International Journal of Trend in Scientific Research and Development (IJTSRD)
Volume 9 Issue 3, May-Jun 2025 Available Online: www.ijtsrd.com e-ISSN: 2456 – 6470

The Effect of Multilateral Debt on Gross Domestic Product of Nigeria

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ABSTRACT

This research is carried out to determine the effect of multilateral debt on gross domestic product of Nigeria. The research design used in this research work is ex-post facto. In this research, most of the data used is obtained from already published data. These documents included annual reports and accounts, NBS reports; CBN bulleting and facts book from the Nigerian Stock Exchange (NSE), newspaper reports, internet reports as well as other relevant financial and business publications. A Data was analyzed using tables, ratios, and percentages. The hypothesis was tested using regression. This research, find that the largest of the Nigeria's debt in contemporary years is borne on multilateral and small portion of it on other debts instruments. It is to this view, that the result showed a negative impact on GDP of Nigeria. Also, the coefficient of determination proved that there are enough variable tested to determine the relationship of GDP and multilateral debt. We recommend the following, which shall contribute to the improvement in the management of external debt decisions. The total external debt incurred should be channeled towards the purpose meant for its existence.

KEYWORDS: *Determinants, External debt, Economic Growth*

How to cite this paper: Dr. Odogu, Laime Isaac | Dadiowei, Opritari Maxwell "The Effect of Multilateral Debt on Gross Domestic Product of Nigeria" Published in International Journal of Trend in Scientific Research and Development (ijtsrd), ISSN: 2456-6470, Volume-9 | Issue-3, June 2025, pp.1040-1050, URL: www.ijtsrd.com/papers/ijtsrd97100.pdf

IJTSRD97100

INTRODUCTION

Multilateral Agency is a list of aid agencies which provides regional and international development assistance divided between nationals, mainly OECD countries, and international organization. Agencies of numerous development partners from emerging countries to provide core funding to several multilateral agencies. Core funding is used to implement programs in developing countries and across each agencies operations to support priorities agreed by board members. Additional funding is sometimes provided to agencies to help them respond to specific emergencies or significant new work, for example National disasters, health crises and conflict. Multilateral debt refers to the portion of a country's external debt owed to international financial institutions (IFIs) like the World Bank and the IMF. These IFIs are considered preferred creditors, meaning they provide core development and balance-of-payment loans, and payments to them must be prioritized. Few areas of economic crisis are more discussed than the External debt crisis of the third world countries and the painful structural adjustment program imposed on the majority of us by our creditor countries and the IMF, which are trying to under write the debts Debt burden inhibits our economic progress and revival, it weakens investment and crowd out growth. In 1996, Nigeria was listed as an of the world's most indebted countries, though it's name has been removed from the list, debt crisis cannot be relegated to position of unimportance Debt arising from monies raised by the government either from internal sources (Domestic debts) or external sources (Foreign debts) for the execution of government programmers When government actual revenue performance fall short of projected estimates, government resorts to borrowing to finance its projects that are of social and economic importance to the nation.

Gross Domestic Product. It's a measure of a country's economic activity, representing the total market value of all final goods and services produced within its borders during a specific period. GDP captures the value of all new goods and services produced by a country, excluding used goods and intermediate goods (those used in the production of other goods). GDP is a key indicator of a country's economic health and is often used to compare the economic performance of different countries. The Nigerian economy is undergoing a major debt crisis, the most serious in its history since the country gained independence as with other third world, debt is a wide range of crisis accumulation, which is believed to have resulted in a marked part of a deterioration in the aggregate balance of payments deficit, and gap between government revenue and expenditure, the collapse of social services and infrastructures, an escalating level of inflation, an acute shortage of basic consumer goods, a decline in standard and external assets Without doubt it is strongly believed that there exists an organic link between the decline in Nigeria's economic performance, the foreign exchange crisis and burden of debt management. The process of managing Nigeria's external debt called for the introduction of some kind of economic stabilization program to provide the policy framework for the servicing, refinancing and rescheduling of the country's outstanding loan obligations. In the face of the country growing debt crisis, foreign culture begin to insist on the articulation and implementation of austerity measures as a pre- condition for negotiating terms for the reheating refinancing and servicing of Nigeria's debt and unblocking lines of credit: They were encouraged in this by the IMF and the World Bank, the institutions that monitor stabilization program in the international cosmic system, a control of the various forms at the disposal and the stick of punitive international financial boycott to impose a particular kind of adjustment package on the developing countries

Nigeria an oil rich state was very buoyant until the late 1970's when she took the first jumbo loan, since then there has been an incessant cases of borrowing from the international community at non-concessional interest rate. Decline in oil earning from the 1970's and the emergence of trade arrears lead to further borrowing. The inability of government to repay both principal and interest of borrowed capital have resulted in the accumulation of arrears and have attracted penalties that put unbearable burden on the economy and masses at large.

