

EFFECTS OF PUBLIC DEBT MANAGEMENT ON ECONOMIC DEVELOPMENT IN NIGERIA

EBUBECHUKWU JACINTA OGOCHUKWU PhD

Department of Accountancy
Nnamdi Azikiwe University
Awka, Anambra State.
Ogo4ebube2010@Gmail.Com

IFEANYI MADUMERE PhD

Department of Accounting
Faculty of Management Sciences
Federal University Otuoke
Yenagoa Bayelsa State
Nigeria
ceify2@yahoo.com

ABSTRACT

The main objective of this study is to ascertain the effect of public debt on economic development of Nigeria. Two research questions and two hypotheses were formulated to guide the study. The researcher employed survey research design. Secondary data was obtained from National Bureau of statistics and Debt Management Office. Financial Analysts and Budget Officers were selected. Copies of questionnaire were administered to 162 subjects. Percentages and mean score were used to analyze and answer research questions while ANOVA and Regression analysis were used to test the hypotheses. The study revealed that there is significant relationship between poor evaluation and servicing of public and economic development in Nigeria. The study also found that there is significant relationship between improper analysis of risk inherent in the structure of public debt and economic development in Nigeria. Based on these findings, the researcher recommends that there should be proper evaluation and serving of public debt and that a proper analysis of risk inherent in the structure of public debt should be adopted.

Keywords: Debt Management, External Debt. Public Debt, Treasury bill.

INTRODUCTION

Governments borrow to fill the vacuum created by the fiscal gaps in the proposed expenditure and expected revenue within a fiscal period. External debt is a major source of public receipts and financing capital accumulation in any economy (Adepoju, Salau, and Obayelu, (2007). It is a medium used by countries to bridge their deficits and carry out economic projects that are able to increase the standard of living of the citizenry and promote sustainable growth and development. The need to finance rising government expenditures has been identified to be responsible for the rapid increase in the stock of Nigeria's public debt.

The genesis of Nigeria's external debt can be traced to 1958 when 28 million US dollars was contracted from the World Bank for railway construction. Between 1958 and 1977, the

need for external debt was on the low side. However, due to the fall in oil prices in 1978 which exerted a negative influence on government finances, it became necessary to borrow to correct balance of payment difficulties and finance projects. Major borrowing of 1 billion US dollars referred to as “Jumbo loan” was contracted from the international capital market (ICM) in 1978 increasing the total to 2.2 billion U.S dollars (Adesola, 2009).

The global financial crisis of 2008 to 2009 was the worst the world has seen since the great depression of the 1930s in both intensity and global reach. Even the emerging market countries, like Nigeria, were not immune against the global scourge that spreads like wild-fire (Abubakar, 2009). The global financial crisis has resulted in large deficits and public debt burdens across many countries. The financial crisis took place at the time when Nigeria is slowly recovering from the negative effects of the fuel and food crisis (Aluko and Arowolo 2010).

However, Hameed, Ashraf and Chaudary (2008) stated that external borrowing ought to accelerate economic growth especially when domestic financing is inadequate. The external loan that was not properly managed now becomes a burden on the government. It is widely recognized in the international community that excessive foreign indebtedness in most developing countries is a major impediment to their economic growth and stability (Audu, 2004).

Despite some debt management strategic measures taken by government to manage public debt, few risks persist that tend to make the outlook and prospects of the Nigerian debt profile somewhat worrisome. Crushing debt burden has become a painful albatross on the engine of development in Nigeria. The inability of the Nigerian economy to meet its debt service payments obligations has resulted in debt overhang or debt service burden that has militated against her growth and development (Audu, 2004).

Therefore, the key challenge facing Nigeria government is to manage her public debt in a way that will foster public confidence on debt management strategies. This study is to design a model for public debt management for government that will foster public confidence on debt management strategies.

The Need for this Study

According to Debt Management Office (DMO, 2006), Nigeria spent over \$32 billion for debt services between 1985 and 2001. This implies that, huge amount of money was devoted in servicing Nigeria debt which thereby led to low investment capital and economic development in the country.

