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RESEARCH NOTE

# Nigeria's Debt Overhang (1960-2005): A Critical Revisit

Solomon A. Adebola
Babcock University, Nigeria
soladeb1010@yahoo.com

A general global trend up to the 1980's has been for nations to rely substantially on external loans and aids for economic sustenance and technological development. This is particularly true for less developed countries (LDC). Unfortunately for these LDCs, their debts have gone beyond the countries' capacity to repay. The debts have, for many such developing countries, been on a perpetual geometrical increase. Such countries have ended up with a debt overhang, with its detrimental impacts on the countries' economic growth and social development. This research note gives a treatise on the theoretical framework of a debt overhang, and a critical review of the challenges, implications, and impacts of a debt overhang on a nation's development and economic growth.

**Keywords:** National debt, sovereign debt, discharge of debt

At the country's attainment of independent sovereign status in 1960, about 62% of Nigeria's total export earnings were accounted for by crops like coffee, cocoa, cotton, rubber, and groundnuts. The country then enjoyed a relatively healthy balance of payments, with the economy growing at an annual rate of about 8%, while annual inflation growth index hovered around 2%.

Towards the end of the 1980-1990 decade, prevalent economic indices like inflation, unemployment rate, trade protectionism, and imbalances became a worrisome feature of global economy and politics. Developing countries, including Nigeria, were the worst hit, especially as they had to depend very substantially on external aids and loans for sustained developmental projects. The massive and unprecedented growth rate of the indebtedness of these less developed countries became a major source of socio-political concern to the donor/lending agencies and countries, especially as such loans eventually became a debt overhang, with its attendant detrimental impacts on investment and economic growth. It was this debt overhang that prompted the international community to develop some schemes and mechanisms that were designed specifically to ease these debtor nations of the burden of their debt overhang. Such schemes included the Brady Plan of 1989, the Trinidad and Naples Plan of 1994, and the Highly Indebted Poor Countries Initiatives (HIPC) of 1986.

When it became apparent that Nigeria's external debt stock could not be managed, the government was compelled to enter into a number of negotiations with the creditor nations, initially for debt service rescheduling, and later for debt forgiveness. The government's efforts eventually paid off when the Paris Club of Creditors agreed to conditionally cancel 60% of the country's USD 30.515 billion external debts on 29 June 2005.

## ACQUIRING THE NATIONAL EXTERNAL DEBT OVERHANG: A THEORETICAL FRAMEWORK

A situation in which the external debt-stock of a country exceeds the country's capacity to repay such debts in the immediate future is often referred to as a debt overhang. This situation is often synonymous with a country's precarious economic imbalance, when the cost of sustaining her external debt stock impacts negatively on her trade balance, infrastructural build-up and political imbroglio and stability.

Financial analysts have come to terms with the developmental strategy that relies quite substantially on borrowing funds from external sources especially by nations that can be considered to be developing, and usually identified with a scarce capital economy. In spite of the negative impacts such external debts can bring to bear on the borrowing nation's economy, as subscribed to by Hjertholm's "narrow or traditional theory" (Hjertholm, 1998), some more liberal and rightist financial analysts see the need for foreign aids and loans as expedient and indispensable for less developed countries. Such theorists have often found escapist support in the two-gap theory approach of Chenery (1966), which stipulates that external debt stocks on their own have no bearing with the debtor nation's development, but what actually matters is the use to which such loans have been put.

Finance theorists such as Krugman (1988), Ndulu (1991), and Sachs (1989) have ferociously argued that such external loans only amount to a future tax on return to capital, and that if the loans have been judiciously managed, they can actually inspire and instigate developmental purposes for the debtor nation. On the other hand, a number of financial experts have continuously and tenaciously held on to the broader approach argument, that if a country's debt eventually exceeds her ability to pay, then the accumulated external debt stock for that country will act as a tax on future production output, and thereby develop institutional disincentive for private investments. In such a situation, the country's external loans actually turn into a debt overhang and a natural tendency of government in such a situation is to react by engaging in deficit budgeting. This will more often than not, result in inflationary financing, and eventually a depreciation of the national currency.

The multifaceted implications of a debt overhang can precipitate into a hydra-headed financial pandemic of a national dimension. When accosted with a debt overhang, a substantial portion of a nation's resources is expended on debt servicing. With the exhaustion of internal revenue sources to meet the debt service requirements, governments are often compelled to tinker with even major areas of government expenditure, to enable them to continue to accommodate the onerous responsibilities of debt servicing and national recurrent needs. In most cases, vital areas like health, education and social services could suffer excruciating cash squeeze.