OBJECTIVES OF THE STUDY

The central objective of this research is to assess the impact of multilateral Debt on gross domestic product in Nigeria. Other specific objective includes:

1. To examine how the Multilateral Debt have an impact on gross domestic product of Nigeria.
2. To examine how the External Debt have an impact on the Economic Growth of Nigeria.

For the purpose of evaluating or in order to efficiently and objectively analyze or achieve the above objectives, these hypothesis is formulated thus:

Ho1: Multilateral Debt (MLD) does not have a significant impact on the Gross Domestic Product (GDP) of Nigerian.

Ho2: external Debt (ETD) does not have a significant impact on the Economic Growth (ECG) of Nigerian Economy.

LITERATURE REVIEW

CONCEPTUAL FRAMEWORK

MULTILATERAL DEBT

Multilateral debt refers to the portion of a country's external debt owed to international financial institutions (IFIs) like the World Bank and the IMF. These IFIs are considered preferred creditors, meaning they provide core development and balance-of-payment loans, and payments to them must be prioritized. Multilateral Agency is a list of aid agencies which provides regional and international development assistance divided between nationals, mainly OECD countries, and international organization. Agencies of numerous development partners from emerging countries to provide core funding to several multilateral agencies. Core funding is used to implement programs in developing countries and across each agencies operations to support priorities agreed by board members. Additional funding is sometimes provided to agencies to help them respond to specific emergencies or significant new work, for example National disasters, health crises and conflict. External debt refers to the unpaid portion of external financial resource required for development purpose and balance of payment support (CBN.2019). External debt is the debt incurred not only by borrowing money or services from banks and creditors aboard but also money owed to countless number of foreigners among us and private sectors Aluko (2018). The world bank define gross external debt on the amount, at any given time of disbursed and out- standing contractual liabilities of residents of a country to non-residents to repay principal with or without interest, or to pay interest, with or without principal The above definition was formulated to meet the requirements of a wide range of users-banks, export credit guarantee agencies, officials involved in international financial co-operation, economic analyst and economic planners Generally, total gross external debt could be said to be privately non-guarantee long-term loan made to a country, from various sources Ngotta (2019).

REASONS FOR MULTILATERAL DEBT

There has been sustained debate on the justification for external borrowing for developing countries, especially in view of the negative effects of debts on their economies and the experience of virtually all debtor countries of the third world. Ngotta (2019) sought to justify debt in a recent study He articulated four primary motives for external borrowing as: To smoothen consumption: To invert if domestic marginal product of capital exceeds the world cost of funds: To facilitate internal transaction: To ease the transaction to a new economic environment. Aikhomu (2018) amplified further some reasons for resorting to external borrowing. According to him, external loan is required to supplement domestic savings which makes possible a higher rate of capital formation. As a corollary we can borrow externally to execute viable projects, to build up a country's external reserve position and hence strengthen the heredity position of the country, to absorb major external shock (in external resource flows) in order to avoid wasteful deflation and stagnation, to serve as financial intermediation in countries with weak financial markets.

