AN EVALUATION OF DEPT MANAGEMENT STRATEGIES FOR Ebeing FFECTIVE PUBLIC FINANCIAL MANAGEMENT IN NIGERIA: A CASE STUDY OF CENTRAL BANK OF NIGERIA SOKOTO.

By

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BEING RESEARCH PROJECT SUBMITED TO THE DEPARTMENT OF PUBLIC ADMINISTRATION, FACULTY OF MANAGEMENT SCIENCE,USMANU DAN FODIO UNIVERSITY, SOKOTO, IN PARTIAL FULFILMENT OF THE REQUIERMENT FOR THE AWORD OF BEACHELOR OF SCIENCE (BSC) IN PUBLIC ADMINISTRATION OF USMANU DAN FODIO UNIVERSITY SOKOTO.

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CERTIFICATION

This is to certify that this research work has been submitted to the Department of Public Administration, Faculty of Management Sciences, Usmanu Danfodiyo University Sokoto (UDUS) in partial fulfillment of the requirements for the award of Bsc Public Administration.

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DEDICATION

This Research Work is dedicated to ALMIGHTY ALLAH for His Immeasurable Blessings, Mercies and Grace which provided me with the strength, patience and wisdom through which I tried this challenging path of glory.

To my beloved parents Alhaji Usman Mohammed and Mallama Halima musa, my lovely brothers Lukman usman ,Sani Usman, Yusuf Usman And Bilala usman , My caring sister usman Fatima, And not Forgetting the Entire Family of Alhaji Bello Nagwari all for thier love, Prayers, Support and Encouragement. And Finally to my friends Bilyaminu Bello Nagwari, Ibrahim Abakar Abdulrazak, Jamilu sani Yaro, Tukur Aliyu, Aliyu Bala Sambo, Shuaibu Zayyanu, AbdullahiYahaya Kamba, Abdulmalik Bello Nagwari.

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TABLE OF CONTENT

Title Page	i
Dedication	ii
Certification	iii
Acknowledgement	iv
Table of Contents	vi

Chapter one: General introduction

1.1 Background to the study	1
1.2 Statement of Research Problem and Research QuestionS	7
1.3 Objectives of the Study	9
1.4 Hypotheses	9
1.5 Significance of the Study	10
1.6 Scope and Limitations of the Study	11
1.7 Scheme of Chapters	13
1.8 Definition of terms;	14
1.9 Historical Background of Central Bank of Nigeria, Sokoto branch.	14

Chapter two: Literature Review

2.1 Introduction 19

2.2 Theoretical Frame work 19

2.3 Government Control over Debt 28

2.4 Lending and Credit Analysis 32

2.5 Public Financial Management in Nigeria 40

2.6 History of Nigeria's Debt Crises 44

Chapter Three: Research Design And Methodology

3.1 Introduction 68

3.2 Research Design 68

3.3 Population Of the study 68

3.4 SamplingSizeand sampling technique 69

3.5 Source of Data Collection 69

3.6 Method of Data Collection 70

3.7 Method of Data Analysis 70

3.8 Hypothesis testing Method. 71

Chapter Four: Data Presentation And Analysis

4.1 Data presentation and summary of findings	73
4.2 Provision and Analysis of Data Question	74
4.3 Test of Hypothes	77
4.4 summary of findings	87

Chapter five: Summary

Conclusion and Recommendations

5.1 Summary	93
5.2 Conclusion	94
5.3 Recommendation	96
5.5 Bibliography	**99**
Appendix	**105**

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

In a modern economy,there is distinction between the surplus economic units and the deficit economic units and inconsequence a separation of the savings investment mechanism.This has necessitated the existence of financial institution whose jobs include the transfer of funds from savers to investors.It is generally expected that developing countries, facing a scarcity of capital, will acquire external debt to supplement domestic saving (Malik et al, 2010; Aluko and Arowolo, 2010).

However, whether or not external debt would be beneficial to the borrowing nation depends on whether the borrowed money is used in the productive segments of the economy or for consumption. Adepoju et al (2007) stated that debt financed investment need to be productive and well managed enough to earn a rate of return higher than the cost of debt servicing. Government debt, or borrowing, includes the contracting or guaranteeing of domestic and external (foreign) debt through loans, financial leasing, on-lending and any other type of borrowing, including concessional and non-concessional borrowing, whatever the source. Debt management strategies is a framework that the government intends to use over the medium-term (five years) to ensure that debt levels stay affordable and sustainable, that any new borrowing is for a good purpose and that the costs and risks of borrowing are minimized.