In a similar vein, if the debtor country's currency is a non-traded one, then foreign currency will have to be purchased to facilitate the servicing of the country's external debt stock. The foreign currency is very often obtained from either earnings from exports, capital inflows or from established external reserves. This phenomenon invariably results in an inevitable reduction in the country's import capacity, consequent upon the depletion of the foreign exchange earnings or reserves. Invariably, such imports compressions could create negative consequences on the nation's supply of imported production goods, and thus negatively impacting on production and human capital development.

Krugman (1988) and Sachs (1989) propounded the *debt overhang* theory in which they theorized the "debt-burden vicious circle" (DBVC). The DBVC postulates that a nation's external debt implies higher taxes in the future to meet the requirements of debt servicing. When taxes are increased, it precipitates lower returns on capital, and consequently, disincentives set in for investments. When there is a lower investment, economic growth is stagnated and the nation would need to rely more on the external loans and aids for sustenance, and the cycle goes on unabated. The DBVC theory was subscribed to by Seriaux and Samy (2001).

A good number of Sub-Saharan African countries have attempted to counter the effects of debt overhang. Some of the mechanisms that have been used in this respect include debt equity scrap, reduced debt servicing, debt rescheduling, debt restructuring, and organized pleas for corporate debt relief. Unfortunately, not much could be said for any successes accruing to these countries' relief from debt overhang from these mechanisms besides the 2005 debt relief granted to Nigeria by the Paris Club of creditor nations.

As a means towards the provision of a sustainable global panacea for the intractable problem of external debt, the Heavily Indebted Poor Countries Initiative (HIPC) was launched in 1996 by the Bretton Woods Institutions. This major attempt at providing relief for poor nations necessitated an integral framework of a number of multilateral, bilateral and private creditors into a major conglomerate bargain scheme. The major intention of the HIPC scheme was to provide a favorable playing ground to enable debtor nations have substantial reliefs from their debt burdens that will drastically minimize repayments, delays, and defaults.

To be eligible for consideration in the HIPC scheme, debtor countries had to meet three criteria. Such countries had to be favorably considered, assessed, and approved by the International Development Association (an arm of the World Bank) and the Enhanced Structural Adjustment Facility (ESAF), a functional arm of the International Monetary Fund (IMF). Such debtor countries must also have an unsustainable debt burden, with a debt/export ratio of value between 200% and 250%, and a debt service/export ratio of between 20% and 25%. A third hurdle that debtor countries have to cross to qualify for the HIPC consideration is that they must have had a proven track record of World Bank and IMF approved economic reforms, including a poverty reduction strategy. As at the end of 1996, within about one year of its establishment, the HIPC status had been acquired by only 41 countries worldwide, out of which 33 came from the sub-Saharan sub-region of Africa.

It is worthy to note that a substantial portion of the Nigerian national debt overhang actually came in the form of aid/loan packages. These packages came in such torrential windfalls that the scenario tended to negate the Robert Lucas Funds Flow Theory (Prasad, Rajan, & Subramanian, 2007). The Lucas Theory postulated that capital flows, aids and loans inclusive, from rich to poor countries within the period in consideration (i.e., 1960-2005) would be very modest, and would be far from what financial theorists had predicted. What the emerging financial integration of the period did was to call for a complete overhaul of the empirical paradox that the Lucas Theory had identified.

These aid/loan packages, which have eventually turned out to be a paradoxical albatross, have not had much impact on the economic growth of the receiving nations due to a myriad of problems. These prohibiting problems include a poorly educated labor force, an incompetent national leadership, corrupt and inept government officials, inadequate and dilapidated infrastructure, a poorly articulated policy formulating system, and an epileptic energy supply structure.

However, the economic reforms that have been pursued by the Obasanjo- and the Yar'adua-led governments, might present a ray of hope for Nigeria's economic and social reconstruction and rejuvenation. In the words of Bio-Tchané and Christensen, (2006, p. 8), "[c]ountries pursuing economic reforms have benefited from unprecedented amounts of debt relief from a wide variety of sources. In addition, the international community has promised a significant scaling up of aid resources in the years to come, offering African countries a fresh chance to free up resources and invest in human and fixed capital to promote sustainable growth."