However, West Africa Economic Outlook (2015), states that Nigeria, like other oil-exporting countries, is facing a sharp decline in oil revenues because of the fall in global oil prices that saw the price of “Bonny Light” drop from USD 118 per barrel (pb) in June 2014 to about USD 50 pb in January 2015. Moreover, oil production fell below the target of 2.38 million barrels per day (mbpd) resulting in lower external reserves.

It is observed that unchecked rise in public debt could have negative effects on the economy which imperatively led to the creation of Debt Management Office by government to manage Nigeria public debt. Public debt management which may be described as policy which seeks to alter the stock, composition, structure and terms of debt with a view to maintaining at any given time, a sustainable level of debt service payment, has become an important issue in macroeconomic management (Ojo 1997).

The fundamental objective of debt management is to raise stable, low-cost funding to meet the financial needs of the Government of Nigeria. In pursuing these objectives, the government adheres to key principles for debt management that include debt re-scheduling, debt forgiveness, deficit financing among others.

Despite these measures taken by government to manage public debt, few risks persist that tend to make the outlook and prospects of the Nigerian debt profile somewhat worrisome. The financial analyst, corporate organizations and general public are querying the effectiveness of debt strategies implored by government to reduce Nigeria debt burden. Therefore, this study intends to design a model for public debt management for government that will foster public confidence on debt management strategies.

Objective of the Study

The main objective of the study is to design a model for public debt management for government that will foster public confidence on debt management strategies. While the specific objectives are:

1. To ascertain the extent to which public debt affect economic development in Nigeria.
2. To determine whether debt management strategies implored by Federal government reduce debt burden on Nigeria.

Research Questions

For the purpose of this study, we will sought for the answers of the following questions.

1. To what extent does public debt affect economic development in Nigeria?
2. To what extent does debt management strategies implemented by federal government influence debt burden on Nigeria?

Research Hypotheses

Ho₁: There is no significant relationship between public debt and economic development in Nigeria.

Ho₂: There is no significant relationship between debt management strategies implemented by Federal government and Nigeria debt burden.

REVIEW OF RELEVANT LITERATURE

Conceptual Framework

Public Debt

Debt is created by act of borrowing. It is defined according to Oyejide *et al* (2004) as the resource or money use in an organization that is not contributed by its owner and does not in any other way belong to them.

It is a liability represented by a financial instrument or other formal equivalent. Generally, the need for public borrowing arises from the recognized role of capital in the developmental process of any nation as capital accumulation improves productivity which in turn enhances economic growth.

Foreign debt is one of the sources of financing capital formation in any economy. It is generally expected that Nigeria and other developing countries, facing scarcity of capital, will acquire external debt to supplement domestics saving (Pattillo, Poirson and Ricci, 2002). The rate at which nations borrow abroad depends on the links among foreign and domestic saving, investment, and economic growth. Arnone *et al* (2005) opined that external debt is that portion

of a country's debt that is acquired from foreign sources such as foreign corporations, government or financial institutions.

Also contributing on its importance, (Ogbeifin, 2007) asserts that; external debt arises as a result of the gap between domestic savings and investment. External debt therefore refers to the resources of money in use in a country that is not generated internally and does not in any way come from local citizens whether corporate or individual. The World Bank (1998) cited in Oke (2012) described external debt as the amount of money at any given time disbursed and outstanding contractual liabilities of residents to pay interest, with or without principal.

However, Oshadami (2006) opined that, Domestic Government debt are debt instruments issued by the Federal Government and denominated in local currency. In principles, state and local government can also issue debt instrument, but limited in their ability to issue such. Debt instrument consist of Nigerian Treasury certificates, Federal government development stocks and treasury bonds. Out of these, treasury bills, treasury certificates and development stocks are marketable ad negotiable while treasury bonds; ways and means advances are not marketable but held solely by the Central Bank of Nigeria.

According to Were (2011), huge external debt does not necessarily imply a slow economic growth; it is a nation's inability to meet its debt service payments fueled by inadequate knowledge on the nature, structure and magnitude of the debt in question. Debt burden occurs when a country has accumulated a huge amount of debt such that it can no longer effectively manage the debt which leads to several mishaps in the domestic political economy (Adesola 2009).