The main important of debt management strategies in public financial management is that the borrowing country is increasing capacity and expanding output with the aid of foreign savings. The debt, if properly utilized, is expected to help the debtor country's economies (Hameed et al, 2008) by producing a multiplier effect which leads to increased employment, adequate infrastructural base, a larger export market, improved exchange rate and favorable terms of trade.

However, external debt or internal debt obligations results from disagreements between the Fiscal operations of the government when the total expenditure exceeds current revenue for a govern fiscal year. Whenever a county witnesses a budgetary gap, the nation can employ domestic or external borrowing to breach the budgetary gap. Borrowing from external sources by the government constituted the external debt of the public sector and the government owned the obligation of debt servings through series of periodic repayment of interest and capital repayment of the debt. Apart from the fact that external debt had been badly expended in Nigeria, the management of the debt by way of service payment, which is usually in foreign exchange, has also affected their macroeconomic performance (Aluko and Arowolo, (2010); Serieux and Yiagadeesen, (2001). Prior to the $18 billion debt cancellation granted to Nigeria in 2005 by the Paris Club, the country had external debt of close to $40 billion with over $30 billion of the amount being owed to Paris Club alone (Sementari, 2005). The history of Nigeria's huge debts can hardly be separated from its decades of misrule and the continued recklessness of its rulers. Nigeria's debt stock in 1971 was $1 billion (Sementari, 2005).

By 1991, it had risen to $33.4 billion, and rather than decrease, it has been on the increase, particularly with the insurmountable regime of debt servicing and the insatiable desire of political leaders to obtain loans for the execution of dubious projects (Sementari, 2005). Before the debt cancellation deal, Nigeria was to pay a whopping sum of $4.9 billion every year on debt servicing (Aluko and Arowolo, 2010). It would have been impossible to achieve exchange rate stability or any meaningful growth under such indebtedness. The effect of the Paris Club debt cancellation was immediately observed in the sequential reduction of the exchange rate of Nigeria vis-à-vis the Dollar from 130.6 Naira in 2005 to 128.2 Naira in 2006, and then 120.9 in 2007 (CBN, 2009). Although the growth rate of the economy has been inconsistent in the post-debt relief period as it plunged from 6.5% in 2005 to 6% in 2006 and then increased to 6.5% in 2007 (CBN, 2008), it could have been worse if the debt had not been cancelled. However, the benefits of the debt cancellation, which was expected to manifest after couple of years, was wiped up in 2009 by the global financial and economic crisis, which was precipitated in August 2007 by the collapse of the sub-prime lending market in the United States.

The effect of the crisis on Nigeria's exchange rate was phenomenal as the Naira exchange rate vis-à-vis the Dollar rose astronomically from about

N120/$ in the last quarter of 2007 to more than N150/$ (about 25% increase) in the third quarter of 2009 (CBN, 2009). This is attributable to the sharp drop in foreign earnings of Nigeria as a result of the persistent fall of crude oil price, which plunged from an all-time high of US$147 per barrel in July 2007 to a low of US$45 per barrel in December 2008 (CBN, 2008). Available statistics show that the external debt stock of Nigeria has been on the increase after the debt cancellation in 2005. The country's external debt outstanding increased from $3,545 million in 2006 to $3,654 million in 2007, and then to $3,720 million and $3,947 in 2008 and 2009 respectively (CBN, 2009).

It is therefore imperative to examine the effect of external debt of the country on her economy for us to appreciate the need to avoid being back in the group of highly indebted nations. External debt became a burden to Nigeria because contracted loans were not optimally deployed, therefore returns on investments were not adequate to meet maturing obligations and did not leave a favorable balance to support domestic economic growth. So, African economies have not performed well because the necessary macroeconomic adjustment has remained elusive for most of the countries in the continent

In the 1980, the management of the external debt became major responsibility of the Central Bank of Nigeria (CBN). This necessitated the establishment (setting up) of a Department in collaboration with Federal Ministry of Finance to the management of external debt. Although, the debt management strategies and measures varied from time to time since the early 1980s when the external debt became pronounced.

