

# EXTERNAL FINANCING AND ECONOMIC GROWTH IN NIGERIA FROM 1987 TO 2019

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## Abstract

*This paper examines external financing and how it impacts the Nigerian economic growth. It anchored on the theory of Harrod-Domar Model. The ex-post facto research design was adopted and the models were analysed empirically with the Autoregressive Distributive Lag approach. Based on the analysis, the results indicates significantly that external debt stock plays remarkable long-run impacts on growth and economic development while it is insignificant on the short-run of economic growth and development. Owing to this, external financing variable is a veritable tool for long-run economic planning for developing country. Hence, the researchers recommend that, external debt should solely be for economic consideration rather than social or political.*

**Keywords:** External debt, External financing, Stock, Remittances.

## Introduction

External financing is perceived as the movement of capital from countries of surplus to countries of need. A needy country is a country with limited resources for investments that is required for economic growth and developments economically. Overtime, developing countries tends to seek financial aid from abroad. Abula and Ben (2016) state that developing nations are likened to resources starvation, which is needed to improve their financial base and economic growth, and since this countries cannot domestically raise such resources for capital related development, there is need to seek for external financing. One basic macroeconomic goals of many developing economies hinges on the proponent of sustainable economic growth and development.

Umaru, Hamidu and Musa (2013) believe that for government to achieve sustainable goal for economic growth and development, there must be a corresponding external financing. Thus, a significant plan for economic growth and development with adequate gross domestic product (GDP) that reflect on the resultant economic growth and development plan geared towards all-embracing microeconomic goals for developing economics such as a country like Nigeria. The empirical review of Umaru, Hamidu and Musa (2013) citing the work of Ayadi and Ayadi (2008), which reveals that the total capital admissible in most

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developing countries treasury is grossly inadequate to meeting the economic growth and development demanded due to vices like low productivity, low savings and high consumption rate. Abridge this, Government resort to external financing to catch up with the growing demand. The underlining factor is to create an enablement for investors to invest productively to grow the economy.

The need to balance the savings-investment gap and offset fiscal deficits in under developed countries impels government to source for external finance outside taxation. Nigeria like all other highly indebted countries globally characterised by low economic growth and development, low balance of payment, and low domestic savings that has drastically hindered economic growth and development to meeting national goals.

Siddique, et al (2015), holds that Nigeria export earnings is inadequate to meet its imports which is mainly capital intensive since most of its exports are primary commodities. Besides, Nigeria drifted today as a mono economy with a comparative advantage on oil products. The oil sector generates close to 95% of foreign exchange earnings, which in turn formed 80% to budgetary revenue. The unwillingness to diversify her revenue sources, joined with corruption and misconduct compels Nigeria to source for external finance to carry out its developmental projects.

There are numerous empirical research investigation on external financing towards economic growth and development in Nigeria. Raheem and Adeniyi (2015) investigated mutually the total outcome of both government and individual means of capital inflow-foreign direct investment (FDI), and official development grant on remittances and debt linked to growth and development in Sub-Saharan Africa over the period of 1970 to 2010. Adopting system generalised method of moments (Sys GMM), the results show that FDI and Remittances significantly contributed to growth. Emanating from the empirical study of Elekwa and Ogu (2016) on the impact of foreign portfolio investment on employment growth in Nigeria, the result shows that foreign direct investment and remittance contributes significantly to growth and development. Data collated were analysed with Ordinary Least Square Regression technique through an approximate single equation model from 1980 to 2014. The study reveals a long-term portfolio investment plan and its impact on growth and development positively. However, there seem to be conflicting findings to ascertain positive and negative results, suggesting inconsistencies in the empirical findings in relation to Nigeria on the impact of external financing on economic growth and development. To this end, the study suggests further research on the contributions of external financing on economic growth and development in Nigeria. Again, most studies carried out on foreign and external debt were not able to incorporate other sources of external financing like foreign direct investment, official development assistance, remittances and portfolio management in a single model and equation to ascertain the contribution and low significance it has impacted on growth and development in Nigeria. These shortcomings, no doubt expose the existing literature to some gut in knowledge. The main objective of this research

examined external financing and its impact on economic growth and development in Nigeria. In addition, the specific objectives include ascertaining the Impact of External Debt on Stock and economic growth and development in Nigeria; to examine relationship of Official Development Assistance towards economic growth and development and as well assess the contribution of Remittances towards economic growth and development.