## NIGERIA'S EXTERNAL BORROWING: A HISTORICAL PERSPECTIVE

Nigeria recorded its first external borrowing in 1958, when government opted for an external loan of USD 28 million which was contracted substantially for the construction of railway lines (Anaro, 2006). Oil exports provided a large chunk of foreign exchange earnings for the country between 1973 and 1977. This was substantially what gave the Gowon-led military government the impetus to embark on gigantic and ambitious projects and jamborees without any serious consideration for any meaningful investments in manufacturing or industrial projects.

With the near-collapse of oil prices in 1978, and the subsequent pressure on government finances, fiscal and monetary policies had to be adjusted and it thus became necessary for the government to resort to borrowing from internal and external sources of funds to enable it to support balance of payments, finance national projects, and meet international commitments. The government's resort to external borrowing between 1958 and 1977 was initially minimal, as the debts that were contracted within the periods were essentially concessional debts from multilateral and bilateral sources. These sources, which included the International Monetary Fund and the World Bank, gave concessions of long-term periods, and relatively low interest rates.

The government eventually became conscious of the enormity of future impacts of the external loans on national development. It was thereby compelled to promulgate Decree No. 30 of 1978, putting some control and ceilings on any external loans being contracted by the Federal Government at NGN 5 billion. It was in 1978 that the Nigerian government took the major external loan of USD 1 billion, often referred to as the "Jumbo Loan", from the International Capital Market (ICM), thus hiking the nation's total debt stock to an all time high of USD 2.2 billion. Thereafter, a floodgate was opened, allowing for a flurry of state governments' entry into external loans contractual obligations. This further gave the national external debts a push, from NGN 94.5 million (3.9% of GDP) in 1960 to NGN 175.0 million (3.7% of GDP) in 1970, and to NGN 1.8669 billion (3.7% of GDP) in 1980.

Shortly, after the first jumbo loan of 1978, external borrowing from bilateral and multilateral sources began to dwindle, while borrowing from private sources took an upward leap, despite the much stiffer conditions and interest rates that were hung on such loans. This led to a dicey situation when cumulative trade arrears climbed up to USD 9.8 billion between 1983 and 1988, and external debts eventually peaked at USD 29 billion by the end of 2000, when the IMF took its first notice of Nigeria's clamor for debt forgiveness. This was to eventually lead to a reduction of the country's external debt service obligations from about USD 4.0 billion to USD 1.6 billion. In spite of this gesture of magnanimity on the part of the IMF, the country's external debt stock still ran up to USD 32.916 billion (NGN 4,478,329.00 million) by the end of 2003 (CBN, 2003). Sources of these external debt stocks include the London and Paris Clubs of Creditors, multilateral creditors, Promissory Note Creditors, and others.

After almost 24 months of negotiations, the Paris and London Clubs of Creditors, towards the end of 2005, agreed to a debt buyback, at a discount that would eventually lead to the cancellation of the country's total external debt stock, in exchange for a cash payment of about USD 12 billion (Akintunde, 2006). (Appendix A, Appendix B, Appendix C, and Appendix D give details of Nigeria's debt situation between 1980 and 2003.)

## DEBT OVERHANG AND DEBT RELIEF, PROJECTIONS, AND IMPLICATIONS FOR THE DEBTOR NATION

It is evident from the appendices that the Total Debt Service/Gross Domestic Product (TDS/GDP) and Debt Service Payment/Gross Domestic Product (DSP/GDP) ratios, economic indicators actually portrayed a glowing picture of economic development in Nigeria within the periods they represent. In 1980, for example, the TDS/GDP ratio indicates that the total national debt stock as at that material time was about 3.7% of the GDP. This figure rose astronomically to about 115% in 1990. A simple, but disappointing interpretation of the 1990 TDS/GDP ratio is that, if Nigeria were to devote its national production to the payment of its debt stock, the debt would still not have been totally liquidated. This was undoubtedly a signal of a national potential calamity. The TDS/GDP ratio declined gradually to about 21.9% in 1992, before climbing up again to 76.8% in 1999. It took some measure of dexterity and prudent management by the Debt Management Office (DMO) of the Obasanjo-led government to prune down the figure to 61.1% in 2003, before negotiations began for a debt relief.