The main thrust of the argument on the economics of external borrowing is that the resources gap, expressed in terms of lack of adequate foreign exchange and domestic savings in the cause of demand for external resources by developing countries. Anyafo (2019) The above views cannot be used to justify the importance of external debt in the contemporary world of today. This is become the criteria for borrowing here more or less shifted from economic emphasis to political emphasis. This is why emphasis has been shifted from domestic debt to external debt, both of which makes up the national debt. However in an economy growing under the influence and forces of rising investments, there are chances for investments to rise ahead of saving, creating a demand for external finance to fill the gap between saving and investment The role of some of the external debt incurred comes through international corporation, foreign investment in the bid of trying to supply the missing component, in the form of extra saving foreign exchange or skills, so as to accelerate the government organized march of people towards take-off. The inflow of this capital can also form part of the stock of money and hence increases incomes and social welfare in recipient less developed countries. Adam Smith (1976) argued that public debt rather than diminish, augment the wealth of the citizens and the trading capital of the merchants. He further said the borrower (government) may use it as either a "capital or as a stock reserve for immediate consumption If the government uses it as capital, that is, it is employed in the acquisition of capital and maintenance of productive laborer, through which profit is maximized. The government can, in this case both restore the capital and pay the interest without encroaching upon any other source revenue This according to him would lead to growth manifestation. However, if the government uses it as stock reserve for immediate consumption, the government acts the part of a prodigal, dissipates resources in the maintenance of the idle, what was destined for the support of the industrious The end point is further accumulation of debts. Keynes (2016), also argued in the same direction on the importance of national debt, as an economic necessity and as accelerator of economic growth This might be quite true. However, it did not take into the account of the burden imposed on the future generation. In the days of Adam Smith and Keynes they were more or less concern with the causes of wealth, and not on the burden and after effects of debts on future generation: Aluko (2018) supported Smith and Keynes' ideas and argued that it is when we regard government expenditures as wasteful and unproductive that we argue that the real evil of public debt lies in the destruction of capital which it facilitates. This could not be a measure of debt. For instance, money borrowed to finance a capital project is diverted into financing current expenditure projects, which could not, at the end, yield a return to pay back this loan, could not be justified even though it has been used in solving some problems Some scholars have also agreed that borrowing is necessitated by lack of the ability to save. For that reason, it has reduced the rate of investment and for that, there is the need to borrow externally Thimodu (2019) states that Foreign resources are capable of replenishing the dearth of domestic savings in developing nations, While a particular size of saving or investment is required to attain a target rate of growth there is always a difference between planned investment (IP) and planned saving (SP) The saving gap (SG) is taken as an indication of the size of foreign resources required for achieving a planned growth rate

EXTERNAL DEBT BURDEN

External debt burden arises when domestic production and for consumption are foregone in order to pay interest and amortized external debts Aboloye (2020). According to him it is assumed that debt burden becomes excessive when the increase in goods and services made available by external loan outweighed by the reduction of available local goods as servicing cost are paid to external creditors. The external debt has really brought burden on the entire masses. It is on this ground that some scholars and economics analyst has tend to condemn. Robert (2018) defined three-debt burden indebted nations have to bear They are project, economic and financial burdens. The project burden according to him is a cost of paying for the interest and amortization on specific loan and is the same for domestic loan. It is based on the Cost-Benefit analysis, ie only those for which the returns exceed the Cost should be undertaken. The economic burden relates to the totality of loans to the economy as a whole, it is view from the perspective. These are measurement of borrowing in the economy through the marginal productivity of capital (MPC) But due to inaccuracy of data it is difficult to use this concept. The other alternative is the debt/GDP ratio investment/expenditure ratio and the general trend in the external borrowing. The third burden is the financial burden; it is important but difficult to define. Since it is a possible rather than a certain outcome. However, he stressed the need to maintain sufficient external reserve at any given period to finance adverse swing in the cost of import to export revenue in the short-run. This assertion could not be true Determination of the adequacy of reserve at any given time poses a problem since the volume and prices of international trade fluctuate too frequently for a longer run, a debt service ratio and debt/export should be used. Robert failed to consider among all other variables, the question of accumulated trade arrears, with its attending problem of refinancing and rescheduling, which is now a prominent feature of the external debt as well as the internal debt. Robert (2018), also claimed that high growth rate of gross national product (GNP), shows that the economic burden has been reduced (by means of lower debt/GDP ratio) This, however may not be true especially where there is a high debt/export and debt service/export Obadan (1982), argued that the situation low deb/GNP cannot mean that there is no problem. The increase in the debt has created a problem in the form of inflation