## **Literature Review**

### ***Conceptual Framework***

Debt is derived from the Latin word “*Debere*” which means to owe. Debt has been conceptualised as resources of money used in an organisation, which is not contributed by its owners, which as well does not belong to the shareholders (Imimole, Imoughele & Okhue, 2014). The inability of developing countries to generate sufficient domestic savings to carry out their productive activities leads to borrowing sometimes, countries borrow short-term external facilities to augment its current deficit arising from external disturbances to increase its external reserves and hence strengthen her external liquidity position. Shortfall in domestic savings to finance productive activities oblige nations to borrow. Ezeabasili (2011). The purpose for choosing external finance, as a means of ensuring sustained development rather than utilising only domestic resources predicated on the *Dual Gap Theory*. The theory postulates that investment is a function of savings, and this is not obtainable in developing countries where domestic savings is not enough to meet the required investment to guarantee and promote growth and development (Osuji, & Ozurumba, 2013).

Okolie and Romanus (2014) stated that the countries should borrow abroad only if the fund acquired will generate proceeds that will be higher than the cost. If external funds are well utilised, they have the capacity of increasing output and will not metamorphose into debt burden. When the proceeds from investment is greater than or equal to cost of external financing often translates to debt burden especially in developing economies. This has graciously resulted to major obstacles to economic growth and development of such countries. In order to resolving this, there has been debt restructuring to avert gross adverse effect on growth and development.

Debt restructuring means negotiating existing debt on new terms that is agree upon by both the creditor and the debtor. Ekperiware and Oladeji (2012) opined that, debt could be restructured as rescheduling existing debt or converting the debt into a long-term loan or grant a relief on the debt. Indeed, Organisation for Economic Cooperation and Development (OECD) often serve as an indicator or measure of international aid flow.

### ***Official Development Assistance***

Official Development Assistance is a term associated with the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD), to serve as an indicator or measure of international aid flow. It is a government aid aimed at enhancing economic growth

and development of less developed economies. Such aids can be direct from the donor to the recipient or it can pass through various international agencies such as calling on the World Bank for foreign assistance. Official Development Assistance (ODA) consists of grants or loans that government or multilateral organisation gives to a developing country to enhance economic growth and development, and social welfare (Girma, 2015). The Organisation for economic cooperation and Developments (OECD) also defined aid as official assistance, which qualifies on the three criteria undertaken by official agencies, having the main aim of enhancing economic growth, development and welfare with a grant element of more than twenty-five percent (25%).

Rasheed and Olusola (2016) defined foreign aid as comprising all forms of resources ranging from physical merchandise, skills, technical manpower, gifts, and loans which are given to recipients by philanthropist at concessional rates. Inanga and Mandah (2008) further noted that these aids come in forms of fund wired electronically in cash or kind in grants or loans. Technical assistance and training are part of Government Development Assistance and usually come as grants in the form of human resources and technical equipment, as well as military assistance in either equipment or training advisors (Okafor, Ugwuegbe & Ezeaku, 2016).

### ***Foreign Remittances***

Foreign Remittances are money earned from migrants when going to their countries. They represent the personal savings of workers and group of persons repatriated back home to drive the home economy. For many less developed countries, remittances from its people working overseas provide valuable means of funds to fill its savings void. According to the World Bank (2019), global remittances which include inflows to high-income countries reached USD689 billion in 2018 up from USD633billion in 2017. Out of this, USD72billion was received by African countries. As recipient, Nigeria topped African countries with USD22billion and was ranked among top five nations in world global remittance indicator. Peter (2018) averred that, Remittances are percentage of funds generated from migrants that work overseas sent from the employer country to the country of origin of the employee.

Pradhan (2015) posited that remittances as fund transferred, usually earned by workers overseas to their home country. This could be in form of monetary and physical resources earned and acquired by migrants in course of their trade abroad. Englama (2007) posited that the meaning of remittances widely accepted by countries is that of the Balance of Payment Statistics Manual of the International Monetary Fund (IMF) (2015) which split remittances into 3 components thus, migrant transfers, employees' remunerations and workers earnings. Workers' remittances are earnings and financial instruments transferred by migrants overseas to their countries of origin. It help to reduced transfer made by workers who ordinarily reside in foreign countries for at least one year, while workers who are self-employed are excluded (IMF, 1999).