The appendices also give indications that, from a paltry value of 1.2% in 1981, the DSP/GDP ratio moved up to 5.1% in 1984 and 11.8% in 1990 before dropping drastically to 0.9 at the tail end of the Abdusalam Military government in 1998.

It was at the onset of the Obasanjo-led civilian government in 1999 that the nation's debt stock attracted a national attention. Subsequently, debt service payment began in earnest, with a DSP/GDP ratio of 5% in 1999. This figure increased steadily to 25.9% in 2002, and peaked at 32.5% in 2003, when the idea of a national request for debt relief was mooted.

Analysts have attributed the increase in the DSP/GDP ratio within the 1999 to 2003 period to the relatively high and sharp increases in interest rates on the international finance market level. In the opinion of Akintunde (2006), the increase in the DSP/GDP ratio could also have been due to the unfavorable debt rescheduling terms and conditions by the Paris Club of creditor nations, to whom Nigeria owed most of its debt stock.

When a debtor nation is able to secure the concession of a debt relief, this will create more room for servicing of internal debts, which will expectedly enable the government to settle most of the debt owed to local entrepreneurs and contractors. When such repayments are ploughed back into circulation, it will further boost the economy by creating more jobs, and thereby impacting positively on the welfare of the citizenry.

A national debt overhang usually creates a chain of budget deficits on an annual basis. With a debt relief, such a country is better positioned to realign and restructure fiscal policies and national plans and projections for a more enhanced economic growth.

When a country suffers a burden of debt overhang, it tends to also suffer a massive loss of credit worthiness. Such a situation could subject the country to a disadvantaged position such that creditor nations and agencies could find it convenient to impose their less than sacrosanct conditions on the debtor country's fiscal and monetary policies. A debt relief will expectedly reposition the country to plan and chart its own course along the path of economic restoration, without undue interference from external creditors.

A debt relief will also improve the confidence level of foreign investors and reduce pressure that a debt overhang could place on the country's external reserves. A major challenge, however, is that, while savoring the exigencies of a debt relief, a debtor country should learn to manage its fiscal and monetary policies within the confines of earned income.

## CONCLUDING REMARKS

Increasing values of GDP per capita have encouraged successive governments in Nigeria to opt for more external loans due to their increased propensity for spending, while also devoting higher percentages of the national income to debt service.

Undoubtedly, economic growth is not only hindered, but sometimes battered by national debt overhang situations, the scenario is often worse when the debtor nation operates a mono product economy. It is however hoped that if and when debtor nations adopt and implement appropriate domestic macro economic policies, even with or without a debt relief package, economic growth could still be stimulated to reposition such debtor nations along the path of economic recovery.

It is considered most appropriate to conclude this piece with the words of Bio-Tchané and Christensen (2006, p. 10): "With unprecedented amounts of debts relief from multilateral and bilateral donors and promises of a scaling up of aid from the international community, which have yet to materialise, the populations hold great expectation for better education and health services, as well as for improvements in infrastructure such as roads, ports, and energy. At the same time, government has to make sure that increased spending is consistent with absorptive capacity and with maintaining the progress in macro-economic stability and low inflation, and they must avoid a repetition of past mistakes of misallocation of budgetary resources. This requires a tight rope balancing act."