Mcdougall (2019) argued that excessive debt payment in order to offset the balance of payment burden usually have serious impact economy primarily because they tend to interfere with attempts to achieve domestic macroeconomic goals. Obadan, (2021), argued that policy of repaying debt rapidly would be unsound to pay off a sizeable fraction of the debt, the government would have to run large surpluses, and this might ruin the economy. This he meant that excessive payment of external loan could destabilize the internal sector, this is because it constitutes leakage to the internal sector and hence less saving, high price, high lending rate because of the credit constraint caused by the leakage The ultimate point, is disinvestment, unemployment and other social crisis. Sanusi, (2019) said that foreign loan has always been a two-edged instrument for debtor countries. She summed it up as Indispensable for the emancipation of rising capitalist states and at the same time the surest means for the old capitalist states to patronize the young ones, to control their finances and to exert pressure on them foreign customs and trade policies. It is on this basis that Obadan, (2021) had argued that one of the these International monetary authorities and its allied institutional abroad, was to raise consumer prices, inflation, decrease in the value of wages, and increase in the profits of multinational companies in Nigeria, through the concept of private investment transfer He justified his point by looking at the policy the Federal adopted through 'SAP' He stressed that federal Government raised interest rate from 9 percent in 1983 to 15 percent in 1987 The devaluation of the currency and rise in the interest rate, pushed the profit of the multi-national companies (MNCs) to limit unsurpassed in Nigerian history It is hardly surprising therefore, that the second report of the commission published in 1983 considered third indebtedness in general and Nigerian in particular, stressed that it affected the living condition of most of humanity.

Ogbeifun, (2017), he stressed that the international monetary authorities have also learned that the time for its Structural Adjustment Program (SAP), was initially overly optimistic in its expectation of time required to implement structural reforms and that early program were often too complex. The short-term loan maturity, couple with high debt servicing, has meant that more and more developing indebted nations would have to used more than more loan to settle old debts, with the result that the net inflow decreased. The scope for financing future- oriented investments with foreign loans was consequently reduced, foreign loan no longer supplemented national investment capital and foreign debt lost its developmental legitimation, Obadan, (2021). Sanusi, (2019) have shown, that loans offered by foreign donors to developing nations in the name of external aid have been used effectively as export promotion device, investment outlets for foreign entrepreneurs, strategies for perpetuating economic dependency and techniques for mounting external influence on the economy of the recipient nations on the economics of external aid, (Olannye, 2016) states that. The quantum of "aid" from the rich to the poor countries had only a marginal effect on the development process of the latter The variety of restrictive provision some of which were down right brutal with which such aid was provided Not only diminished its effectiveness, but actually worsened the economic, social and cultural conditions in the recipient countries Ezenwe (2022) summed up his dissent on the impact of external debt on development along with such other dissenters, like Peter Bauer by asserting that "in theory, there is no conclusive evidence that external aid is a sin qua non for economic development"

DEBT MANAGEMENT STRATEGIES

The studies by Akinmade (2018), and Sanusi (2019) all agreed that efficient debt management option must seek to eliminate the central problem of debt overhang, remove fiscal rigidities in the economy, achieve debt reduction on the short run, eliminate credit rationing effects, improve the performance of macroeconomic aggregate and thus contain net resources outflows (capital flight) and finally achieve a sustainable debt burden. Debt Conversion or Debt Capitalization. This in broad sense is the exchange of monetary instrument (eg promissory notes) for tangible assets or other financial instrument, It is a method of reducing a nation's burden by changing the character of its debt. Aminu and Anono (2019) stated that, in order to check inflation, the amount of debt conversion in a year would be carefully controlled to minimize its effect on prices. Monetary And Credit Policies. Rapid growth in credit and money supply fuels inflation and worsens the debt for this reason, limits on money and credit expansion are key element of all fund- support adjustment program, (CBN, 2019). In a bit to encourage savings, investment and mop up the excess liquidity outside the banking system, deregulation of interest rate introduced. The policy was based on Mckinnon-shaw (2013) hypothesis. The thesis contend that financial sector is growth including, but that when repression come as a fetter or obstacles in the path of real growth This role of financial sector arises from the transfer of savings from the households to investors. They pointed out that the inability of Developing Countries to attain real positive growth as a result of the interventions which takes the form and low rates often stipulated in nominal terms resulting in low and sometimes positive rates of return on financial assets even in the face of high inflation.