### ***Economic Growth***

Nzotta (2014) defined a country's economic growth and development as an increase of real output or income over input in an economy over a period. An economy grows because it obtains increased resources or uses the resources more efficiently. Growth also takes place if a country enjoys advances in technology and technical knowledge, which leads to increased productivity and output. Growth is also associated with raising the living standards of the nation over time and increases in the wealth of the citizens. One popular measure of economic growth and development is the Gross National Product, (GNP). The GNP attributed to the available monetary value of goods and services of a country in a particular year. Consequently, economic growth expressed as a rise in per capital real GNP over time or a rise in total real GNP or NNP over time.

According to Khosravi and Karimi (2010), economic growth and development relates to all factors of production. He posited that economic growth and developments shows the expansion or increase a country's GDP or output over input. For example, if the return on investment exceeds interest rates, then expedition policies can raise growth tremendously and levels utility. Economic growth has provided insight into why states grow at different rates over years; and this influence government in her choice of tax rates and expenditure levels that will influence the growth rate.

### ***Empirical Review***

Peter and Mabel (2018) adopted the descriptive and quantitative techniques to ascertain the macro-economic input on remittances on economic growth and development in Nigeria. It employed Auto-regressive Distributive Lag (ARDL) Model to estimate the model. The result revealed that high level of remittances that entered into a country increase the economic growth and development.

Emanating from the study of Abdula and Ben (2016) titled "public debt on economic growth and development of Nigeria, from 1986 – 2014". The study adopted 'Augmented Dickay-Fuller Test, Error Correction Model (ECM) and Granger Causality Test, which revealed significant relationship between long-run variables such as external debt, domestic debt, external debt savings, and domestic debt savings, and the overall economic growth and development in Nigeria.

Osinubi and Olaleru (2006) carried out a research on budget deficit and its impact on external debt towards Nigeria economic growth and development from (1970 to 2003). The study employed Johansen Co-integration Test. The Researchers from the findings concludes that, in other to stabilise debt ratio to a Sustainable Optimum Level, then Debt Financed Budget be applied so as to remove Debt Overhanging problems in other to eliminate possible external borrowing. Osuji and Ozurumba (2013) investigated impact of external debt financing and economic development of Nigeria from 1969 to 2013. In the course of the empirical investigation, they adopted Time-Series Data analysis alongside Vector Error Correction Method (VECM) and revealed that London debt

financing possessed positive and significant impact on economic growth and development, while, Paris Debt, Multilateral and Promissory Notes were negatively and insignificant to economic growth and development of Nigeria. The study recommends amongst other Debt Servicing cancelation and global marketing involvement to boost survival of Small Scale and Medium Enterprises (SME) in Nigeria.

Rifaqat and Usman (2012) studied the implication of external debt on economic growth and development of developed countries using both the long and short-term approach from 1970 to 2010. The study adopt gross domestic product as a variable of external debt in conjunction with other control variables. The study re-established that external debt had significant and negative effect on economic growth and development; this affirms foreign debt burden that hamper growth and development of a nation. Nwaeke and Korgbeelo (2016) empirical study shows succinctly the significant relationship that exist between deficit financing and selected macro-economic variables the empirical evidence on the relationship between deficit financing and selected macroeconomic variables in any nation. In doing this, they employed the Ordinary Least Square (OLS) estimation method, which showed that budget deficit irrespective of financial base, have no direct significant effect on inflation of a nation. Budget deficit financed from external borrowing is insignificant and has a negative effect on economic growth and development. The Granger Causality Test was employed and the result of their findings indicates budget deficit and sustainability of Ghana from 1960 – 2010.

