
PUBLIC DEBT MANAGEMENT AND NIGERIAN ECONOMIC PERFORMANCE: AN AUTOREGRESSIVE DISTRIBUTED LAG APPROACH

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ABSTRACT

The nexus between emerging economies and the public debt creditors had predominantly been attributed to the perceived symbiotic contractual relationship on debt financing but fundamentally; the link is anchored on the prevailing tie of debt overhang. Curved in the long-run effect of continuous debt servicing burden, other financing options would have sufficed but the woes of budget deficit trigger the helpless government. Therefore, the study examined the effect of public debt management on Nigerian economic performance. Ex post facto research design was adopted for the study. Secondary data were obtained from the records of Central Bank of Nigeria and National Bureau of Statistic for 1986 to 2019. Data analysis was with the aid of e-view and statistical package for social sciences. It involved diagnostics as: descriptive statistics, unit root, co-integration with autoregressive distributed lag bound (ARDL). The results indicated some dynamic trends in the effect. Domestic debt related positively and significantly with real gross domestic product within both short-run and long-run in our analytical observation. Similarly, the foreign debt related positively and significantly at the short-run period but indicated insignificantly in the long-run period. The direction of the results justified the implication of foreign exchange rate, interest rate, and market price volatility effects on the Nigeria economy due to currency devaluation and other exogenous economic shocks on the debt financing economy despite the debt managerial tenets in Nigeria. It was therefore recommended that fiscal policies on public debt management should include parliamentary monitoring role on debt resources utilization, fiscal rule on debt performance measurement and civil organization input on debt performance reports.

Keywords: Management, Public Debt, Performance, Economy, RGDP, Fiscal Rule.

INTRODUCTION

The traditional trade-off between herculean government functional obligations and inadequate financial resources availability to sufficiently provide services had often culminated in deficit budget and attracted the resort to debt financing as the immediate panacea among several nations, especially the emerging economies. Dubrow(2020) asserted that historically in the midst of exogenous shocks such as natural disasters due to climate change, global economic depression, global market commodity price volatility among other socio-economic and infrastructural needs which cause negative effect on economic performance results in debt accumulation because the internal revenue may not suffice. Based on such perspective, Yusuf and Mohd (2021) aptly submitted that most governmental functions of managing the economy had often been channelled towards a policy thrust of predetermined economic prosperity. The gesture results in certain macroeconomic objectives guided by formulated fiscal and monetary policies, periodic budgetary plans, programmes and other economic framework to actualize the set objectives. According to Aluthge, Jibril and Abdu (2021), the Nigerian government had periodically instituted diverse economic programmes that would stimulate the sector activities towards a laudable performance of the economy. However, prominent among required resources to drive the economy is huge debt financing from bilateral and multilateral creditors. Fasoranti, Koledoye and Adamu (2019) argued that prosperous economic performance does not emerge spontaneously because it is the product from the process of exercising proper allocation, distribution and stabilization functions within the prescribed fiscal framework to manage, control and direct the affairs of the economy. It includes the managerial acumen for public debt which underlies inputs to stimulate steady economic growth due infrastructural development potentials. Due to the burden of servicing debts and the unwholesome economic implications, some government would have opted out of debt options but the compelling need for developmental fund, socio-economic amenities, social goods provision and the quest for better economic performance, the practice of borrowing continued. Kaune (2018) explained that gross domestic product (GDP) and real gross domestic product (RGDP) among other metrics of economic growth employed as indicators of increased output for economic performance. Similarly, Ahiborn and Schweickert (2016) affirmed that by the direction of increase in national output or net national product over a period of time the economic performance is ascertained. The perspective to economic performance is summarily described in the light of certain economic metrics such as: Gross debt to GDP, Net debt to GDP and debt to GDP ratios which justifies how well accumulated public debt was managed. Some studies on economic-oriented variables identified gross domestic product (GDP) as a veritable instrument for measuring economic growth. Okwu, Obiwuru, Obiakor and Oluwalaiye (2016) argued that in developing economies, the quest for debt financing to foster economic growth and development had inflicted such economies with burden of endless obligation of debt servicing due to poor debt management capability. The resources borrowed are allocated for utilization and expended under the practice and watch of public debt management directorates or office but the outcome is usually unpleasant. Several studies empirically concluded that public debts management related positive with economic growth at different levels of assessment by short-term and long-term framework. However, other scholars observed otherwise as negative. The scenario created a gap in knowledge that this study to fill. Therefore, the study aimed to examine the effect of public debt management on Nigerian economic performance.

