	69.26	28.85	716.87
1996	102.63	420.00	44.95	47.08	2.66	617.32
1997	96.20	417.57	44.95	35.48	1.74	595.93
1998	93.21	458.26	44.95	35.15	1.45	633.02
1999	361.19	1, 885.66	187.63	136.52	6.36	2, 577.37
2000	379.04	2, 320.27	223.83	158.49	15.75	3, 097.38
2001	313.50	2, 475.51	228.95	144.75	13.58	3, 176.29
2002	375.70	3, 220.82	182.96	146.34	7.06	3, 932.88
2003	413.88	3, 737.28	196.16	123.99	7.02	4, 478.33
2004	384.25	4, 196.84	196.16	106.56	6.46	4, 890.27
2005	330.65	2, 028.58	189.77	85.53	60.54	2, 695.07
2006	332.22	0.00	0.00	64.83	54.41	451.46
2007	374.30	0.00	0.00	0.00	64.59	438.89
2008	464.56	0.00	0.00	0.00	58.70	523.25
2009	524.20	0.00	0.00	0.00	66.23	590.44
2010	635.45	0.00	0.00	0.00	54.39	689.84
2011	723.12	0.00	0.00	0.00	173.73	896.85
2012	727.32	0.00	0.00	0.00	299.58	1, 026.90
2013	977.05	0.00	0.00	0.00	396.53	1, 373.58
2014	1, 142.29	0.00	0.00	0.00	489.23	1, 631.52

Source: Central Bank of Nigeria and Debt Management Office

from rescheduling and last quarter's fray, cross-currency movements. Hence the growth of the Nigerian external debt recorded in year 2000 to 2004 was largely because of arrears and the country's inability to meet its external debt servicing. Though in 2005 there was a reduction from ₦4196.84 billion naira in 2004 to ₦2028.58 billion in 2006, Nigeria obtained debt cancellation and payment of 12 billion dollar and 28 billion dollar respectively.

The subsequent years from 2007 to 2014, the external debt for Paris Club and London Club stood at zero, [18]. Then for the other components of external debt, from the years 2006 to 2011, the external debt stood at the range 451 to 896.85 billion naira but for the London and Paris club, they reduced to zero. The external debt started rising again in 2012 from 026.90 billion to 1531.52 billion naira in 2014, though it could be seen that it had not reached any figure near what it was before debt cancellation and

payment. Although, some authors stated that in eight years, that Nigeria paid 12 billion US dollar to offset 18 billion US dollar, that the external debt stood at 8 million US dollar in 2013, with additional request for one billion US dollar loan from the world bank and the money budgeted annually for debt serving have been growing with about 600 million US dollar proposition for debt servicing in the country budget [4].

[8], on their work, noted that debt burden should include private debt, external debt (including both government and private debt owed to foreigners) and the actual debt implicit in underfunded or simply debt implicit in underfeed or simply unfunded, old age pension and medical care programs. Also noted that this forms of debt produces distortions that will slow down economic growth. In Nigerians, there had been agitations by groups on the government affecting pension liabilities, a case was

Table B.1.1: Summary of Federal Government Finances (N'Billion)