Egungwu (2018), researched on the effect of increase in external debt stock and its performance on human capital development in Nigeria spanning from 1986 – 2015. The paper employed Ordinary Least Square (OLS.) regression method in data analysis. From the analysis, the study reveals that both external debt stock and external debt servicing had a noticeable and significant impact on human capital development. Minta and Nikoi (2015) studied migrant remittances and social economic development in Ghana. Annual Time Serial Data spanning from 1992 to 2012 collations. The study revealed that remittances and FDI are positively significant and related to economic growth in Ghana while remittances have no significant on poverty reduction in Ghana. From the findings, the researchers concluded that remittances had both positive and negative correlation on growth and development of Ghana's economy, and as such, migration in Ghana tends to be brain rain instead of brain drain.

Bayer (2015) investigation on remittances and economic growth and development in the transitional economies of the European Union with the objective to appraise causal relationship between variables like Real Gross Domestic Product on growth, personal remittances inflows and net foreign direct investment from 1996 to 2013. It adopted the Panel Regression Technique to evaluate the causality, among the variables. It observed that the income growth tied to the net inflows of remittances and FDI in the countries studied. Beatrice and Samuel (2015) conducted a research on remittances and economic growth

and development in Kenya from 1993 to 2013. The study employed Granger Causality Test and Ordinary Least Square Regression analysis. It considered Population, investment, openness, enrolment, inflation, net export, government consumption and remittances as the variables in the model specifications. The findings reveal that remittances positively affected the economic growth and development with bi-directional causal relationship played out between remittances and economic growth and development. In the study of Rasheed and Olusola (2016) on external debt management and economic growth and development in Nigeria from 1980 to 2012, show that debt contributes significantly to total Gross Domestic Product within the period investigated.

### ***Theoretical Framework***

This research anchored on the theory of Harrod-Domar Model in Meyer and Shera (2017). As model of growth and development elucidate rate of economic growth in an economy growth and development in an economy is largely dependent on savings and capital ratio. The model explains that when there is an increase in savings in an economy, there exist a corresponding patronage for investment, since there is adequate fund than can be borrowed by prospective investors. Increase in investment brings about a risk in the capital stock of an economy, which translates into economic growth and development. The capital formation ratio stands as a measure to assessing productivity and return on investments. A decrease in capital formation ratio brings about increase in productivity, which in turn brings about an increase over the amount of output generated with less input. The model suggests that for a developing country to achieve economic growth and development, their Government as a matter of urgency encourage savings, and embrace technological advancement so as to reduce the economy's capital formation ratio.

Empirical investigation of growth-aid of Chenery and Strout Model in Hansen and Tarp (2000) and Alice (2012) depicted that savings-gap model as explained in the work of Harrod-Domar means a certain proportion in its income replacing worn-out capital. It reveals that, to grow and develop an economy, there is the need for new investments representing net additions to capital stock.

The model explains "Capital constraints hypothesis", which brings about movement of capital as well as technological advancement from developed countries to less/under-developed countries. This gap in foreign exchange as propounded by foreign exchange-gap hypothesis of Chenery and Strout placed an emphasis on increase in export earnings as a comparative cost advantage for importation of capital goods for investment (Meyer & Shera, 2017).

## **Methodology**

### ***Research Design***

The study adopted an ex-post facto research design and collected secondary data from World Bank Development Indicators, 2019 and Central Bank of Nigeria Statistical Bulletin, 2019. The data collected spanned from 1987 to 2019. The model regress a number of selected external financing variables on

economic growth and development in Nigeria. Economic growth proxy by annual growth rate of Gross Domestic Product (GDPR) as the dependent variable while external debt stock, official development assistance and remittances as independent variables.

**Model Specification**

The study adopts and modify the model of Ekwunife and Ikeora (2015) who examined external financing and economic growth and development in Nigeria. The model is as follows:

$$GDPR = f(EDS, ODA)$$

Where:

*GDPR = Annual Growth Rate of Gross Domestic Product*

*EDS = External Debt Stock*

*ODA = Official Development Assistance*

*b<sub>0</sub> = the constant*

*b<sub>1</sub> – b<sub>3</sub> = the coefficients of the explanatory variables*

*U<sub>t</sub> = Error term*

The model was adopted and modified by the inclusion of remittance as one of the explanatory variables in the paper

$$GDPR=f(EDS, ODA, RMT)$$

$$GDPR=b_0 + b_1 EDS + b_2 ODA + b_3 RMT + U_t \quad - \quad - \quad - \quad 1$$

**Where:**

*GDPR = Annual Growth Rate of Gross Domestic Product*

*EDS = External Debt Stock*

*ODA = Official Development Assistance*

*RMT = Remittance*

*b<sub>0</sub> = the constant*

*b<sub>1</sub> – b<sub>4</sub> = the coefficients of the explanatory variables*

*U<sub>t</sub> = Error term*

**Method of Analyses**

The multiple regression models were employed using the Autoregressive Distributive Lag (ARDL) econometric tool. The variables were further subjected to preliminary tests including Descriptive statistics and stationarity (unit root) tests and then diagnostic tests to confirm the reliability of the regression results. The E-views 9 being computer-based econometric software was engaged to perform the analyses.

**Data Presentation and Analysis**

**Descriptive Statistics**

**Table 1:** Descriptive Statistics

	GDPR	EDS	ODA	RMT
Mean	4.394300	70.29614	1.141101	3.814033
Maximum	33.73578	228.3717	8.120039	13.04258
Minimum	-10.75170	4.130980	0.301180	0.010418
Std. Dev.	7.152333	63.33341	1.674042	3.696812
Observations	32	32	32	32

**Source: E-views 9**

The results of the mean shows that average growth rate of the GDP in Nigeria is 4.3. This figure is high enough to insinuate that Nigeria is growing economy. The maximum and minimum values for the variables showed 33.73% and -10.75% for GDP respectively. In addition, the standard deviation showed that there is a very wide variation in the growth of Nigeria economy. This signifies an unstable economy. The mean of external debt stock (EDS) which showed a 70% of GDP in Nigeria is affected by the external debt stock. This value is pegged at 3.81% for ODA and 3.81% for RMT. The maximum and minimum values for the variables showed 228% and 4.13% for EDS respectively; and the standard deviation is 63.33%. This values show that external debt stock is very high in Nigeria. This implies that Nigeria is heavily indebted.

**Stationarity Test Result**

The variables used for data analyses were subjective to Augmented Dicker Fuller (ADF) Tests, to determine whether they are stationary series or non-stationary series. The variables were tested for stationarity at “intercept only”. The results are presented on Table 2.

**Table 2:** ADF Test of Stationarity

Variables	At Level		First Difference		Order of Integration
	t-Statistic	Prob	t-Statistic	Prob	
GDP	-4.4466	0.0014	-	-	1(0)
EDS	-5.4564	0.0002	-	-	1(0)
ODA	-3.8885	0.0059	-	-	1(0)
RMT	-2.0375	0.2701	-5.8238	0.0000	1(1)

\*5% level of significance, \*\*1% level of significance

**Source: E-views 9**

The result on Table 2 revealed GDP, EDS and ODA are stationary at level 1(0) while only the RMT not stationary at level but became stationary at its first difference. Thus, the variables in the model are found to be stationary at level 1(0) and first difference 1(1). This indicates that the stationarity of the variables are combinations of level and first differences. The Autoregressive Distributive Lag (ARDL) approach which capable of handling both stationary at level I(0) and first difference I(1) (Narayan, 2005). Thus, the most suitable tool of analyses is the ARDL test that accommodates both the short and long run trends in testing the relationship between the dependent and independent variables.

**ARDL (Bounds) Test for Co-integration**

The bound test is shown in Table 3. The result compared the F-statistics with the critical bound values. The F-statistics is 4.7507. The results revealed that the F-statistic is greater than the lower and upper bounds of the critical values at 0.05 level of significance. This means that there is a co-integration or long run relationship between external financing and economic growth in Nigeria.

**Table 3:** Result of the Bound test of long run relationship between economic growth and external financing in Nigeria.