The government over the years adopted the under listed strategies and measures to deal with the debt problem. They include: Embargo on new Loans and Directives to State Government to restrict external borrowing to the barest minimum: The embargo was to check the escalation of total debt stock and minimize additional debt burden. However, these have not been particularly effective as indiscriminate quest for external loans have not been adopted. Although rescheduling has conferred short term relief or debt service obligations, the debt over-hang has however hardly been abated as the debt stock has continued to increase significantly. Limit on debt service payments: This requires setting aside portion of export earnings to allow for internal development. Debt Restructuring: This involve the reduction in the burden of an existing debt through refinancing, rescheduling bring back, issuance of collateralized bonds and the provision of new money. The Federal Government in year 2001 established a semi– autonomous debt management office under the Presidency. The creation of (Debt Management Office) (DMO)consolidated the debt management functions in a single agency, ensuring proper coordination of the country's debt recording and management activities, including debt service forecast, debt service repayments, and advising on debt negotiation as well as new borrowings.

1.2 Statement of the Problem and Research Questions

The huge external debt stock and debt service payments of African countries and Nigeria in particular prevented the countries from embarking on larger volume of domestic investment, which would have enhanced growth and development.

Debt management strategies in public financial management in Nigeria are not without a number of problems thus: debt management strategy does not provides effective pubic financial management in Nigeria, ineffective debt management strategies affect Nigeria economic growth process, burden of debt servicing after debt affect Nigeria economy; and crisis on Nigeria's exchange rate affects public financial management in Nigeria to manage debt. In view of this therefore, the research set to answer the following research questions:

- Does debt management strategy provides effective pubic financial management in Nigeria
- Does ineffective debt management strategies affect Nigeria economic growth
- In what ways does burden of debt servicing after debt affect Nigeria economy; and
- Does crisis on Nigeria's exchange rate affects public financial management in the country.

1.3 Objectives of the study

- To examine how debt management strategies provided effective pubic financial management in Nigeria
- To examine how ineffective debt management strategies affect Nigeria economic growth
- To determine how burden of debt servicing after debt affect Nigeria economy; and
- To evaluate how crisis on Nigeria's exchange rate affects public financial management in Nigeria to manage debt.

1.4 Hypotheses

- That debt management strategy may not adequately be managed by pubic financial management in Nigeria
- That ineffective debt management strategies may affect Nigeria economic growth
- that burden of debt servicing after debt may likely affect Nigeria economy; and

- That the crisis on Nigeria’s exchange rate may likely affects public financial management in Nigeria to manage debt.

1.5 Significance of the Study

This study is focused on providing evaluation on debt management strategies in public financial institution in Nigeria. It will also serve as a tool in revamping government policies towards loan procurement and debt servicing in Nigeria. This work may also serve as a yardstick for 0.3. research and documentation on Nigeria’s external debt crisis. Other significants are itemized as follows:

i. the significance of this study to bankers will enable them to appreciate an appraisal of their lending and control mechanism now that they are expected to lend under tight monetary conditions.

ii. The economy as a whole will benefit from the study because if the level of debts is reduced,banks will be left with more money to enable them make the expected contributions to the development of the economy.

iii. Efficient debt management is vital to the protection of assets and the achievements of adequate returns to investment.

iv. This research will also be useful as a reference material for a student who is conducting research on the similar topic.

1.6 Scope And Limitations of the Study

The scope of this study shall cover the evaluation of debt management strategy for effective public financial management in Nigeria, using central bank of Nigeria, Sokoto branch as a case study.The general overview of the debt cancellation shall be taken with certain issues raised and discussed.However, the empirical investigation of the effect of debt management strategy in public financial management in Nigeria shall be restricted to 1981 and 2010. This restriction is unavoidable because of the non-availability of some data.

The limitations of this study include some of unavoidable constraints and problems encountered in the process.They are as follows:

1) Finance: The problem of finance was not left out in the course of research to this study. This type of study required little money and

time to enable the researcher visit the necesssary places for collection of data.Insufficient fund hindered an in-depth study of this research since it was financed from meager pocket money of the researcher.