Thinking in the same line, Soludo (2003) asserted that countries borrow for two broad reasons; (a) macroeconomic reason that is to finance higher level of consumption and (b) investment or to finance transitory balance of payment deficit and avoid budget constraint so as to boost economic growth and reduce poverty. The constant need for governments to borrow in order to finance budget deficit has led to the creation of external debt (Osinubi and Olaleru, 2006). Ajayi (1989) traces the origin of Nigeria's debt problems to the collapse of the international oil price in 1981 and the persistent suffering of the international oil market and partly due to domestic lapses. As a result of the debt problem, credit facilities gradually dried up, which led to a number of project getting stalled.

Debt Management Strategies

A debt management strategy is a key element of sound practice. Wheeler (2006) notes, that strategy enables debt managers to make portfolio decisions within well-defined parameters for cost and risk. Thus, it helps balancing the need for the debt manager to have operational freedom in implementing the government's debt objectives, but makes the manager accountable for attaining those objectives.

Concept of Debt Relief

Evaluating World Bank and the International Monetary Fund reactions to debt relief of 1996, (Johnson 1998) opined that "in response to a call from the leaders of the major industrial nations for a comprehensive approach to the debt problems of the poorest countries, proposed the Heavily Indebted Poor Countries (HIPC) Debt Initiative. The initiative reflects concerns of creditors, including developed and developing nations that, even after receiving debt relief

through existing mechanisms, some poor countries will have debt burdens that remain too large relative to their ability to pay.

Furthermore, Sulaiman, and Azeez (2012) as coined from “Wikipedia world encyclopedia”, Debt relief is the partial or total forgiveness of debt, or the slowing or stopping of debt growth, owed by individuals, corporations, or nations. Aluko (2009) defined debt relief as an agreement by a creditor or a country to accept reduced or postponed interest and redemption payments from the debtor.

Debt Rescheduling:

According to Wheeler (2006), debt rescheduling involves the rearrangement of terms of debt like the adjustment of interest rate grade period, principal repayment and maturity, importantly; the strategy does not cause any reduction in the stock debts rather it facilitates management of debt by providing relief.

Debt Repudiation:

This involves disowning the debt completely. Nigeria’s debt relief deal with the Paris Club is widely recognised in external debt literature. Citing Okojo-Iweala’s press interview in February 2005, Ijeoma (2013), said that Nigeria’s external debt stood at \$34 billion, about \$28 billion or 85% of the debt is owed to Paris Club of 15 creditor nations, 8% of the debt is owed to multilateral institutions such as the African Development Bank and the World Bank whilst the balance 7% is owed to the London Club of commercial creditors and holders of Promissory Notes.

Theoretical Framework

For the purpose of this paper, we adopted the use of “debt overhang theory”. The debt overhang theory is based on the premise that if debt will exceed the country’s repayment ability with some probability in the future, expected debt service is likely to be an increasing function of the country’s output level. Thus some of the returns from investments in the domestic economy are effectively “taxed” away by existing foreign creditors, and investment by domestic and new foreign investors is discouraged (Claessens, 1996). Under such circumstances, the debtor country shares only partially in any increase in output and exports because a fraction of that increase will be used to service the external debt.

The theory implies that debt reduction will lead to increased investment and repayment capacity and, as a result, the portion of the debt outstanding becomes more likely to be repaid. When this effect is strong, the debtor is said to be on the „wrong side“ of the debt Laffer curve. In this case, the debt Laffer curve refers to the relationship between the amount of debt repayment and the size of debt.

However, debt has to be repaid. Funds borrowed are simply postponed taxation. Hence, the use to which the funds are put and the returns relative to the cost of borrowing becomes crucial. If the government invests in infrastructure, such investments are capable of leading to faster growth and socio-economic development (Were, 2001; Soludo, 2003; Ogunmuyiwa, 2011).

Empirical Framework

Empirical studies on external debt-economic growth relationship are numerous in the literature in both developed and developing countries. Savvides (1992) while trying to measure

the impact of debt overhang on the country's economic performance used a Two Stage Limited Dependent Variable model (2SLDV) procedure by cross section time series data from 43 Less Developing Countries (LDCs) encountering debt problem and concludes that debt overhang and decreasing foreign capital flows have significant negative effect on investment rates.