To actualize the study aim, two null hypotheses were formulated and tested.

These specific objectives served as guide, to:

1. Ascertain the effect of domestic debt on real gross domestic product in Nigeria.
2. Determine the effect of foreign debt on real gross domestic product in Nigeria.

Null hypotheses:

1. Domestic debt has no significant effect on real gross domestic product in Nigeria.
2. Foreign debt does not affect real domestic product significantly in Nigeria.

LITERATURE REVIEW

THEORETICAL REVIEW: Debt overhang theory and Robert Solow growth theory were considered appropriate for the study.

DEBTS OVERHANG THEORY: According to Abula and Ben (2016), debt overhang was postulated by Stewart C. Myers in 1977 with company valuation in corporate finance and the effect of debt-financing on future investment decision. He advanced a conclusion that high amount of debt or debt itself has distortion implication possibilities for companies to make optimal future investment decision. Consequently, Okwu *et al* (2016) affirmed that debt overhang implied a rising debt accumulation that compels a cut down on investment expenditure which has glaring capacity of growth potentials. Public debts overhang therefore referred to a circumstance when lump debt burden exceed the capacity to repay as at when due in future. It limits the debtor's opportunities of taking investment projects that have potential of stimulating growth by further borrowing. These positions point at the implication of debts.

Solow growth theory: Robert Merton Solow advanced a growth concept in 1956 with a viewpoint on steady growth model with determinants as factor inputs. According to Aluthge *et al* (2021), Robert Solow likened the growth theory to production function system which encompasses input and output variables. The input variables are: labour, capital and new technological innovation. In his perspective of steady growth, an increase in the input factors when processed aggregately will result in a steady increase in output that implies growth in economy.

ECONOMIC GROWTH: Generally, economic growth is seen as the process of increasing the size of national economies and macroeconomic indicators especially the gross domestic product (GDP). It is obtained by efficient use of the available resources and by increasing the capacity of production of a country. It facilitates the redistribution of income among national populace. Ssempala, Ssebulime and Twinoburyo (2020) posit economic growth as a complex, long-run phenomenon, subjected to constraints; such as excessive in population, inadequate infrastructures, and inefficient utilization of resources, excessive governmental intervention, institutional and cultural models. Bucknail (2013) adds that it is the change in national income overtime, usually measured over one year. Cochrane (2016) observes that productivity which entails value addition to goods and services is the source of economic growth. Essentially, productivity comes from new idea, new processes, new technological innovation and better skills among labour force. Away from those, Henderson, Storeygard, and Weil (2012) identified that gross domestic product is the most important instrument for measuring economic growth as it portrays the increase in productive output. However, the real gross domestic product (RGDP) which considers the inflationary and value discounting factor was adopted for the study

Economic performance in Nigeria: According to Chete, Adeoto, Adeyinka and Ogundele (2012), the Nigerian economy experienced diverse levels of economic performance as was

indicated by real gross domestic product. National Bureau of Statistics (2019) reported that during the early 1980s the real GDP grew by 6.2percent with the inception of structural adjustment programme, real GDP growth level stocked at 4percent in 1988-1997. Ta the inception of the millennium, in 2000-2004 the growth rate dropped to 3.0percent. However, stimulating effort of the government moved it to 6.27percent, 7.57percent, and 7.38percent in year 2009, 2010 and 2011 respectively. In 2015, the real GDP dropped to 2.47percent and -0.36percent in 2016. In 2017 it rose to 1.92percent, 2.38 in 2018 and 2.01percent in 2019.