Item	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total Federally Collected Revenue	192.77	201.91	459.99	523.60	582.81	463.61	949.19	1,906.16	2,231.60	1,731.84	2,575.10
Oil Revenue	162.10	160.19	324.55	408.78	416.81	324.31	724.42	1,591.68	1,707.56	1,230.85	2,074.28
Non- Oil Revenue	30.67	41.72	135.44	114.81	166.00	139.30	224.77	314.48	903.46	500.99	500.82
Federation Account	106.80	110.46	162.00	179.00	208.00	257.33	576.80	1,262.47	1,427.43	1,606.12	2,011.59
Fed Govt. Retained Revenue	126.07	90.62	249.77	325.14	351.26	353.72	662.59	597.28	796.98	716.75	1,023.24
Total Expenditure	191.23	160.89	248.77	337.22	428.22	487.11	947.69	701.06	1,018.03	1,018.16	1,225.97
Recurrent Expenditure <sup>1</sup>	136.73	89.97	127.63	124.49	158.56	178.10	449.66	461.60	579.30	696.80	982.30
Capital Expenditure <sup>2</sup>	54.50	70.92	121.14	212.93	269.65	309.02	498.03	239.45	438.70	321.38	241.69
Current Surplus(+)/Deficit(-)	(53.23)	0.65	122.14	244.98	264.65	175.63	212.92	135.67	217.65	19.98	38.96
% of GDP	(4.89)	0.05	4.20	6.08	6.32	4.40	4.55	2.02	3.16	0.26	0.39
Overall Surplus(+)/Deficit(-)	(65.16)	(70.27)	1.00	32.05	(5.00)	(133.39)	(285.10)	(103.78)	(221.05)	(301.40)	(202.72)
% of GDP	(5.98)	(5.02)	0.03	0.79	(0.12)	(3.34)	(6.09)	(1.55)	(3.21)	(3.89)	(2.04)
Nominal GDP	1,089.68	1,399.70	2,907.36	4,032.30	4,189.25	3,989.45	4,679.21	6,713.57	6,895.20	7,795.76	9,913.52
Financing	65.16	7027	(1.00)	(32.05)	5.00	133.39	285.10	103.78	221.05	301.40	202.72
Foreign (net)	16.96	8.39	22.46	7.83	13.38	16.61	21.04	0.00	-	-	-
Domestic (net)	91.14	60.25	7.10	(32.05)	(8.38)	116.78	264.07	103.45	118.72	149.03	163.75
Banking System (net) of which	89.40	40.90	17.82	(153.14)	(62.88)	108.99	172.64	83.14	136.73	60.79	134.25
CBN	62.38	41.25	7.31	(52.29)	12.00	174.88	-	(16.21)	225.69	(200.17)	94.05
Deposit Money Banks	-	-	-	-	-	-	-	89.35	(88.95)	260.97	40.20
Non Bank Public	1.73	19.35	(10.72)	9.95	2.24	(5.10)	(18.56)	30.31	(18.01)	88.23	29.50
Privatization Proceed	-	-	-	-	-	-	-	-	-	-	-
Other Funds <sup>3</sup>	(0.36)	1.63	(30.56)	103.31	52.25	12.90	109.99	0.33	102.33	152.37	39.00

Source: Central Bank of Nigeria and Debt Management Office

Table B.1.6: Nigerian's External Debt Outstanding (N'Billion)

Year	Multilateral	Paris Club	London Club	Promissory Notes	Others	Total
2000	379.04	2,320.27	223.83	158.49	15.75	3,097.38
2001	313.50	2,475.51	228.95	144.75	13.58	3,176.29
2002	375.70	3,220.82	182.96	146.34	7.06	3,932.88
2003	413.88	3,737.28	196.16	123.99	7.02	4,478.33
2004	384.25	4,196.84	196.16	106.56	6.46	4,890.27
2005	330.65	2,028.58	189.77	85.53	60.54	2,695.07
2006	332.22	0.00	0.00	64.83	54.41	451.46
2007	374.30	0.00	0.00	0.00	64.59	438.89
2008	464.56	0.00	0.00	0.00	58.70	523.25
2009	524.20	0.00	0.00	0.00	66.23	590.44
2010	635.45	0.00	0.00	0.00	54.39	689.84
2011	723.12	0.00	0.00	0.00	173.73	896.85
2012	727.32	0.00	0.00	0.00	299.58	1,026.90
2013	977.05	0.00	0.00	0.00	396.53	1,373.58
2014	1,142.29	0.00	0.00	0.00	489.23	1,631.52

Source: Central Bank of Nigeria and Debt Management Office

Table 5: Debt Services Transfer Payments

Year	Foreign	Domestic	Total
2000	0.00	103.45	103.45
2001	-	118.72	118.72
2002	-	149.03	149.03
2003	-	163.75	163.75
2004	0.00	45.50	45.50
2005	0.00	143.50	143.50
2006	0.00	45.00	45.00
2007	0.00	212.30	212.30
2008	0.00	150.68	150.68
2009	29.81	577.59	1185.53
2010	75.03	1110.50	928.63
2011	73.32	855.30	975.75
2012	0.00	975.75	1153.49
2013	0.00	1153.49	750.74
2014	0.00	750.74	