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**Appendix A**

*Nigeria's External Debt Outstanding (NGN million)*

| Year | Multilateral | Paris Club | London Club | Promissory Note | Others | Total |
|---|---|---|---|---|---|---|
| 1980 | 179.1 | 1,576.5 | - | - | 111.2 | 1,866.8 |
| 1981 | 179.6 | 1,975.9 | - | - | 175.7 | 2331.2 |
| 1982 | 530.4 | 5,474.4 | 1,981.7 | - | 832.9 | 8.819.4 |
| 1983 | 566.4 | 6,002.2 | 2,758.8 | 548.9 | 701.4 | 10,577.7 |
| 1984 | 1,271.2 | 6,360.4 | 5,443.7 | 1,155.1 | 578.3 | 14,808.7 |
| 1985 | 1,293.5 | 7,726.4 | 6,164.3 | 1,273.9 | 842.5 | 17,300.6 |
| 1986 | 4,670.7 | 21,725.3 | 8,44.7 | 4,152.6 | 2,459.1 | 41,452.4 |
| 1987 | 8,718.5 | 63,205.3 | 6,766.5 | 20,634.7 | 1,400.8 | 100,789.1 |
| 1988 | 9,991.8 | 75,445.3 | 14,986.1 | 25,742.1 | 7,791.0 | 133,956.3 |
| 1989 | 21,473.6 | 121,229.6 | 42,840.0 | 35,067.6 | 19,782.9 | 240,393.7 |
| 1990 | 34,606.3 | 154,550.6 | 53,431.8 | 40,950.5 | 19,782.9 | 240,393.7 |
| 1991 | 89,274.3 | 324,729.9 | 41,890.6 | 64,140.0 | 24,229.3 | 544,264.1 |
| 1992 | 89,274.3 | 324,729.9 | 41,890.6 | 64,140.0 | 24,229.3 | 544,264.1 |
| 1993 | 81,456.3 | 400,380.0 | 45,323.8 | 69,665.7 | 36,317.7 | 633,144.4 |
| 1994 | 97,056.6 | 404,212.6 | 45,367.9 | 70,069.1 | 32,106.8 | 648,813.0 |
| 1995 | 97,042.0 | 476,731.2 | 44,990.0 | 69,256.0 | 28,846.4 | 796,865.6 |
| 1996 | 102,630.0 | 420,002.0 | 44,964.0 | 47,080.0 | 2,662.0 | 617,320.0 |
| 1997 | 96,199.0 | 417,568.8 | 44,964.0 | 35,475.9 | 1,742.2 | 595,931.6 |
| 1998 | 93,214.0 | 458,257.8 | 44,964.0 | 35,151.6 | 1,447.6 | 633,017.0 |
| 1999 | 361,194.9 | 1,883,231.3 | 187,627.1 | 136,532.8 | 6,363.8 | 2,574,949.0 |
| 2000 | 379,043.0 | 2,353,134.0 | 223,834.6 | 15,486.0 | 7,230.3 | 3,121,725 |
| 2001 | 313,504.7 | 2,475,509.4 | 228,950.2 | 144,746.2 | 13,580.5 | 3,176,291.0 |
| 2002 | 375,700.1 | 3,220,823.5 | 182,964.4 | 146,341.1 | 7,055.6 | 3,932,884 |
| 2003 | 413,877.7 | 3,737,279.9 | 196,156.9 | 123,994.6 | 7,020.2 | 4,478,329.0 |

Source: CBN (2003).