Unlike the private sector management functions that portray a process as planning, organizing, staffing, directing, controlling etc. the economic growth management introduced a process of exercising allocation, distribution and stabilization functions within the prescribed fiscal policy framework to manage, control and direct the affairs of the economy towards growth. Ejiba and Omolade (2016) submitted that government tried to manage economic growth by fiscal policies of contractions and expansions of macroeconomic activities. The government stimulates economic growth with expansive fiscal policies such as more expenditure, cut down on taxes etc. Conversely, it contracts economic growth by reducing expenditure, increasing taxes etc. Jimmy (2014) aptly suggested that the government utilizes the framework of fiscal policy, monetary policy and other policies in the management of the economy. The fiscal policy instruments are budgetary expenditures, taxation and borrowing capacity to exert expansionary and contractionary effects on the economy. Expansionary fiscal policy occurs when government spending is increased or taxes are decrease or combination of both to enhance the amount of money among economic units for increased demand for goods and services. Conversely in contractionary periods, government reduces spending and increase taxes to manage the economy. This involves influence on money supply and its credit interest rate in the economy with a view to influencing the overall economic aggregates in output, employment and prices. Onakoya and Ogunade (2017) added that the policy instruments are discount and interest rates, cash reserve ratio, open market operation etc. Other economic policies used for managing the economy include: income policy, exchange rate policy, direct control, institutional changes. It is pertinent to underline that there are certain identifiable functions as: Allocation, distribution and stabilization. Allocation function: focuses on the available resources in the economy to ensure that certain goods and services are provided in desired quantities. Distribution function aims at equity and fairness in the distribution of society income and resources without lopsidedness. Stabilization function considered the inherent tendencies for economic activities to fluctuate resulting in either inflation, unemployment or both. Through efficient management of the economy, these problems and their implication can be minimized. These managerial functions of the government are directed towards achieving the stated macroeconomic objectives such as: economic growth and development, price stability, full employment, external balance of payment equilibrium etc.

PUBLIC DEBT MANAGEMENT: Public debt is the totality of debt owed both internally and externally by the government of a country. Oke and Sulaiman (2012) aptly state that public debt is created by act of borrowing. It is a liability represented by a financial instrument or other equivalent employed in the circumstances when government expenditure exceeds its revenue. Babu, Kiprop, Kalio and Gisore (2015) explained that government borrows for two reasons: when the projected revenue targets fall short of the projected expenditure as well as to enable payment of maturing loans. In their opinion, reasonableness extent of borrowing by a developing country is likely to enhance its capital accumulate and productivity growth. Unlike financial structure of a corporate entity that portrays equity and debt, the public debt structure has domestic and external or foreign debts. Abula and Ben (2016) described domestic debt as the portion of a country's debt borrowed from within the

confines of the country. It includes loans obtained from financial institutions and non-bank financial houses. Most domestic debts are contracted through debt instruments like treasury bills, treasury certificates, government development stocks, Bond and Promissory notes etc. Adams (2013) submitted that external debts refer to unpaid portion of external financial resources required for developmental purposes and balanced of payment support. The federal government Nigeria contracts a number of debts obligations from external sources which include: Paris club of creditors, London club of creditors, multilateral creditors (IMF, Development Bank), bilateral creditors, Promissory notes creditors etc. The debt management office with the Central Bank of Nigeria(CBN) in collaboration with the Federal Ministry of Finance effect the management of debt in Nigeria through: New loan embargo, Debt service payment, debt restructuring (i.e. Debt refinancing, rescheduling, Buyback.), debt conversion. The objective of public debt management is to ensure that the government's financing needs and its payment obligations are met at the lowest possible cost over the medium to long run period. Badurina and Svaljek (2011) argued that unlike the usual perception on tax smoothing as a macroeconomic objective for debt management, currently the point is achieving debt financing at the lowest possible cost and acceptable level of risks. Dublow (2020) submitted that the public debt management framework transcends the institutional and regulatory functions of debt office and the inputs Central Banks, it required to inculcated in emerging economies: the parliamentary legislative role in setting legal framework on debt limit, integrating public debt in budget cycle, indicating fiscal rules on debt, presenting debt performance indicators in financial position and input of civil society organization.