REASONS FOR NIGERIA EXTERNAL DEBT PROBLEM

Sanusi (2018) and Ojo (2019) have both identified two major factors that were responsible for Nigerian external debt problem, namely the events that took place within the domestic economy, The expansionary monetary and fiscal policies as well as the exchange rate and pricing policies which were pursued during the period which resulted in various forms of economic distortions such as domestic inflation's, overvalued exchange rate, capital flight wrong alignment of relative price excessive importation and the lack of incentive for export oriented projects, and land behavior of the international commercial banks of which Nigeria was a victim Secondly, the rapid world economy growth of the 1970s combined with low interest rate and high export growth as well a the belief that "countries never go bankrupt" prompted the banks to increase their lending especially as a lot of the resources from oil had to be recycled without the least concern for the risk of such actions. According to the Ogbeifun, (2017) first bank Business and Economic Report, the sum total of the factors that contribute to the Nigerian's present debt crisis can be traced to, little investment, high consumption, over regulation of the economy poor external debt management policies, deteriorating lending terms, incoherent fiscal and monetary policies, decline export earnings supposedly from the oil sector above all, lack of proper accountability and stewardship. The remote causes of the debt overhang is essentially structural in nature, arising from the peripheral nature of the Nigeria economy in the world economic relations Essentially the disarticulation of production and consumption profiles in Nigeria is a signal factor which has a profound effect on the debt crisis This as a contradiction in the development planning process. Nzotta (2019) According to Olukoshi (2019) This contradiction arises from the fact that the country stands as a peripheral appendage in the international capitalist economy to supply natural economic resource to western countries and to serve as a market for the advanced countries surplus manufactures.

GROSS DOMESTIC PRODUCT

Gross Domestic Product is a measure of a country's economic activity, representing the total market value of all final goods and services produced within its borders during a specific period. GDP captures the value of all new goods and services produced by a country, excluding used goods and intermediate goods (those used in the production of other goods). GDP is a key indicator of a country's economic health and is often used to compare the economic performance of different countries. The Nigerian economy is undergoing a major debt crisis, the most serious in its history since the country gained independence as with other third world, debt is a wide range of crisis accumulation, which is believed to have resulted in a marked part of a deterioration in the aggregate balance of payments deficit, and gap between government revenue and expenditure, the collapse of social services and infrastructures, an escalating level of inflation, an acute shortage of basic consumer goods, a decline in standard and external assets Without doubt it is strongly believed that there exists an organic link between the decline in Nigeria's economic performance, the foreign exchange crisis and burden of debt management. The process of managing Nigeria's external debt called for the introduction of some kind of economic stabilization program to provide the policy framework for the servicing, refinancing and rescheduling of the country's outstanding loan obligations. In the face of the country growing debt crisis, foreign culture begin to insist on the articulation and implementation of austerity measures as a pre- condition for negotiating terms for the reheating refinancing and servicing of Nigeria's debt and unblocking lines of credit: They were encouraged in this by the IMF and the World Bank, the institutions that monitor stabilization program in the international cosmic system, a control of the various forms at the disposal and the stick of punitive international financial boycott to impose a particular kind of adjustment package on the developing countries

RELATIONSHIP BETWEEN EXTERNAL DEBT AND GDP

External debts is one of the sources of financing capital formation in any economy. For a country aspiring to achieve a particular target rate of Growth. Such country may be limited by lack of domestic savings or foreign exchange (Obadan, 2021). Growth as he argued is limited by the domestic resource gap of the foreign exchange or external sector gap and foreign borrowing is required to meet the larger gap. If foreign exchange is the dominant constraint, dual gap analyses stressed that additional role of foreign borrowing, in supplementary foreign exchange without which a fraction of domestic savings might be unutilized because actual growth would be constrained by the inability to import necessary input. There is widespread recognition in the international community that excessive foreign indebtedness of many developing countries remains a major impediment to their growth and stability. Developing countries have contracted large of debts, often at highly concessional interest rates particularly, in 1970s. The hope was that those loans would put them at faster growth, but as debt service ratios reached very high level in the 1980s, it became clear that for many of these countries e.g. Nigeria, debt repayment would not only just constrain economic performance in their countries. More, importantly, it would be virtually impossible to repay back these loans and leave unfavourable balance to support their domestic economy. Nigeria is atypical example of an African state that suffers under the crushing weight of a debt overhang, which means that the country currently has a huge external debt that constitute .a significant proportion of the GDP. The grand cause of the debt crises is that, in most cases, the loan is not used for development purpose. The loan is, process is done in and shrouded with secrecy. The loan is, albinitio, obtained for the purpose of the personal interest and parochial purposes, It is usually tied' to party politics, patronage and elevation of primordial interest rather than the promotion of national interest and overall socio-economic development (Aluko and Arowolo, 2020). Economic growth is a rise in the productive capacity of a country on per capital basis. It involves the expansion of the economy through a simple widening process. It is the increase in the nation& output or GDP of the nation (Eleje and Emeroje, 2020). Analysis has also shown that rising external debt stock inhibits the pace of economic growth of Nigeria by increasing the cost of its servicing beyond the debt sustainability limit while external debt servicing was found not to impair economic growth.