2) Non-availability of records: This is one of the most important limiting factors in the course of the study.This includes the problems of easily getting the appropriate data due to bureaucracy which hinders the information flow in the country.
3) Non-challant attitude of bank officials: The reluctance of bank officials to reveal information on the need for this study,for fear of breach of duty of secrecy to customers exposure of banks administrative short-comings.
4) ignorance of respedent borrowes: Most bank customers were semi-illiterates and most often it was very difficult to collect adequate data required from them.
5) TIME: Since this study is one of the many courses offered by the researcher,the researcher was constrained by time to carry out an indent research on the study.

1.7 Scheme of Chapter

This research work focus on evaluating debt management strategies in public financial management in Nigeria, using central bank of Nigeria, sokoto branch as a case study comprises five chapters. Chapter one is general introduction, which includes background to the study, statement of research problem and research questions, objectives of the study, hypotheses, significant of the study, scope and limitations, scheme of chapters, definition of terms; and historical background of central bank of Nigeria, Sokoto branch. The second chapter contains the literature review, authors, textbooks and journals. It examines the meaning of debt management strategies, public financial management and theoretical background of the study. Chapter three is research methodology, it contains introduction research design population sample and sampling technique method of data collection. Instrument for data collection and method of data analysis and hypothesis testing method chapter four is data presentation and analysis it touches the analysis of data interpretation of findings, analysis of respondent analysis of research question and testing of hypothesis. Lastly. The final chapter i.e chapter five, it contains the summary of findings in research work, the conclusion and recommendations for the organization.

1.8 Definition of terms

- Debt: This is what one owes to another person.

- Loan: A Loan is a credit arrangement,a security is pledged and must be repaid with interest over a stipulated period of time.

- Overdraft: This is a credit arrangement by banks to their customer to withdraw money over and above that what he has in the account.

- Default: This means failure to pay one´s debt for credit extended which has fallen due.

- Interest: additional payment charged on debt

- Debt servicing: the repayment of debt by the debtor

1.8.1 Historical Background of Central bank of Nigeria, sokoto branch

The Central Bank of Nigeria was established by the CBN act of 1958 and commenced operations on July 1, 1958. The major regulatory objectives of the bank as stated in the CBN act of 1958 is to: maintain the external reserves of the country, promote monetary stability and a sound financial environment, and to act as a banker of last resort and financial adviser to the federal government. The central bank's role as lender of last result and adviser to the federal government has sometimes pushed it into murky regulatory waters. After the end of imperial rule the desire of the government to become pro-active in the development of the economy became visible especially after the end of the Nigeria civil war the bank followed the government's desire and took a determined effort to supplement any short falls in credit allocations to the real sector. The bank soon became involved in lending directly to consumers, contravening its original intention to work through commercial banks in activities involving consumer lending. However, the policy was an offspring of the indigenisation policy at the time. Nevertheless, the government through the central bank has been actively involved in building the nation's money and equity centers, forming securities regulatory board and introducing treasury instruments into the capital market.

The CBN's early functions were mainly to act as the government's agency for the control and supervision of the banking sector, to monitor the balance of payments according to the demands of the federal government and to tailor monetary policy along the demands of the federal budget. The central bank's initial lack of financial competence over the finance ministry led to deferment of major economic decisions to the finance ministry. A key instrument of the bank was to initiate credit limit legislation for bank lending. The initiative was geared to make credit available to neglected national areas such as agriculture and manufacturing. By the end of 1979, most of the banks did not Adhere to their credit limits and favored a loose interpretation of CBN's guidelines. The central bank did not effectively curtail the prevalence of short term loan maturities. Most loans given out by commercial banks were usually set within a year. The major policy to balance this distortion in the credit market was to create a new Bank of Commerce and industry, a universal bank. However, the new bank did not fulfill its mission. Another policy of the bank in concert with the intentions of the government was direct involvement in the affairs of the three major expatriate commercial banks in order to forestall any bias against indigenous borrowers and consumers. By 1976, the federal government had acquired 40% of equity in the three largest commercial banks. The bank's slow reaction to curtail inflation by financing huge deficits of the federal government has been one of the sore points in the history of the central bank. Coupled with its failure to control the burgeoning trade arrears in 1983, the country was left with huge trade debts totaling $6 billion.