PUBLIC DEBT MANAGEMENT AND ECONOMIC PERFORMANCE IN NIGERIA:

There exist diverse viewpoints to the nature and extent of relationship between public debt and economic performance in Nigeria. Albert, Brain and Palitha (2005) argue that external debt may be used to stimulate the economy but whenever a nation accumulates substantial debt, a reasonable proportion of public expenditure and foreign earnings will be absorbed by debt servicing and repayment with heavy opportunity cost which results in negative relationship. Nwannebuike, Ike and Onuka (2016) stress that those who argue that external debt has positive effect on the economy do that from the viewpoint that external debt will increase capital inflow and when used for appropriate production ventures and it will accelerate the pace of economic growth, but the real deal is in the long run which could be negative. Similarly, Babu *et al* (2015) explained that reasonable levels of borrowing by a developing country are likely to enhance its economic growth, both through capital accumulation and productivity growth. However, these directions of conclusions are adduced from thinking that inclusion of debt financing resources in economic activities could lead to improved economic growth. Conversely, Sanusi (2003) insisted that rising Nigerian debt is an impediment to economic growth and development. His perspective lent credence to the view on debt overhang. Public debt overhang is referred to a circumstance when lump debt burden exceed the capacity to repay as at when due in future. It therefore limits the debtor's opportunities of taking investment projects that have potential of stimulating growth by further borrowing (Reinhart *et al*, 2012).

EMPIRICAL REVIEW

Yusuf and Mohd (2021) examined the impact of government debt on economic growth in Nigeria for the period 1980 to 2018. The Autoregressive Distributive Lag technique was employed. The empirical results indicated that external debts impacted negatively and constituted an impediment to long-term growth while it enhanced short-term growth. The domestic debts had significant positive impact on long-term growth while short-term effect

was negative. Therefore, it is recommended that government should direct the borrowed funds to the diversification of the productive base of the economy. Ajayi and Edewusi (2020) studied the effect of public debt on economic growth of Nigeria. Secondary data were obtained and analyzed for 1982 to 2018. The descriptive statistics, unit roots test, Johansson co-integration and vector error correction model. The results suggest that external debts impact positively on economic growth in the short run and negatively on the long-run. Conversely, the domestic debt impacted positively on economic growth on the long-run but negatively on the short-run. It is recommended that national debts are directed towards provision of basic amenities and services required for the development of communities of the nation. Akpansung and Gidigbi (2020) examined domestic public debts and economic growth nexus in Nigeria with further empirical evidence from causality and structural breaks analyses. Time-series data were obtained for the period 1981-2018. Granger causality analysis was done with some diagnostic tests. The results indicated causal relationship between domestic debt and economic growth. It reveals domestic debt-to-GDP ratio and real GDP at short-term and long-term period. It was recommended that Nigeria should acquire domestic debt only for very high and self-sustaining project. Fasoranti, Koledoye and Adamu (2019) assessed the optimal point beyond which government debt impairs economic performance in Nigeria from 1986 to 2017. Data were obtained from Central Bank of Nigeria (CBN) and analyzed by the dynamics of Ordinary least square (DOLS). The test of unit root and co-integration was conducted. The result showed that significant relationship exists between government debt and Nigerian economic performance. It was also revealed that government debt enhance growth at low levels and retard growth at high levels of debt. It was recommended that the government should focus on other sources of revenue to fund its deficit budget to decrease the debt burden. Essien, Agboegbulum, Mba and Ogochukwu (2016) investigated the impact of borrowing on prices, interest rates and output in Nigeria. Data were obtained. Vector Autoregressive model was used for the analysis. The findings indicated that neither domestic debt nor external debt had effect on interest rate, prices and output of Nigerian economy. Again, Abula and Ben (2016) studied the impact of public debt on economic development for the period between 1986-2014. Data were obtained from Central Bank of Nigeria. Vector error correction model was employed for the study. The results showed that domestic debt contributed significantly to growth and development. However, external debt indicated insignificant effect on the economy. Nwannebuike, Ike and Onuka (2016) evaluated the impact of external debt on economic growth in Nigeria. Data were obtained from National Bureau of Statistics from 1980 -2013. Ex post facto design was employed. The result from analysis showed that external debt impact positively on economic growth.

METHODOLOGY

The Ex-Post facto design was employed for the study because it allows a framework to obtain information on past economic events and business transaction for evaluation of the behaviours of the variables in the context. Secondary data were obtained from the Reports National Bureau of Statistic and Central Bank of Nigeria for the period (1986-2019). Specific econometric model was designed for the study and relevant data analysis was done with the aid of e-views and statistical package for social sciences. The approach was corroborative check on the data diagnostics for descriptive statistic, unit root and hypothetical test by regression techniques (OLS) and autoregressive distributed lag (ARDL) bound co-integration.