Similarly, to investigate the impact of external indebtedness on economic growth for Sudan, Mohamed (2005) used a time series data from 1978–2002. He used growth rate of real export earnings to capture the impact of export promotion strategy, while was used inflation to capture the impact of macroeconomic policy. He concluded that external debt and inflation deter economic growth, while, real exports have positive and significant impact on economic growth.

Mariano and Delano (2006) used standard neo-classical growth model to explore the dynamics of capital accumulation, external debt and economic growth for Philippines over a period of 2000–2003. They used goal seek technique to estimate the steady state ratio of external debt to GDP, associated with doubling the per capita income. Additionally, he also tried to estimate the optimal savings rate that is consistent with maximum real consumption per unit of effective labor in the long run. He concluded that higher ratio of change in interest rate spread to change in debt-to-GDP lowers welfare in long run.

Adepoju, *et al.* (2007) analyzed the time series data for Nigeria over a period from 1962 to 2006. Exploring time to time behavior of donor agencies as an outcome of various bilateral and multilateral arrangements, they concluded that accumulation of external debt hampered economic growth in Nigeria.

Hameed, Ashraf and Chaudary (2008) explored the dynamic effect of external debt servicing, capital stock and labor force on the economic growth for Pakistan for a period of 1970 –2003. They found an adverse effect of external debt servicing on labor and capital productivity which ultimately hampers economic growth.

Clements, Bhattacharya and Nguyen (2003) examined the channels through which external debt affects growth in low income countries. Their results suggest that the substantial reduction in the stock of external debt projected for highly indebted poor countries (HIPC) would directly increase per capita income growth by about 1% point per annum. Reductions in external debt service could also provide an indirect boost to growth through their effects on public investment.

Malik, Hayat and Hayat (2010) explored the relationship between external debt and economic growth in Pakistan for the period of 1972-2005, using time series econometric technique. Their result shows that external debt is negatively and significantly related to economic growth. The evidence suggests that increase in external debt will lead to decline in economic growth. Empirical studies related to Nigeria on Debt-economic growth nexus also found significance among several scholars.

Ayadi and Ayadi (2008) examined the impact of the huge external debt, with its servicing requirements on economic growth of the Nigerian and South African economies. The Neoclassical growth model which incorporates external debt, debt indicators, and some macroeconomic variables was employed and analysed using both Ordinary Least Square (OLS) and Generalized Least Square (GLS) methods. Their finding revealed negative impact of debt and its servicing requirement on the economic growth of Nigeria and South Africa.

Ogunmuyiwa (2011) examined whether external debt promotes economic growth in Nigeria using time-series data from 1970-2007. The regression equation was estimated using econometric techniques such as Augmented Dickey-Fuller test, Granger causality test, Johansen co-integration test and Vector Error Correction Method (VECM). The results revealed that causality does not exist between external debt and economic growth in Nigeria.

Sulaiman and Azeez (2012) examine the effect of external debt on economic growth of Nigeria. Ordinary Least Squares (OLS), Augmented Dickey-Fuller (ADF) Unit Root test, Johansen Co-integration test and Error Correction Method (ECM) were employed in the empirical analysis. The findings from the error correction method show that external debt has contributed positively to the Nigerian economy. The study recommends that government should ensure economic and political stability and external debt should be acquired largely for economic reasons rather than social or political reasons.

As earlier mentioned, most of the empirical studies suffer from methodological limitations in the sense that there is a tendency to ignore the non-stationary of time series data. This is despite the fact that working with non-stationary variables lead to spurious regression results. The paper adopts a Vector Auto-Regression (VAR), a disaggregated formulation in assessing the external debt-economic growth nexus in Nigeria in the face of important debt policy regimes such as debt relief in the early 2000s. The literature reviewed discussed extensively on the relationship between debt management strategy and economic development and growth.

Nonetheless. We concluded that despite the plethora of works reviewed for this study, none was seen to focus on the topic and the period of the present study. Consequent upon the observed gap, we developed interest and perceived urgent need to continue with the study.

However, some of the recommendations deduced from the review of related literature can be used to model for public debit management strategies that may enjoy public confidence in Nigeria.