**Appendix B**

***Selected Nigerian Economic/Debt Indicators (NGN million)***

| Year | Total Debt Outstanding | Total Debt Service Payment | GDPat 1984 market price | Total Exports | Total Imports | External Reserves | Debt Stock / GDP (%) | Debt Stock / Exports (%) | Debt Service / GDP (%) | Debt Service / Exports (%) | Reserves / Debt Stock (%) | Reserves / Imports (per month) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1980 | 1,866.80 | 278.30 | 50,848.60 | 14,186.70 | 9,095.60 | 5,445.60 | 3.67 | 13.20 | 0.50 | 2.00 | 291.70 | 7.20 |
| 1981 | 2,331.20 | 634.10 | 50,749.10 | 11,023.30 | 12,839.60 | 2,424.80 | 4.59 | 21.10 | 1.20 | 5.80 | 104.00 | 2.30 |
| 1982 | 8,819.40 | 874.40 | 51.709.20 | 8,206.40 | 10,770.50 | 1,026.50 | 17.06 | 107.50 | 1.70 | 10.70 | 11.60 | 1.10 |
| 1983 | 10,577.70 | 1,335.20 | 57,142.10 | 7,502.50 | 8,903.70 | 781.70 | 18.51 | 140.90 | 2.30 | 17.80 | 7.40 | 1.10 |
| 1984 | 14,808.70 | 2,640.50 | 63,608.10 | 9,088.00 | 7,178.30 | 1,143.80 | 23.28 | 162.90 | 4.20 | 29.10 | 7.70 | 1.90 |
| 1985 | 17,300.60 | 3,718.00 | 72,355.40 | 11,720.80 | 7,062.60 | 1,641.10 | 23.91 | 147.60 | 5.10 | 31.70 | 9.50 | 2.80 |
| 1986 | 41452.40 | 2,502.20 | 70,061.90 | 8,920.60 | 5,983.60 | 3,587.40 | 56.74 | 464.60 | 3.40 | 28.10 | 8.70 | 7.20 |
| 1987 | 100789.10 | 3,590.60 | 108,885.10 | 30,360.60 | 17,861.70 | 4,643.30 | 92.56 | 331.90 | 3.30 | 11.80 | 4.60 | 3.10 |
| 1988 | 133956.30 | 8,140.70 | 145,243.30 | 31,192.80 | 21,445.70 | 3,272.70 | 92.23 | 429.40 | 5.60 | 26.10 | 2.40 | 1.80 |
| 1989 | 240393.70 | 15,577.70 | 224796.90 | 57,971.20 | 30,860.20 | 13,457.10 | 106.94 | 414.70 | 6.90 | 26.90 | 5.60 | 5.20 |
| 1990 | 298614.40 | 30,855.80 | 260,636.70 | 109,886.10 | 45,717.90 | 34,953.10 | 114.57 | 271.70 | 11.80 | 28.10 | 11.70 | 9.20 |
| 1991 | 328054.30 | 35,291.80 | 324,010.00 | 121,535.40 | 87,020.20 | 44,249.60 | 101.25 | 269.90 | 10.90 | 29.00 | 13.50 | 6.10 |
| 1992 | 544264.10 | 40,761.70 | 549,808.80 | 207,266.00 | 145,911.40 | 13,992.50 | 98.99 | 262.60 | 7.40 | 19.70 | 2.60 | 1.20 |
| 1993 | 633144.40 | 36,363.40 | 697,090.00 | 218,770.10 | 166,100.40 | 67,245.60 | 90.83 | 289.40 | 5.20 | 16.60 | 10.60 | 4.90 |
| 1994 | 648813.00 | 40,938.70 | 914,940.00 | 206,059.20 | 162,788.80 | 30,455.90 | 70.91 | 314.90 | 4.50 | 19.90 | 4.70 | 2.20 |
| 1995 | 716865.60 | 35,651.00 | 1,977,740.00 | 95,0651.40 | 755,127.70 | 40,333.20 | 36.25 | 75.40 | 1.80 | 3.75 | 5.60 | 0.60 |
| 1996 | 617320.00 | 41,285.20 | 2,823,900.00 | 1,309,543.40 | 562,626.60 | 174,309.90 | 21.86 | 47.10 | 1.50 | 3.20 | 28.20 | 3.70 |
| 1997 | 59531.90 | 32,924.10 | 2,939,650.00 | 1,241,662.70 | 845,716.60 | 262,198.50 | 20.27 | 48.00 | 1.10 | 2.70 | 43.90 | 3.70 |
| 1998 | 633017.00 | 27,995.00 | 2,881,310.00 | 751,856.70 | 837,418.70 | 226,702.40 | 21.97 | 84.20 | 0.90 | 3.70 | 35.80 | 3.20 |
| 1999 | 2577383.40 | 167660.30 | 3,352,650.00 | 1,189,005.90 | 862,525.30 | 539,987.90 | 76.88 | 216.80 | 5.00 | 14.10 | 20.90 | 7.50 |
| 2000 | 3097383.80 | 175,032.00 | 4,980,943.00 | 1,945,762.30 | 962,970.00 | 1032470.80 | 62.18 | 159.20 | 3.50 | 9.00 | 33.30 | 12.90 |
| 2001 | 3176291.00 | 236,230.00 | 5,539,865.00 | 2,117,976.10 | 1,266,081.30 | 1,135,537.30 | 57.34 | 149.90 | 4.30 | 11.20 | 35.80 | 10.80 |
| 2002 | 3,932,884.80 | 141,350.00 | 545,415.00 | 1,882,668.20 | 1,580,527.25 | 929,182.67 | 72.00 | 209.00 | 25.90 | 7.50 | 23.60 | 7.05 |
| 2003 | 4,478,329.30 | 234,051.00 | 718,014.00 | 2,889,846.80 | 1,956,111.39 | 966,032.02 | 61.10 | 155.00 | 32.50 | 8.10 | 21.60 | 6.00 |

Source: CBN (2003) and author's computations.