Econometric Model Specification:

The relationship between the variables was expressed with econometric model as:

$$RGDP = f(FDT, DDT) \dots \dots \dots \text{equ1}$$

$$RGDP = a_0 + b_1 DDT + b_2 FDT + e \dots \dots \dots \text{equ2}$$

a_0 = The Intercept of the model

b_{1-2} = the slope or coefficient of the model

DDT= Domestic Debt

FDT= Foreign Debt

RESULTS AND DISCUSSION

Table 1. Descriptive statistic of the RGDP, DDT and FDT

	RGDP	DDT	FDT
Mean	82368455	39563982	21185026
Median	1.41E+08	40994272	17540165
Maximum	2.19E+08	88364663	47572520
Minimum	-3.37E+08	6028466.	1621020.
Std. Dev.	1.66E+08	28189496	13864735
Skewness	-1.771123	0.211005	0.6697v87
Kurtosis	5.213127	1.988450	2.517617
Jarque-Bera	7.268933	0.500552	0.844647
Probability	0.026398	0.778586	0.655522
Sum	8.24E+08	3.96E+08	2.12E+08
Sum Sq. Dev.	2.47E+17	7.15E+15	1.73E+15
Observations	35	35	35

Table 1: indicates that Domestic Debt and Foreign Debt are normally distributed as Jarque-Bera probability is higher than 5% level of significant, but not real gross domestic product as Jarque-Bera Probability is less than 0.05. Therefore, the need for unit root test.

Table 2: Unit Root Test of RGDP, DDT and FDT

Coefficients	Comments
DDT _t : prob= 0.8980 DDT _{t-1} : prob = 0.0173	I(1) 1(0)
FDT _t : prob= 0.3061 FDT _{t-2} : prob= 0.0072	I(1) 1(0)
RGDP _t : prob= 0.1285 RGDP _{t-1} : prob= 0.0017	I(1) 1(0)

Table 2: revealed that all variables except value added tax revenue are stationary at first difference (i.e. DDT_{t-1}=0.0173, RGDP_{t-1}=0.0017 are less than 0.05 at t-1.) while value added tax revenue is stationary at second difference (i.e.FDT_{t-2}=0.0072 is less than 0.05 at t-2.). This necessitated the co-integration test for long run relationship in the specified model using Autoregressive distributive Lag (ARDL).

Table 3: Autoregressive Distributive Lag Bound Co-integration

F-Bounds Test		Null Hypothesis: No levels relationship		
Test Statistic	Value	Signif.	I(0)	I(1)
			Asymptotic: n=1000	
F-statistic	50.43012	10%	2.72	3.77
K	3	5%	3.23	4.35
		2.5%	3.69	4.89
		1%	4.29	5.61

Table 3 showed that there is a long run relationship in the specified model. Since the F-statistics value of 50.43012 is greater than the 5% I(0) and I(1) values. This implied that a long run relationship exists between RGDP and FDT as well as DDT.

H₀₁: Domestic debt (DDT) has no significant effect on real gross domestic product (RGDP) in Nigeria.

Variables Entered/Removed^b

Model	Variables Entered	Variables Removed	Method
1	DDT ^a		Enter

- a. All requested variables entered.
 b. Dependent Variable: RGDP

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.711 ^a	.562	.369	83034.238	.462	2.834	1	34	.001	1.998

- a. Predictors: (Constant), DDT
 b. Dependent Variable: RGDP

ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.954E10	1	1.954E10	2.834	.001 ^a
	Residual	5.516E10	34	6.895E9		
	Total	7.470E10	35			

- a. Predictors: (Constant), DDT
 b. Dependent Variable: RGDP

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
		1	(Constant)	0.842			0.957	
	DDT	.711	.008	.561	0.083	.001	-.005	.033