Figure 1: Debt Management Strategies Model (2012)

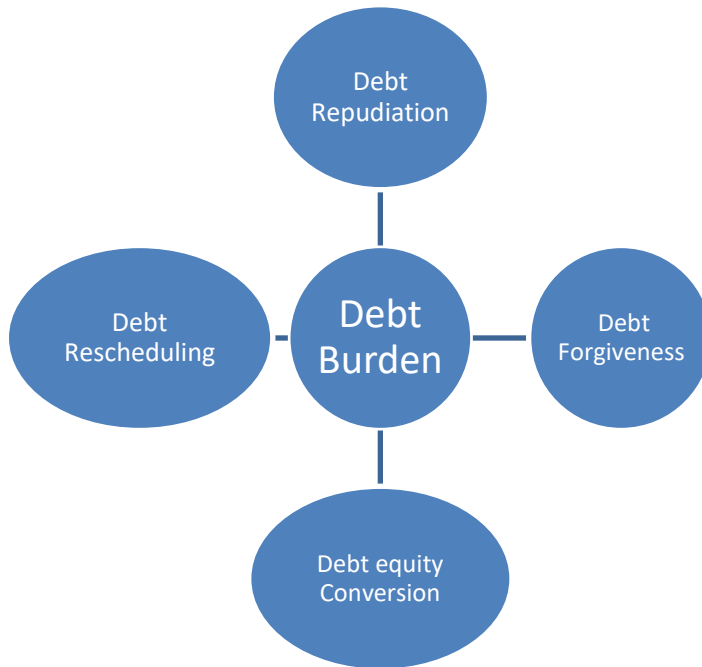


Figure 1 shows that debt burden might be reduced if government decides to negotiate for debt forgiveness, debt rescheduling and debt equity conversion. Moreover, debt repudiation may serve as a good strategy in managing public debt. These can be a catalyst to Nigeria economic development.

METHODOLOGY

This study trends in the management of Nigeria's external debt, adopted a descriptive research design.

The data for the study consist of secondary and primary data. The secondary data are generated from Central Bank of Nigeria (CBN) bulletin, Debt Management office and other relevant materials. While questionnaire was used as a source of primary data. In collecting data through questionnaire, the population was stratified into two basic strata that were considered very relevant in the study. The first stratum is the Financial Analyst. This stratum includes Economists and Accountants. The second stratum is the Budget Officers in Ministry of Finance.

Another population that could have been included are officers in Debt Management Office but they were excluded to avoid conformity bias. To determine the population size that is large, Cochran (1963) developed this equation to yield a representative sample for proportions.

$$N_0 = \frac{Z^2 Pq}{E^2}$$

Where:

N_0 = Sample size

$Z^2 = 1-\alpha$ equals the desired level of confidence level, e.g 90%, 95%

E = desired level of precision

P = estimated proportion of an attribute that is present in the population

$Q = 1-p$

The value for Z is found in statistical tables which contain the area under the normal curve.

$$\begin{aligned}
N_0 &= \frac{Z^2 Pq}{E^2} \\
&= \frac{(1.645)^2 (.5) (.5)}{(.05)^2} \\
&= 271
\end{aligned}$$

The non-probability sampling was applied in the selection of the population used for this study. Hence, the random sampling was done using Taro-Yamane arithmetical formulae to arrive at the sample size “n” with 5% level of significance (Adefila, 2008 cited in Okoye and Gbegi, 2013). See appendix 1.

As calculated, the sample size is one hundred and sixty two (162) which implies that 162 questionnaire was distributed to all the categories of respondents as mentioned earlier. Considering the business nature of the selected sample, we distributed the questionnaire (54) equally.

Furthermore, we employed time series data. The data were obtained from the National Bureau of Statistics and Debt Management Office from 2013-2017. The structured questionnaire was administered by hand to the respondents. The questionnaire was divided in two sections {section A and B}. Section A of the questionnaire addresses the background information of the respondents. Section B addresses the Null hypotheses 1 and 2 respectively. Each section was intended to extract information from the respondents.