Source: Central Bank of Nigeria and Debt Management Office

Table 2: Debt Services Transfer Payments

Year	Domestic Debt Outstanding	External Debt Outstanding	Total External and Domestic Debt
2000	898.25	3, 097.38	3, 995.63
2001	1, 016.97	3, 176.29	4, 193.26
2002	1, 166.00	3, 932.88	5, 098.88
2003	1, 329.68	4, 478.33	5, 808.01
2004	1, 370.33	4, 890.27	5, 260.60
2005	1, 525.91	2, 695.07	4, 220.90
2006	1, 753.26	451.46	2, 204.72
2007	2,169.64	438.89	2, 608.53
2008	2, 320.31	523.25	2, 843.56
2009	3, 228.03	590.44	3, 818.47
2010	4, 551.82	689.84	5, 241.66
2011	5, 622.84	896.85	6, 519.69
2012	6, 537.54	1, 026.90	7, 564.44
2013	7, 318.98	1, 373.58	8, 692.56
2014	7, 904.02	1, 631.52	9, 535.54

Source: Central Bank of Nigeria and Debt Management Office

Table .....: Public Revenue and its Contribution to the Total Debt Outstanding

Year	Public/Total Revenue	Total Debt Outstanding	Total Debt Revenues %
2000	1906.16	3995.63	
2001	2231.60	4193.26	
2002	1731.84	5098.88	
2003	2575.10	5808.01	
2004	3920.50	5260.60	
2005	5547.50	4220.90	
2006	5965.10	2204.72	
2007	5727.50	2608.55	
2008	7866.59	2843.56	
2009	4844.59	3818.47	
2010	7303.67	5241.66	
2011	11, 116.85	6519.69	
2012	10, 654.75	7564.44	
2013	9, 759.79	8692.56	
2014	10, 068.85	9535.54	

Source: Central Bank of Nigeria and Debt Management Office

published by the Sun newspaper of April 19, 2017 of Nigerian Union of Pensioners demanding/asking that 2017 and appropriation bill to include provision of fund to offset federal government pension liabilities.

**Table 4 – Debt Services Transfers Payments:** Table 4 shows the debt service payment from 2000 to 2014, the debt service payments affect the resources of the country especially if the revenue generated is not enough for the country's total expenditure. According to [21] stated that debt service ratio relates to total external debt service payments to the exports of goods and services and it is the most commonly used indicator of debt burden and debt services capacity. This ratio is used to measure the extent to which total exports of goods and services can contribute to the liquidation of external debt outstanding. In the period under consideration your 2000 to 2014 with the zero values for foreign debt services for the most of the years except the years 2009 to 2011, this means that debt services were drastically reduced. The reduction is mainly because of the debt cancellation and payment of 2006 of

the London Club and Paris club obtained by Nigerian government.

The Table 5 shows the domestic debt services for the period under consideration. There had been a continuous increase in the domestic debt services payment; this is in line with the increase/shift to domestic loan outstanding. The greatest value of the domestic service payment is in 2013, while the least is in 2006. This least value in 2006 is understood because it is the year the full Paris and London Clubs loan were liquidated. Therefore, from the year 2007, the payment dwindling, with the highest payment in 2013 to the tune of 1153.49. This confirms the shift to domestic loan for the country as stated by Arnone and Presibitero 2007 that many countries are now shifting to domestic loans. The good implication is that the total debt service value is reduced for the period under consideration. The study done by [15], stated that external debt and not domestic debt crowd out domestic investment in Nigeria and the paper concluded by stating that government should have resource to domestic-based borrowing in order to help mobilize domestic saving and stimulate domestic investment in Nigeria.