Sample: 1987 –2019

Included observations: 32

Null Hypothesis: No long-run relationships exist

Test Statistic	Value	K
F-statistic	4.750731	5
Critical Value Bounds		
Significance	I0 Bound	I1 Bound
10%	2.26	3.35
5%	2.62	3.79
2.5%	2.96	4.18
1%	3.41	4.68

Source: E-views 9

***Nature of ARDL Long Run relationship and Speed of Correction to Equilibrium***

Haven found presence of long run relationship between economic growth and external financing variables from result of the Bound Test, further analyses presented in Table 5 aimed to explain the nature of the long run relationship. The results showed that the error correction term [CointEq(-1)] is rightly signed. The coefficient of the error term is -0.730057 with probability value of 0.0030. Since the P. value is less than 0.05, it connotes that the error term is statistically significance. This indicates the changes in economic growth trend will eventually return on a growing normal trend over time. The coefficient indicate about 73% of the deviations in growth of the economy due to macroeconomic instability can be corrected within a year. This implies that external financing variables stabilise economic growth in Nigeria. This suggests that external financing have a significant policy adjustment effect on economic growth of Nigeria.

**Table 4:** Model of the long run relationship between economic growth and external financing in Nigeria

ARDL Co-integrating and Long Run Form

Dependent Variable: GDPR

Co-integrating Form				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(EDS)	-0.003234	0.061216	-0.052835	0.9583
D(ODA)	0.765932	1.199502	0.638542	0.5297
D(RMT)	-1.267655	0.873539	-1.451171	0.1608
CointEq(-1)	-0.730057	0.218522	-3.340879	0.0030
Long Run Coefficients				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
EDS	-0.137688	0.085434	-4.611626	0.0213
ODA	1.049140	1.599917	0.655747	0.5188
RMT	-1.736379	1.331503	-1.304075	0.2057
C	11.535088	6.087702	1.894818	0.0713

Source: E-views 9

### Short Run Relationship

The results showed that the coefficient of GDPR is 0.21 suggesting positive but insignificant effect on the model at 0.05 levels. This implies that GDPR is not an endogenous variable in the explanation of external financing influence on growth of Nigeria economy. The coefficient of the External debt stock variable at level and after one year is -0.0032 and -0.0972 respectively. The coefficients indicate negative relationship between external debt stock and economic growth. However, the corresponding P-value is greater than 0.05 level indicating an insignificant effect. This indicates that external debt stock does not have a significant effect on economic growth in the short run.

The coefficient of regression for ODA (0.765932) was found to have positive relationship with economic growth. The P-value (0.5297) is greater than 0.05 and thus does not show a significant short run effect on economic growth in Nigeria. The coefficient of regression for remittances is -1.267655 indicating negative relationship. The P. value is 0.1608. Since the P-value is greater than 0.05, the study conclude that remittances have a negative but insignificant short run effect on economic growth in Nigeria. Despite all the variables, external financing are not statistically significant on the short-run, the constant (8.421267)

is positive and statistically significant at 0.0493. This indicates that the use of external financing attract a significant positive impact on economic growth and development.

These positive effects are generated from spurred by other variables not included in this model.

**Table 5:** Short run model of the relationship between economic growth and development and external borrowing in Nigeria  
Dependent Variable: GDPR  
Method: ARDL

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
GDPR(-1)	0.269943	0.218522	1.235313	0.2297
EDS	-0.003234	0.061216	-0.052835	0.9583
EDS(-1)	-0.097285	0.069264	-1.404562	0.1741
ODA	0.765932	1.199502	0.638542	0.5297
RMT	-1.267655	0.873539	-1.451171	0.1608
C	8.421267	4.047928	2.080390	0.0493
R-squared	0.229014			
Adjusted R-squared	-0.051345			
F-statistic	0.816860			
Prob(F-statistic)	0.595948			
Durbin-Watson stat	2.014078			

**Source: E-views 9**

The coefficient of determination is 0.2290 indicating a 23% explanatory power. This suggests that about 23% of the changes in growth rate in Nigeria are accounted for by external financing in Nigeria. Thus, about 77% were not explained in this model. This implies that external financing does not have a strong explanatory power over growth and development from the period under study. The F-statistics being 0.816860 confirmed this assertion with an insignificant probability value of 0.5959. This in the overall connotes that foreign financing investment is not a panacea to short run economic growth challenges in nations like Nigeria. The Durbin Watson value of 2.01 supported the reliability of the model from which the results were obtained. Further diagnostic tests are carried out subsequently.

**Conclusion**

External financing variable is a veritable tool for long run economic planning for a developing country like Nigeria. However, the engagement of external financing, especially, external debt, official development assistances and remittances for short run economic challenges would be counterproductive because external financing does not have significant impact on economic growth and development from the short run model. Specifically, external borrowing (stock) is reliable economic policies for boosting long term planning for economic sustainability in Nigeria.