THEORITICAL FRAMEWORK

Adam Smith Theory on Debt Adam smith (1976) argued that debt rather than diminish the earning of citizens and trading capital of the merchants, He further said that the borrower (government) might use it as either a "capital" or as a "stock reserve" for immediate consumption. If the government uses it as a capital that is it is employed in acquisition of capital maintenance of productive labourer, through which profit is maximized. The government can in the case both restore the capital and pay the interest without encroaching on any other sources of revenue. This according to him would lead to growth manifestation. However, if the government uses 'it as stock reserve for been an immediate consumption. The government acts the part of a prodigal, thereby dissipating resource in the maintenance of idle, what was destined for the support of the industrious. The end. point is further accumulation of debt. The follow-up to this theory that Government of' the world takes external debt to pay off external debts thereby not distorting current income and expenditure (budgetary provisions). **Keynesians Theory** Indebtedness does not bring about changes either for future generations or present generations as a result of the investments that it generates. According to this theory, indebtedness, which revives demand, results in more proportionate increase in investment through the accelerator effect? This in turn leads to a arise in production. According to Keynes (2016), monetary restraint decrease in money would cost high interest rate, stratify investment and therefore cause a fall in real income. Although the impact of inflation was not expressly stated has regard its relationship with interest rates. However, one could deduce the direction of prices to rise since according to Keynes, high interest rate would stratify investment and full income which in turn meant low productivity capacity of firms and society. By implication, the Keynes theory or model view external debt as funds sourced by Government to boost its current economic output level, it is considered as an acronym for foreign direct investment (FDI). Though, a fixed interest charge rate.

EMPIRICAL FRAMEWORK

Eravwoke and Oyovwi (2019) argued that the Econometric method of co integration technique was applied to establish quantitative impact and relative significance of the exp1anato variables. The Study shows that there exists a long, run relationship among the major macro-economic variables. The results show that External debt burden, foreign direct investment, inflation and Export have a positive relationship with economic growth. The study recommends that the Nigerian government should not contract further unproductive debt as it may be detrimental to the growth and development, of the economy. lxxxvii The model built for the study proxy gross domestic product as the endogenous variable measuring economic growth as a function of FDI, external debt, external reserve, inflation, and exchange rate proxy as the exogenous variables. Annual time series data was gathered from the Central Bank of Nigeria Statistical bulletin from 1990 to 2018. The econometric techniques of Ordinary Least Square (OLS), Augmented Dickey-Fuller (ADF) Unit Root test and the Granger Causality test are employed in the empirical analysis. The Ordinary Lest Square (OLS) result shows that a positive relationship exists between FDI and Economic Growth variables while an inverse relationship exist between External Debt and Economic growth. The findings from the granger causality test show that causality runs from GDP to. FDI and external' debt engender economic 'growth in the Nigerian economy. The study recommends that government should ensure economic and political stability that will encourage capital inflow and reduce external debt so as to lead the economy to the next stage of growth, (Bamidele and Joseph, 2019). In the View of Okon, Augustine and Chukwo (2019), the controversy surrounding the choice between domestic and external borrowing is still considered a crucial policy issue. This paper investigated the relative impact or potency of both external and domestic debts on the performance of the Nigerian economy with emphasis on which of the debt type exert more impact or influence on the lxxxviii major macroeconomic variables of per capita GDP and gross domestic investment. Time series data were obtained from various sources from 1970 to 2017 and were further subjected to series of econometric analysis. The result reveals that external debt is superior to domestic debt in terms of economic growth, external debt and not domestic debt crowd-out domestic investment in Nigeria. The direction and size of the coefficients of external and domestic debts, in the investment model were (-) 0.245 and (+) 1.182 respectively. Other results show that, real exchange rate is a positive and significant determinant of economic growth; interest rate is a negative and significant determinant of domestic investment in Nigeria. The paper concludes that government should have recourse to domestic market-based borrowing in order to help mobilize domestic saving and stimu1at domestic investment in Nigeria. Ekperiware and Oladeji (2020) stressed that within the year 1913 to 2019 with a view to examine the effect of external debt relief on economic growth in Nigeria, the effect of huge external debt of less developed countries is believed to impede investment resources. This has resulted in debt restructuring of various kinds in Nigeria with some concesiona1 loans, as well as the external debt relief in 2015. A decade after the debt relief critical sectors of the economy such as education, health, electricity, transport and exchange rate etc. suppose o show evidence or sources of such debt relief. Some studies found the effect of external debt relief' to be doubtful, especially on economic growth.