A five point Likert scale was employed to extract the data. The respondents were made to indicate in the questionnaire the extent they agree or disagree to the stated problems. Weighting scales are: - Strongly Agreed -4, Agreed - 3, Disagreed - 2 and Strongly Disagreed - 1
 Procedure for Data Analysis To achieve the objectives of the study, the statistical model chosen for the analysis of data is linear regression analysis and analysis of variance [ANOVA], (Bruce, Bowerman & Connell 2003), with the aid of SPSS 20.0 software. Two sets of hypotheses were advanced for confirmation in this study.

The first null hypothesis is; there is no significant relationship between public debt and economic development.

Figures for analysis, Gross Domestic Product (GDP) were regressed against Public debt stock. The model to be used to confirm this proposition is presented below:

$$DbtMgt_i = B_0 + B_1ED_1 + e_i \quad \text{----- Eq 1}$$

$$B_i > 0; R^2 t > 0.$$

The B_i is a measure of the impact of public debt management on economic development..

The second null hypothesis is;

There is no significant relationship between debt management strategies implemented by Federal government and Nigeria debt burden.

$$DbtMgt_n = B_0 + B_1B_{bi} + B_2Df_j + B_3Dr_k + B_4Dren + e_j \quad \text{----- Eq 2}$$

$$B_i > 0; R^2 t > 0.$$

The debt management strategies were measured by battery of test items addressing debt management strategies employed by government to obtain debit management strategies behaviour score. While public debt stock was used to measure debt burden.

B_1 measure the significant relationship between debt management strategies implemented by government and public debt burden.

Where:

DbtMgti = Debt Management Strategies

ED1 = Economic Development

Bbi = Debt forgiveness

Dfj = Debt repudiation

Dr_k = Debt equity conversion

Dren = Debt rescheduling

e = Error term

B0 B3 = Coefficient

DATA PRESENTATION AND ANALYSIS

The one hundred and sixty two (162) copies of questionnaire evenly (54 each) to business Analysts, the Academia and Investors out of which one hundred and twenty copies were successfully retrieved representing 74% of the number of questionnaire administered. The test concerning the parameter was carried out using Analysis of Variance and correlation coefficient.

The opinion of different respondents as well as their mean score on how debt management influences economic development was well interpreted. An increase in exchange rate increases total debt stock and in turn reduces the GDP and Gross Fixed Capital Formation. This will hinder economic development in the economy. This is supported by a mean score of 3.02 which is accepted. The amount paid for debt servicing is higher than the amount of debt acquired and this slows down the economic development. This supported by a mean score of 3.03 which is accepted. However, debt servicing obligations serve as an impediment to economic development.

This is supported by accepted mean score of 2.88. Requirement to service debt reduces funds available for investment and growth. This is supported by a mean score of 2.97. Improper setting of social priorities and importation of some goods that we can produce in Nigeria makes it difficult to pay back our debt.

The mean score of the opinion of respondents is 3.27, and it is accepted. Public debt was incurred to finance developmental projects in the economy. This is supported by a mean score of 2.75. Therefore, it shows that if public debt is incurred to provide developmental projects in the economy, it may serve as a catalyst for economic development. There were different opinion from the respondents as well as their mean score on how debt management strategies implemented by government influences debt burden. Debt repudiation implemented is not fitted in macroeconomic policy framework that preserves stability and reduce debt burden.

This is supported by a mean score of 3.24 which is accepted. Debt rescheduling gives confidence to investors and thus reduces the lending spread. This is supported by mean score of 3.08. However, the strategies employed by government, except debt forgiveness, do not have any impact on the economy. The opinion was supported by a mean score of 2.26 which is not accepted. Debt forgiveness has helped to reduce Nigeria public burden. This is supported by a mean score of 3.38 which is accepted. Debt equity conversion make majority of the market participants unwilling to hold longer maturity and as a result the government has been able to

issue more of short term debt instruments. This is supported by a mean score of 3.26 which is accepted.

The hypotheses formulated were tested with the use of Analysis of Variance (ANOVA) and Linear regression statistics. The decisions reached on hypotheses are based on the result obtained from regression calculation and the tabulated value of the regression distribution. If the computed value of regression is less than the critical value, the null hypotheses (H_0) are accepted and the alternative hypotheses (H_1) rejected. But if the value of regression is greater than the critical value, the alternative hypotheses (H_1) are accepted and the null hypothesis (H_0) rejected. Debt Service explains 13 per cent of variation experienced on economic development, and this result is not significant $F(1, 3) = .038, P > 0.05$.