Governors

Governors of the Central Bank since independence:

Governor	Previous position	Term start	Term end
Roy Pentelow Fenton		24 July 1958	24 July 1963
Aliu Mai Borno	Deputy Governor, CBN	25 July 1963	22 June 1967
Clement NyongInsong	Advisor International Monitary Fund	15 August 1967	22 September 1975
Adamu Ciroma		24 September 1975	28 June 1977
Ola Vincent	Deputy Governor, CBN	28 June 1977	28 June 1982
Abdulkadir Ahmed	Deputy Governor, CBN	28 June 1982	30 September 1993

Paul Agbai Ogwuma	CEO, Union Bank of Nigeria	1 October 1993	29 May 1999
Joseph Oladele Sanusi	CEO First Bank of Nigeria	29 May 1999	29 May 2004
Charles Chukwuma Soludo	Chief Executive, National Planning Commission	29 May 2004	29 May 2009
Sanusi Lamido Aminu Sanusi	CEO, First Bank of Nigeria	3 June 2009	20 February 2014[4]
Sarah Alade	Deputy Governor, Central Bank of Nigeria	20 February 2014	3 June 2014
Godwin Emefiele	Chief Executive Officer, Zenith Bank	3 June 2014	to date[4]

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

This chapter deals with review related literature on debt management strategies for effective financial management in Nigeria. It covers introduction, conceptual framework, empirical review of literature, and theoretical framework of the chapter.

2.2 Conceptual Issues

Here, an attempt is made to prove conceptual clarification on some of key concepts that are relevant to this study in order to aid understanding of the context under which they were employed in this research.

2.2.1 Debt

The act of borrowing creates debts. Debt therefore refers to the resources of money in use in an organization which is not contributed by its owners and does not in any way belong to them (Oyejide et. tal, 1995). Debt according to Ogbeifin (2007) is generated by the gap between domestic saving and investment, which can increase in absolute terms over time. As the gap widens and the debt accumulates, interest rates also accumulates and the country must borrow increasing amounts just to maintain a constant flow of net imports. It must also borrow to refinance maturing debt obligations. Olaleye (1997:19) puts it, “debt is a sum of money owed by individuals, organizations or countries, a condition where by owing money when

One cannot pay”. Eaton (1993) made simple definition with the various stock and flows associated with debt. Regarding stocks a major distinction is made between disbursed and undisguised debt. Whereas undisbursed debt is composed for mere commitment made by lenders and are, therefore, not accumulating interest, disbursed debt consists of commitment made by the lender that have be drawn on and have accumulated unpaid interest, putting differently, unpaid interest obligation are part of the disbursed debt. Thus, debt essentially refers to disbursed debt. When a government borrows, the debt is a public debt public either internal or external are debt incurred by the government through borrowing in the domestic and internal market so as to finance domestic investment.

Furthermore, debts are classified into two i.e. reproductive debt and dead weight debt. When a loan is obtained to enable the state or nation to purchase some sort of assets, the debt is said to be productive e.g. money borrow for acquiring factories, electricity, and refineries etc. however, debt undertaking to finance war and expenses on current expenditure are dead weight debt (Eaton, 1993). When a country obtains loan from abroad, it means that the country can import from abroad goods and services to the value of the loan without the sometime having to export anything for exchange, when capital and interest have to be repaid, the same country will have to get the burden of exporting goods and services. These two types of debt however require that the borrowers' futures saving must cover the interest and principles payment (Debt Servicing). Therefore, debt finance investment need to be productive and well manage enough to earn a rate of return higher than the cost of debt servicing.

2.2.2 Public Debts

By public debt, we mean government IOUs issued to individuals, organizations and government. From the ancient to the contemporary world, governments have been indebted to their citizens. Governments like individuals borrow from willing creditors to finance their long and short – term pressing financial needs that cannot be financed from other sources (Shaibu, 2003). A country becomes in debt when she borrows money to meet deficit as a result of short fall in revenue to meet earmarked expenditures. However, government borrows to finance wars, to fight economic crises such as depression or inflation or to finance economic reconstruction and development. Ocampo (2004) proclaimed that the external debt situation for number of low income countries, mostly in Africa has become extremely different. For their countries, even fill use of traditional mechanism of rescheduling and debt resection together with continued provision of confessional financing and purist sound economic policies may not be sufficient to attain sustainable external debt levels additional external support. Asley (2002) opined that high level of external debt in developing country negatively impact their trade capacities and performance. Debt over hang affects economic reforms and stable monetary policies, export promotion and a reduction in certain trade barrier that will make the economy more market friendly and this enhances trade performance. However, debt decreases a government ability to invest in producing and marketing exports, building infrastructure, and establishing a skill labour force.