**Appendix C**
*Debt Indicators in Nigeria*

| Year | Debt Stock/ GDP % | Debt Stock/ Export | Debt Service/ GDP % | Debt Service/ Export % | Growth Rate of GDP % |
|---|---|---|---|---|---|
| 1980 | 3.67 | 13.16 | 0.54 | 1.96 | 17.83 |
| 1981 | 4.59 | 21.15 | 1.25 | 5.75 | -0.2 |
| 1982 | 17.03 | 107.47 | 1.69 | 10.66 | 2.05 |
| 1983 | 18.64 | 140.99 | 2.35 | 17.80 | 9.56 |
| 1984 | 23.48 | 162.95 | 4.19 | 29.05 | 11.16 |
| 1985 | 24.16 | 147.61 | 5.19 | 31.72 | 13.54 |
| 1986 | 56.95 | 464.68 | 3.44 | 28.05 | 1.64 |
| 1987 | 91.47 | 331.97 | 3.26 | 11.83 | 51.38 |
| 1988 | 92.27 | 429.45 | 5.61 | 26.10 | 31.75 |
| 1989 | 108.02 | 414.78 | 6.70 | 26.87 | 53.28 |
| 1990 | 108.27 | 271.75 | 11.23 | 28.08 | 23.46 |
| 1991 | 102.50 | 270.25 | 11.01 | 29.04 | 16.66 |
| 1992 | 100.46 | 264.70 | 7.52 | 19.82 | 69.08 |
| 1993 | 91.28 | 289.41 | 5.24 | 16.62 | 28.03 |
| 1994 | 71.46 | 314.87 | 4.51 | 19.87 | 30.89 |
| 1995 | 36.73 | 75.41 | 1.83 | 3.75 | 144.99 |
| 1996 | 22.15 | 47.14 | 1.48 | 3.15 | 42.79 |
| 1997 | 20.50 | 47.99 | 1.13 | 2.65 | 4.28 |
| 1998 | 22.31 | 84.19 | 0.99 | 3.72 | -2.40 |
| 1999 | 24.92 | 216.77 | 4.87 | 14.10 | 21.27 |
| 2000 | 64.33 | 160.88 | 3.60 | 9.00 | 41.45 |
| 2001 | 57.48 | 158.72 | 4.27 | 11.80 | 13.56 |
| 2002 | 61.46 | 208.90 | 2.21 | 7.51 | 15.79 |
| 2003 | 71.59 | 153.15 | 3.74 | 8.00 | 2.24 |

Source: CBN (2003) and author's computations.

**Appendix D**
***Nigeria's Debt Stock Indicators***

| Year | GDP at market Price (NGN million) | Debt Stock (NGN million) | Debt Service (NGN million) |
|---|---|---|---|
| 1980 | 50,848.6 | 1,866.8 | 2.78.3 |
| 1981 | 50,749.1 | 2,331.2 | 634.1 |
| 1982 | 51,792.3 | 8,819.4 | 874.4 |
| 1983 | 56,745.2 | 10,577.7 | 1,335.2 |
| 1984 | 63,076.2 | 14,808.7 | 2,640.5 |
| 1985 | 71,620.5 | 17,300.6 | 3,718.0 |
| 1986 | 72,792.7 | 41,452.4 | 2,502.2 |
| 1987 | 110,184.6 | 100,789.1 | 3,590.6 |
| 1888 | 145,183.1 | 133,956.3 | 8,140.7 |
| 1989 | 222,539.1 | 240,393.7 | 15,577.7 |
| 1990 | 274,672.1 | 298,614.4 | 30,855.8 |
| 1991 | 320,432.9 | 328,453.8 | 35,291.8 |
| 1992 | 541,783.2 | 544,264.1 | 40,761.7 |
| 1993 | 693,623.4 | 633,144.4 | 36,363.4 |
| 1994 | 907,875.4 | 648,813.0 | 40.938.7 |
| 1995 | 1,951,884.8 | 716,865.6 | 35,651.0 |
| 1996 | 2,787,283.7 | 617,320.0 | 41,285.2 |
| 1997 | 2,906,624.9 | 595,931.9 | 32,924.1 |
| 1998 | 2,836,814.2 | 633,017.0 | 27,995.0 |
| 1999 | 3,440,204.1 | 2,577,374.4 | 167,660.3 |
| 2000 | 4,866,280.0 | 3,130,250.9 | 175,032.0 |
| 2001 | 5,526,204.9 | 3,176,291.0 | 236,230.0 |
| 2002 | 6,398,907.7 | 3,932,884.7 | 141,353.0 |
| 2003 | 6,255,470.0 | 4,478,329.3 | 234,051.0 |

Source: CBN (2003).