Table B.1.1: Summary of Federal Government Finances (N' Billion)

Item	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Total Federally Collected Revenue</b>	192.77	201.91	459.99	523.60	582.81	463.61	949.19	1,906.16	2,231.60	1,731.84	2,575.10
Oil Revenue	162.10	160.19	324.55	408.78	416.81	324.31	724.42	1,591.68	1,707.56	1,230.85	2,074.28
Non- Oil Revenue	30.67	41.72	135.44	114.81	166.00	139.30	224.77	314.48	903.46	500.99	500.82
<b>Federation Account</b>	106.80	110.46	162.00	179.00	208.00	257.33	576.80	1,262.47	1,427.43	1,606.12	2,011.59
<b>Fed Govt Retained Revenue</b>	126.07	90.62	249.77	325.14	351.26	353.72	662.59	597.28	796.98	716.75	1,023.24
<b>Total Expenditure</b>	191.23	160.89	248.77	337.22	428.22	487.11	947.69	701.06	1,018.03	1,018.16	1,225.97
Recurrent Expenditure <sup>1</sup>	136.73	89.97	127.63	124.49	158.56	178.10	449.66	461.60	579.30	696.80	984.30
Capital Expenditure <sup>2</sup>	54.50	70.92	121.14	212.93	269.65	309.02	498.03	239.45	438.70	321.38	241.69
<b>Current Surplus(+)/Deficit(-)</b>	(53.23)	0.65	122.14	244.98	264.65	175.63	212.92	135.67	217.65	19.98	38.96
% of GDP	(4.89)	0.05	4.20	6.08	6.32	4.40	4.55	2.02	3.16	0.26	0.39
<b>Overall Surplus(+)/Deficit(-)</b>	(65.16)	(70.27)	1.00	32.05	(5.00)	(133.39)	(285.10)	(103.78)	(221.05)	(301.40)	(202.72)
% of GDP	(5.98)	(5.02)	0.03	0.79	(0.12)	(3.34)	(6.09)	(1.55)	(3.21)	(3.87)	(2.04)
<b>Nominal GDP</b>	1,089.68	1,399.70	2,907.36	4,032.30	4,189.25	3,989.45	4,679.21	6,713.57	6,895.20	7,795.76	9,913.52
<b>Financing:</b>	65.16	70.27	(1.00)	(32.05)	5.00	133.39	285.10	103.78	221.05	301.40	202.72
Foreign (net)	16.96	8.39	22.46	7.83	13.38	16.61	21.04	0.00	-	-	-
Domestic (net)	91.14	60.25	7.10	(32.05)	(8.38)	116.78	264.07	103.45	118.72	149.03	163.75
Banking System (net) of which:	89.40	40.90	17.82	(153.14)	(62.88)	108.99	172.64	73.14	136.73	60.79	134.25
CBN	62.38	41.25	7.31	(52.29)	12.80	174.88	-	(16.21)	225.69	(200.17)	94.05
Deposit Money Banks	-	-	-	-	-	-	-	89.35	(88.95)	260.97	40.20
Non Bank Public	1.73	19.35	(10.72)	9.95	2.24	(5.10)	(18.56)	30.31	(18.01)	88.23	29.50
Privatization Proceed	-	-	-	-	-	-	-	-	-	-	-
Other Funds <sup>3</sup>	(0.36)	1.63	(30.56)	103.31	52.25	12.90	109.99	0.33	102.33	152.37	39.00

Sources: Federal Ministry of Finance &amp; Central Bank of Nigeria

Notes: <sup>1</sup>Includes interest payments on debt service, other transfers and extra-budgetary items<sup>2</sup>Includes capital repayments on debt service, other transfers and net lending<sup>3</sup>Includes Public, Special and Trust Funds, Treasury Clearance Funds, excess reserves, etc

Minus (-) denotes increase; Plus (+) denotes decrease

<sup>4</sup>Revised<sup>5</sup>Provisional

Table B.1.1: Summary of Federal Government Finances (N' Billion)