Muhtar (2004) also stated that, the service of these debt have direct negative impact on economic development. To him, debt services encroach on resources needed for socio-economic development and poverty reduction. It also contributed to negative net resources flow. Ojo (1989) was of the belief that it is no exaggeration to claim that Nigeria huge external debt is one of the hard knots of the Structural Adjustment Programme (SAP) introduce in 1986 to put the economy on a sustainable path of recovery. The corollary of this statement is that of only the level of debt service payment could not reduce significantly, Nigeria would be in a position to finance larger volume of domestic investment, which would enhance growth and development, but more often than not, a debtor as only limited room manage a debt crisis to advantage.

To be able to measure the actual amount of the debt which a government owes, that is, the public debt of a country, it is important to separate the instruments, i.e. the IOUs held by different arms of the government, against the center from those held against the government by other institutions and individuals. The former are known as duplicating public debts and the latter as net debts. Duplicating debts are so labeled because the government agencies which purchase them consist of integral parts of the very government which issued the debts. To simplify the explanation of public debt, it is defined as the debt owed by the government to others and the duplicating debt as the debts a government owes to itself.

The government agencies referred to above, in advanced countries like the social security trust funds which created out of negative taxes best known as subsidies and the Federal Reserve Banks. In Nigeria and many developing countries the agency which holds government securities that may be described as duplicating debt is the central bank. In some developing countries the securities markets are underdeveloped and government securities find no market within the private sector. In such countries all government debts are located within the central banks and in such cases a net debt is considered zero. In Nigeria, however, the capital market is growing, and the private business sector is actively involved in the market for government securities (Ude, 1999).

Nda (2007) asserts that public debt is not bad especially when it is prudently used to increase the assets most of which can create employment opportunities. However, if a country borrows and the proceeds are put into unproductive uses or mismanaged, then we should avoid it like a plague. Let us go for debt only when it is absolutely necessary and when there is guarantee for its prudent management.

2.2.3 Concept of Management

There are as many definitions of management as there are books on the subject. Many of the definitions are relatively concise and simplistic. For example, almost a century ago, Taylor (1903:10) defined management as "knowing exactly what you want people to do, and then seeing that they do it in the best and cheapest way". We think, however, that management is much more complex than we can discern from the above definition.

Management is perhaps best understood from a resource – based perspective (Griffin, 2007). All organization use for basic kinds of inputs or resources from their environment, namely, human, financial, physical and information resources. Management is responsible for combining and coordinating these various resources to achieve the organization's goals. However, managers combine and coordinate the various kinds of resources by performing four basic managerial functions or activities: planning and decision-making, organizing, leading and controlling. This is why Griffin (1997) defines management as a set of

Activities (including planning and decision-making, organizing, leading and controlling) directed at an organizations resources (human, financial, physical and information) with the aim of achieving organizational goals in an efficient and effective manner. Every organization in modern society consists of many different groups of people woven together in a complicated process to achieve the objectives of the organization. As it is in the world of industry, so also is it in the realm of the state. It is this process of organization and management which constitutes administration.

At this juncture, this is pertinent to exploits the significance of administrator. The administrators' position within an establishment (government agencies) is therefore strategic and pivotal to socio- economic development of a country. Augustus (2008:2) asserts that "it is true to say that the place of administration has come to be clearly recognized in every sector of human endeavor, as being the keystone to the success and indeed to the very existence of the enterprise". Being concerned with the planning, co-ordination, supervision and control of the establishment which it is involved, it is no overstatement to declare that "whatever may be the future, the science of administration will be an essential instrument of human welfare (Augustus, 2008).