METHODOLOGY

The research design used in this research work is ex-post facto. In this research, most of the data used were obtained from already published data. These documents included annual reports and accounts, NBS reports; CBN bulleting and facts book from the Nigerian Stock Exchange (NSE), newspaper reports, internet reports as well as other relevant financial and business publications. The data gathered from these reports reflect the historical economic performances under study. Accordingly, the cause-and-effect relationship between dependent variables (GDP Gross Domestic Product) and independent variables, MLD Multilateral Debt of Nigerian Economy and PCD Paris Club Debt of Nigerian Economy, were examined. The study involves a test of relationship, the Pearson's product moment correlation (PPMC) and multiple regression technique is adopted to test relationship of variables and the level of influence the independent variables wield on dependent variables. The Statistics Package for Social Sciences (SPSS) 25 for windows is the statistical computer software used to run the analysis of the cross-sectional data of this study.

Model specification

GDP = F (MLD, ETD, OTD)……………………1

The linear equation will become

$GDP = \beta0 + \beta1MLD + \beta2ETD + \beta3OTD$ ……....2

The econometric equation will then be thus;

$FXR\ t\text{-}1 = \beta0t\text{-}1 + \beta1MLDt\text{-}1 + \beta2ETDt\text{-}1 + \beta3OTDt\text{-}1 + \mu t\text{-}1$….3

Where; GDP = Gross Domestic Product of the Nigerian Economy. MLD = Multilateral Debt of the Nigerian Economy

PCD = External Debt of the Nigerian Economy. OTD = Others Debt of the Nigerian Economy. β0- β4 = Coefficients of the variables μ = Error term

Descriptive Statistics

	Mean	Std. Deviation	N
GDP	4.9437	3.06084	30
MLD	.3240	.32271	30
ETD	.4620	.32304	30
OTD	.0740	.08877	30

DATA PRESENTATION

Correlations

	GDP	MLD	ETD	LCD	PND	OTD
GDP MLD	1.000	.225	-.251	.149	-.269	.160
Pearson Correlation	.225	1.000	-.939	-.619	-.588	.733
ETD LCD	-.251	-.939	1.000	.385	.392	-.838
ETD OTD GDP	.149	-.619	.385	1.000	.498	-.379
MLD	-.269	-.588	.392	.498	1.000	-.406
Sig.(1-tailed)	.160	.733	-.838	-.379	-.406	1.000
ETD LCD	.	.116	.090	.215	.075	.199
PND OTD GDP	.116	.	.000	.000	.000	.000
MLD	.090	.000	.	.018	.016	.000
N	.215	.000	.018	.	.003	.019
ETD	.075	.000	.016	.003	.	.013
LCD	.199	.000	.000	.019	.013	.
PND OTD	30	30	30	30	30	30
	30	30	30	30	30	30
	30	30	30	30	30	30
	30	30	30	30	30	30
	30	30	30	30	30	30
	30	30	30	30	30	30

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	OTD, LCD, PND, MLD, ETD[b]	.	Enter

Dependent Variable: GDP

All requested variables entered.

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	.925[a]	.889	.678	2.77585	.889	2.252	5	24	.082	2.463

Predictors: (Constant), OTD, LCD, PND, MLD, ETD

Dependent Variable: GDP

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	86.765	5	17.353	2.252	.082[b]
	Residual	184.928	24	7.705		
	Total	271.693	29			