Item	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 <sup>a</sup>	2014 <sup>b</sup>
<b>Total Federally Collected Revenue</b>	3,920.50	5,547.50	5,965.10	5,727.50	7,866.59	4,844.59	7,303.67	11,116.85	10,654.75	9,759.79	10,068.85
Oil Revenue	3,354.80	4,762.40	5,287.57	4,462.91	6,530.60	3,191.94	5,396.09	8,878.97	8,025.97	6,809.23	6,793.72
Non- Oil Revenue	565.70	785.10	677.54	1,264.60	1,336.00	1,652.65	1,907.58	2,237.88	2,628.78	2,950.56	3,275.12
<b>Federation Account</b>	2,657.20	3,033.90	3,219.10	3,878.50	4,552.84	3,600.07	4,784.47	6,158.40	6,565.24	7,488.30	7,540.34
<b>Fed Govt Retained Revenue</b>	1,253.60	1,660.70	1,836.61	2,333.66	3,193.44	2,642.98	3,089.18	3,553.54	3,629.61	4,031.83	3,599.63
<b>Total Expenditure</b>	1,426.20	1,822.10	1,938.00	2,450.90	3,240.82	3,452.99	4,194.58	4,712.06	4,605.39	5,185.32	4,578.06
Recurrent Expenditure <sup>1</sup>	1,032.70	1,223.70	1,290.20	1,589.27	2,117.36	2,127.97	3,109.38	3,314.51	3,325.16	3,689.06	3,417.58
Capital Expenditure <sup>2</sup>	351.30	519.50	552.39	759.32	960.89	1,152.80	883.87	918.55	874.83	1,108.39	783.12
Transfers	42.20	78.90	95.41	102.30	162.57	172.22	201.32	479.00	405.40	387.87	377.37
<b>Current Surplus(+)/Deficit(-)</b>	220.80	437.00	546.40	744.39	1,076.08	515.01	-20.20	239.03	304.35	342.77	182.05
% of GDP	1.93	2.99	2.94	3.60	4.43	2.08	-0.04	0.38	0.43	0.00	0.20
<b>Overall Surplus(+)/Deficit(-)</b>	-172.68	-161.41	-101.40	-117.24	-47.38	-810.81	-1,105.40	-1,158.52	-975.68	-1,153.49	-978.43
% of GDP	-1.51	-1.10	-0.55	-0.57	-0.20	-3.27	-2.04	-1.83	-1.37	0.00	-1.10
<b>Nominal GDP</b>	11,411.07	14,618.88	18,564.59	20,657.32	24,296.33	24,794.24	54,204.80	63,258.58	71,186.53	80,222.13	89,043.62
<b>Financing:</b>	172.68	161.41	101.40	104.86	47.38	809.99	1,105.38	1,158.52	975.75	1,153.49	978.43
Foreign (net)	0.00	0.00	0.00	0.00	0.00	29.81	75.03	73.33	0.00	0.00	0.00
Domestic (net)	46.50	143.50	45.00	212.30	150.68	577.59	1,110.50	855.30	975.75	1,153.49	750.74
Banking System (net) of which:	0.00	0.00	0.00	159.80	67.90	175.61	749.70	496.43	471.34	510.44	0.00
CBN	0.00	0.00	0.00	0.00	-4.21	0.00	118.45	6.20	45.35	58.71	0.00
Deposit Money Banks	0.00	0.00	0.00	159.80	72.12	175.61	631.25	490.23	425.98	451.73	0.00
Non Bank Public	46.50	143.50	45.00	40.21	82.78	394.98	354.45	355.84	273.11	257.73	750.74
Privatization Proceed	0.00	0.00	0.00	0.00	0.00	7.00	6.35	3.03	7.50	0.00	0.00
Other Funds <sup>3</sup>	126.10	17.91	56.40	-95.15	-103.30	202.59	-80.15	229.89	223.80	385.31	227.69

Sources: Federal Ministry of Finance &amp; Central Bank of Nigeria

Notes: <sup>1</sup>Includes interest payments on debt service, other transfers and extra-budgetary items<sup>2</sup>Includes capital repayments on debt service, other transfers and net lending<sup>3</sup>Includes Public, Special and Trust Funds, Treasury Clearance Funds, excess reserves, FG's contribution to the External Creditors' Fund etc