## **Recommendations**

From the outline findings and conclusion averred, the study wish to make the following recommendations:

- i. Owing to the negative impact of external debt stock on the growth and development of the Nigerian economy, Nigerian government should be discouraged from relying on external debt borrowing as a sound strategy for long-term projects.
- ii. Government should avoid the use of ODA in project financing in Nigeria. However, in any case, stringent conditions should be discouraged when ODA becomes an option for external financing to the government.
- iii. That remittance tends to have negative impact on growth and development, attributed to brain drains. Policies that encourage ethnocentrism such as good value system and good remuneration for human capital in Nigeria should be discouraged.

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**APPENDIX 1  
DATA FOR ANALYSES**

DATE	GDPR (%)	EDS (%)	ODA (%)	RMT (%)
1987	-10.7517	133.7653	0.3116	0.011368
1988	7.542522	130.1487	0.5188	0.010418
1989	6.467191	136.0208	1.5534	0.042027
1990	12.76601	120.0540	0.9153	0.032541
1991	-0.61785	134.4481	1.0359	0.239276
1992	0.433725	110.1218	0.9822	0.192651
1993	2.090378	228.3717	2.1456	5.023458
1994	0.909763	210.3345	1.2055	3.040255
1995	-0.30747	129.5068	0.8013	0.875901
1996	4.993706	95.9021	0.5762	0.847684
1997	2.802256	84.7597	0.5950	1.63512
1998	2.71564	103.8918	0.6969	1.401507
1999	0.474238	84.5921	0.4419	3.627061
2000	5.318093	80.4566	0.4319	3.00053
2001	4.411065	78.4617	0.4191	2.643107
2002	3.784648	59.9405	0.5650	2.045032
2003	10.35418	61.1899	0.5165	1.570923
2004	33.73578	51.1596	0.7421	2.587197
2005	3.444667	26.0460	6.4742	13.04258
2006	8.210965	6.8312	8.1200	11.64283
2007	6.828398	7.8553	1.2669	10.82265
2008	6.270264	6.8057	0.6706	9.229491

2009	6.934416	10.2906	1.0581	10.83784
2010	7.839739	4.4297	0.5871	5.349958
2011	4.887387	4.5397	0.4652	5.007214
2012	4.279277	4.1310	0.4366	4.45662
2013	5.394416	4.3199	0.5140	4.038542
2014	6.309719	4.512110729	0.451042	3.659826
2015	2.652693	6.153770536	0.519106	4.39809
2016	-1.61687	7.859129688	0.631566	4.863279
2017	0.814544	7.453452673	0.565433	5.854822
2018	4.374217	35.1421	4.8942	9.14259
2019	5.620943	4.7312	7.2413	10.73275

Source: World Development Indicator and CBN Statistical Bulletin, 2019

#### APPENDIX 2: TABLE ON DATA ANALYSIS

##### Descriptive Statistics

	GDPR	EDS	ODA	RMT
Mean	4.394300	70.29614	1.141101	3.814033
Maximum	33.73578	228.3717	8.120039	13.04258
Minimum	-10.75170	4.130980	0.301180	0.010418
Std. Dev.	7.152333	63.33341	1.674042	3.696812
Observations	32	32	32	32

##### ADF Test of Stationarity

Variables	At Level		First Difference		Order of Integration
	t-Statistic	Prob	t-Statistic	Prob	
GDPR	-4.4466	0.0014	-	-	1(0)
EDS	-5.4564	0.0002	-	-	1(0)
ODA	-3.8885	0.0059	-	-	1(0)
RMT	-2.0375	0.2701	-5.8238	0.0000	1(1)

\*5% level of significance, \*\*1% level of significance

##### UNIT ROOT TEST

Sample: 1987 – 2019

Included observations: 32

Null Hypothesis: No long-run relationships exist

Test Statistic	Value	K
F-statistic	4.750731	5

##### Critical Value Bounds

Significance	I0 Bound	I1 Bound
10%	2.26	3.35
5%	2.62	3.79
2.5%	2.96	4.18