Public debt have negative impact on the economic development and this is significant, $t(.20), p > 0.05$. Therefore, there is significant relationship between public debt and economic development

Decision

Based on the analysis above, the null hypothesis (H_0) is therefore rejected while the alternative hypothesis (H_1) is accepted; which state that there is significant relationship between public debt and economic development. In testing of hypothesis one, opinions were sought from respondents on relationship between debt management strategies implemented by Federal government and Nigeria debt burden (see appendix 11 and 111).

Debt Management Strategies explains 11 per cent of variation experienced on debt burden, and this result is not significant $F(1, 3) = .036, P > 0.05$.

Debt Management Strategies have negative impact on Nigeria debt burden and this is significant, $t(.60), p > 0.05$. Therefore, there is significant relationship between public debt management strategies and debt burden. See appendix IV and V.

Decision

Based on the analysis above, the null hypothesis (H_0) is therefore rejected while the alternative hypothesis (H_1) is accepted; which state that there is significant relationship between debt management strategies implemented by Federal government and Nigeria debt burden.

SUMMARY OF FINDINGS

Based on analyzed data, the findings in this study include the followings:

The study found that there is significant relationship between public debt and economic development. There is significant relationship between debt management strategies implemented by Federal government and Nigeria debt burden.

CONCLUSION AND RECOMMENDATIONS

Based on the theoretical presentation of findings, the following conclusions were drawn. An increase in exchange rate increases total debt stock and in turn reduces the GDP and Gross Fixed Capital Formation. 70% of the sample population agreed that an increase in exchange rate positively affect total debt stock, and it hinder economic development of Nigeria.

The amount paid for debt servicing is higher than the amount of debt acquired. 69% of the respondents are of the opinion that this serve as an impediment to economic development. We discovered that 80% of the respondents agreed that debt repudiation implemented is not fitted in macroeconomic policy framework that preserves stability and reduce debt burden. The

study shows that 83% of the responded shows that Debt equity conversion make majority of the market participants unwilling to hold longer maturity and as a result the government has been able to issue more of short term debt instruments.

Based on the conclusion the study, we therefore recommend that; Debt management strategies implemented by government must be fitted in macroeconomic policy framework that preserves stability and reduce debt burden. Improving debt management policies and encouraging transparency may prove to be effective in tackling the debt serving burden.

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APPENDIX

Appendix 1

Calculation of sample size

$$n = \frac{N}{1 + N(e^2)}$$

Where:

n = sample size

N = Population size

e = Level of Significance

$$n = \frac{N}{1 + N(e^2)}$$

$$n = \frac{271}{1 + 271(0.05^2)}$$

$$= \frac{271}{1 + 271(0.0025)}$$

$$= \frac{271}{1 + 0.6775}$$

$$= \frac{271}{1.6775}$$

$$= 162$$

Appendix 11

Regression coefficient for public debt on economic Development.

	B	Beta	T= test
Constant	25025532.7		T=1.32,p=.28
Public debt	1128.13	.112	T= .20,p=.858

Note, $r^2 = .013$, $F(1,3) = .038$, $p = .858$

Appendix 111

Analysis Of Variance Table

Model	Sum of square	Df	Mean square	F
Regression	2594	1	2594	.038
Residual	2048	3	6828	

a: dependent variable; Gross Domestic Product

b: predictor(constant), Public Debt.

Appendix IV

Regression coefficient for debt management strategies implemented by Federal government on Nigeria debt burden

	B	Beta	T= test
Constant	2464.47		T=1.90,p=15.4
Debt strategies	Mgt. 17.34	.33	T= .60,p=.59

Note, $r^2 = .11$, $F(1,3) = .036$, $p = .59$

Appendix V

Analysis of variance table

Model	Sum of square	Df	Mean square	F
Regression	218636.25	1	218636.25	.036
Residual	1819403.82	3	606467.94	

a: dependent variable; Public Debt Burden

b: predictor(constant), Debt Management Strategies