Dependent Variable: GDP

Predictors:(Constant), MLD, ETD OTD, LCD, PND

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std.Error	Beta		
1	(Constant)	-152.934	101.687		-1.504	.046
	MLD	160.470	101.738	16.919	1.577	.028
	ETD	156.590	101.858	16.526	1.537	.037
	LCD	175.411	100.838	4.580	1.740	.005
	PND	138.589	101.221	2.734	1.369	.014
	OTD	153.488	102.022	4.451	1.504	.006

a. Dependent Variable: GDP

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.6913	10.8925	4.9437	1.72971	30
Residual	-5.03502	5.35222	.00000	2.52524	30
Std. Predicted Value	-1.880	3.439	.000	1.000	30
Std. Residual	-1.814	1.928	.000	.910	30

a. Dependent Variable: GDP

Summary of Regression Result

	Beta	Std Error	T-Value	Sig	R	R2	F-Value	Sig	Durbin Watson
Constant	-152.934	101.689	-1.504	0.046	0.925	0.889	2.252	0.082	2.463
MLD	160.470	101.738	1.577	0.028					
ETD	156.590	101.858	1.537	0.037					
LCD	175.411	100.838	1.740	0.005					
PND	138.589	101.221	1.369	0.014					
OTD	153.488	102.022	1.504	0.006					

Dependent Variable: GDP

Source: Researcher's Output (2016)

The result of the above analysis table showed that foreign debt as a total independent variable revealed a negative movement towards the GDP as the dependent variable been (-152.934) which represent the constant value in the above regression table. The independent variables (MLD, ETD, LCD, PND &OTD) showed a positive movement towards the dependent variable. The total variation of the variables showed that these variables are appropriate for the study revealed by the figure 0.925(92.5%) while the F-statistics (2.252) significant at 0.082 shows that the model is significant to the study. The Durbin Watson value of 2.463 reveals that there is no evidence of auto correlation in the variables contained in the model used in performing the empirical findings of this study.

Hypothesis One: Ho: Multilateral Debt (MLD) does not have a significant impact on the Gross Domestic Product (GDP)of the Nigerian Economy.

t-cal (x)<t-tab (3.182) Decision: Accept the null hypothesis (Ho) if the t-statistics is not significant and reject the null hypothesis and accept the alternative(Hi)if it is significant. Significant level is at 0.05 Regression coefficients: Multilateral Debt (MLD). -152.934+ 160.470x t-stats(1.577)<t-tab(3.182) The result above shows that Multilateral Debt has a positive impact on GDP, the coefficient of regression being 160.47. This means that an increase in the Multilateral Debt borrowing will increase the growth in the GDP. The t-statistics which is 1.577 with the implication that the variable is significant at 15%. Since this is less than the 5% t-table (3.182), it is therefore significant. The null hypothesis stating that Multilateral Debt (MLD) does not have a significant impact on the GDP will be rejected and the alternate hypothesis will be accepted.

Hypothesis Two: Ho: External Debt (ETD) does not have a significant impact on the Gross Domestic Product (GDP) of the Nigerian Economy. t-cell (x)<t-tab(3.182) Decision: Accept the null hypothesis (Ho) if thet-statistics is not significant and reject the null hypothesis and accept the alternative(Hi) if it is

significant. Significant level is at 0.05 Regression coefficients: External Debt (ETD). -152.934+ 156.590x t-stats(1.537)<t-tab(3.182) The result above shows that External Debt has positive impact on GDP, the coefficient of regression being 156.59. This means that an increase in the Paris Club borrowing will automatically increase the Gross Domestic Product (GDP). The t-statisticsis 1.537 with the implication that the variable significant at 15%. Since this is less than the 5% t-table (3.182), it is therefore not significant. The null hypothesis stating that External Debt (ETD)does not have a significant impact on the GDP is rejected and the alternate hypothesis is therefore accepted.

CONCLUSION

From the empirical study, multilateral debt financing is meant for the purpose of providing infrastructures, security, government capital expenditure and financing entrepreneurships and other private credits towards boosting the economic growth in Nigeria. In the empirical studies of other writers, we learnt that external debt had an inverse linear correlation relationship with domestic debt. in this research, we surveyed the largest of the Nigeria's debt in contemporary years is borne on multilateral and small portion of it on other debts instruments. It is to this view, that the result showed a negative impact on GDP of Nigeria. The coefficient of determination proved that there are enough variable tested to determine the relationship of GDP and multilateral debt. We recommend the following, which shall contribute to the improvement in the management of multilateral debt decisions. The debt management office should endeavor to render a financial advice in raising and utilizing these external debts for its specific purposes. The total external debt incurred should be channeled towards the purpose meant for its existence. The structure of the external debt should be apportioned to the ratio of its lowest interest that will be later used in financing that particular external debt.

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