Minus (-) denotes increase; Plus (+) denotes decrease

<sup>4</sup>Revised<sup>5</sup>Provisional

Table B.1.4: Federal Government's Domestic Debt Outstanding (N' Billion)

Year	Treasury Bills	FGN Bonds <sup>1</sup>	Treasury Certificates	Promissory Note	Treasury Bonds	Development Stocks	Total
2000	465.54	-	-	-	430.61	2.11	898.25
2001	584.54	-	-	-	430.61	1.83	1,016.97
2002	733.76	-	-	-	430.61	1.63	1,166.00
2003	825.05	72.56	-	-	430.60	1.47	1,329.68
2004	871.58	72.56	-	-	424.94	1.25	1,370.33
2005	854.83	250.83	-	-	419.27	0.98	1,525.91
2006	695.00	643.94	-	-	413.60	0.72	1,753.26
2007	574.93	1,186.16	-	-	407.93	0.62	2,169.64
2008	471.93	1,445.60	-	-	402.26	0.52	2,320.31
2009	797.48	1,974.93	-	63.03	392.07	0.52	3,228.03
2010	1,277.10	2,901.60	-	-	372.90	0.22	4,551.82
2011	1,727.91	3,541.20	-	-	353.73	-	5,622.84
2012	2,122.93	4,080.05	-	-	334.56	-	6,537.54
2013	2,581.55	4,222.04	-	-	315.39	-	7,118.98
2014	2,815.52	4,792.28	-	-	296.22	-	7,904.02

Source: Central Bank of Nigeria and Debt Management Office

Notes: <sup>1</sup>Issuance of FGN Bonds commenced in 2003.

### CONCLUSION

The paper had investigated the extent of debt and total debt outstanding, including external, domestic debt, outstanding and debt service payment. The analysis shows that there is a shift from external debt to domestic debt, with the resultant decrease in the external debt but increase in domestic debt and also a reduction in total debt service payments. The paper discussed the advantages of this shift to domestic borrowing and proposes that government should provide the environment for the benefits that accrue with the shift to domestic borrowing. With this, the benefits of borrowing internally will be reaped.

Nigeria is among the highest oil producing countries classified as a rich country get foreign exchanges from oil sales, also Nigeria had earlier export boom in agriculture in early 1960s. If the agriculture is revitalized, obtaining its foreign exchange, with the oil resource, will go a long way in solving the problem of having inadequate revenue for the country. In addition, Nigeria should obtain grants and aids from rich creditors governments which are the principal international financial institutions such as the IMF, the World Bank and Paris Club. The grants and aids will come if Nigeria will reduce the corruption level in the country while the funds are not diverted from the real productive sectors, mismanagement and mismatch of the funds and or diversion of the funds to private hands.

From the analysis, as official creditors wrote of increasingly large portions of debt owed, but creditors failed to put sufficient political will or serious analysis into debt reduction program. So that external debts would not be used as way of intensifying financial exploitation of Africa and other developing nations and in fact, the exploiting of these nations' resources has revealed recording to source estimates, the unbearable.

Therefore, the way forward is to reduce corruption to its barest minimum, use foreign exchange earnings in all judiciously and revitalize agriculture for export, boom and promote industrialized in order to reduce Nigeria will be able to reclassified as rich and its aims of revitalization, achieved import dependency.

The way forward for Nigeria to bounce back to its former glory, when the exchange rate to naira and pound sterling were N1.00 and \$2 dollars for US. The following are recommended, for Nigeria to go back to agriculture which country is endowed, increase the export of goods and services and reduction of import of non-essential goods, the local manufacturers will then have a ready-made market. The convention of agricultural products will eliminate lots of losses observed during seasons of products like mangoes, tomatoes, oranges etc.

Furthermore, external borrowing should be channeled to real sectors of the economy as against social consumption; production of goods and services and production of simple capital goods to avoid/reduce heavy bills of import of machineries and plants. Above all to manage fund properly to avoid wastages and mismatch, for instance, where funds realizes for infrastructures, road and rural electric would be diverted to private spending.

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