- a. Dependent Variable: RGDP

Result interpretation: Correlation Coefficient (R.) = 0.711; $R^2 = 0.562$; $F = 2.834$; Durbin = 1.998. The regression result above shows a positive relationship between real gross domestic product and domestic debts. The coefficient of determination, which measures the goodness-of-fit, indicates that the independent variable was able to explain 56.2% of the changes in the dependent variable thereby leaving 43.8% to the disturbance term. The result implied that as DDT increases by one unit, RGDP increases by 0.711 and vice versa. This agreed with the a priori expectations. F-test revealed that the empirical model in aggregate is significant at 5% level (or 95% confidence interval). The Durbin-Watson test indicated the absence of serial autocorrelation issues among the error terms of the independent variable as DW is approximately 2.0. This is same with heteroskedasticity issues. Also there is sufficient statistical evidence which suggested that domestic debts have significant effect on real gross domestic product in Nigeria as Sig. (0.001) is less than 5% level of significant error. We therefore reject the null hypothesis.

H02: Foreign debt (FDT) has no significant effect on real gross domestic product (RGDP) in Nigeria.

Variables Entered/Removed^b

Model	Variables Entered	Variables Removed	Method
1	FDT ^a	.	Enter

- a. All requested variables entered.
 b. Dependent Variable: RGDP

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.837 ^a	.689	.400	73491.571	.489	3.248	1	34	.109	1.991

- a. Predictors: (Constant), FDT
 b. Dependent Variable: RGDP

ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.754E10	1	1.754E10	3.248	.014 ^a
	Residual	4.321E10	34	5.401E9		
	Total	6.075E10	35			

- a. Predictors: (Constant), FDT
 b. Dependent Variable: RGDP

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	20685.521	44585.871		.464	.055	-0.682	0.723
	FDT	.837	.447	.811	1.802	.014	-.124	1.014

- a. Dependent Variable: RGDP

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	25466.85	142186.47	89259.60	44149.131	35
Residual	-105733.469	103091.531	.000	69288.517	35
Std. Predicted Value	-1.445	1.199	.000	1.000	35
Std. Residual	-1.439	1.403	.000	.943	35

- a. Dependent Variable: RGDP

Result Interpretation: The correlation coefficient = 0.837; $R^2 = 0.689$; $F = 3.248$; Durbin = 1.991. Similarly, there exist a strong positive relationship between real gross domestic product and foreign debts as correlation coefficient showed 83%. The result also revealed that the coefficient of determination is at 68.9%. It implied that unit change independent variable was only able to explain 68.9% of the changes in the dependent variable while 31.1% were taken care of by the disturbance term. The findings are in tune with the a priori expectation, that FDT has a positive relationship with RGDP. As FDT increases by a unit, RGDP increases by 0.689 units and vice versa. The result showed the presence of Durbin-Watson test indicating no serial correlation issues in the independent variables. The F-value is significant at 5% level (3.248) There is statistical evidence to suggest insignificant effect

between FDT and RGDP as shown by the Sig. value of 0.014 which is higher than 5% level of significant. We therefore fall to reject the null hypothesis.

SUMMARY, CONCLUSION AND FISCAL POLICY RECOMMENDATION

The result of the first hypothetical test showed a positive and significant effect between real gross domestic product and domestic debts. The coefficient of determination, which measures the goodness-of-fit, indicates that the independent variable was able to explain 56.2% of the changes in the dependent variable thereby leaving 43.8% to the disturbance term. The finding corroborates with the empirical result of Yusuf and Mohd (2021), Ajayi and Edewusi (2020) and Nwannebuike, *et al* (2016) who studied the impact of the debt on economic growth in Nigeria. The standpoint was not in conformity with the findings of Essien, *et al* (2016). The behaviour of foreign debt on real gross domestic product is significant in short-run but insignificant in the long-run. The findings are in tandem with the study of Akpansung and Gidigbi (2020) as well as Essien *et al* (2016) but it contradicts the findings of Fasoranti, *et al* (2019) who found significant relationship between government debt and economic performance in Nigeria. Based on the finding we conclude that both domestic and foreign debt management framework has the potentials to stimulate the economy but the endogenous and exogenous factors that are not within our study scope could influence the observed result. It is therefore recommended that Nigerian fiscal policy on public debt should incorporate parliamentary monitoring input, fiscal rule on the use of debt resources and civil organization input on debt performance as part of practical managerial approach to enhance the effect on economic performance.

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