Indeed, so significant is the importance of this instrument of human welfare that one can agree with the writers on administration who asserted that 'if our civilization break down, it will be mainly a breakdown of administration', and that the future of civilized government, and even of civilization itself, rest upon our ability to develop a silence and a philosophy and practice of administration competent to discharge the public functions of civilized society (ibid, 2008).

2.3 Debt Crisis and Development

By debt crisis, we mean a condition whereby a country has accumulated so much debt that it can no longer sustain the management of the debt, resulting in severe distortion and contradictions in the domestic political economy. This has been the African condition for decades, so much so that the struggle for debt cancellation for Africa has been in the forefront of the public discourse on the matter since the 1990s (Adedayo,1990).

Mimiko (1997) defined debt crisis as a situation whereby “a country is heavily externally indebted and is unable to pay the principal of this debt. It is also a situation where a country uses a high proportion of its foreign exchange earnings to service this debt and still scouts for more loans to enable it meet urgent and pressing domestic obligations”. Following the traditional approach which supports external finance to support public expenditure and economic development, coupled with declining income from export and refusal of the developed world to meet their moral financial obligations to the Third World Countries, the latter have to resort to external loans from the Western Financial Institutions (Aluko and Arowolo, 2010). Countries entrapped in foreign debt have some perceptible symptoms. Representatives of the creditor institutions take over strategic financial institutions of the country such as the central bank and the finance ministry to mention a few. This is done to monitor and ensure that no resources are misappropriated or diverted to anything other than servicing the external loans. It is for this reason that Ajayi (1990) believes that countries experiencing debt crisis have been caught in a “very tight rope debt trap”. This is the predicament which many of the Third World Countries have found themselves. No doubt this development has mortgaged the future of generation yet unborn in developing countries. The campaign against the debt bomb has been waged on different fronts. Africans has made spirited effort to get Africa’s debt cancelled, repudiated or reduced but to no avail. Development on the other hand, is a multi-dimensional concept that involves the organization and re-orientation of the entire economic, political and social institution (Olaleye, 1997). A varied body of literature exists on this concept, yet no consensus has been reached on its scope and actual definition. The concept has been considered from various view points, bringing forth various derivations. For instance, Seer (1969) observes that development involves not only economic growth, but also a condition in which people in a country have adequate food and jobs and the income inequality among them is greatly reduced.

Mabogunje (1995) however suggested that two ideas underlined the notion of development. The first is that development is about wealth creation for the use of the citizens and the second is that every society succeeds best when in this direction if it is able to adapt and transform its own institutions as well as its mores and the general attitude of its people towards the attainment of these goals. It is important to note that the first notion of development in Mabogunje's view is more relevant to this discourse.

However, of great importance is that development is seen as a product of human efforts. This is because human beings manipulates the resources available and ensure it serves the goal of achieving the standard and integrity of the people. This led Chilivumbo (1978), for instance, to argue that development as a concept is amorphous and rather difficult to articulate. But the fact still remains that development is a process involving the reduction or eradication of inequality, absolute poverty, unemployment, and slavery or apartheid institutional changes and economic growth. Development as a concept is not limited to Economics discipline as some people tend to believe. Instead, it touches on so many other areas of human endeavors.

Todaro (1977:87). Thus, holds that in addition to improvements in incomes and outputs, development "typically involves radical changes in institutional, social and administrative structures, as well as in popular attitudes and sometime even customs and beliefs". Tomori's study as cited in Bozimo, says that: *Development implies the complete modernization of asociety. If entails the conversion of a peasant society into anindustrial one, and it means a change in the whole way oflife in expectations and motivations, and even the physicalenvironment of daily life itself (Bozimo, 1999:67).* Development is thus deemed to have started only when man's life sustaining needs, self-esteem, freedom and protection are provided for and can be maintained for as long as many lives. Therefore, for a country to be said to be developed there has to be a transformation in that country's institutions, socio-cultural rules and general attitudes of the people so as to create an enabling environment for the country to be responsive to desired and attainable modern changes.

2.4 The Nature and Causes of Nigeria's External Debt

Nigeria during the earlier years of its existence as an independent nation was not classified as a debtor nation. Nigeria, in comparative terms, was rich. She had no reason to go a-borrowing. Indeed, she later successfully prosecuted her 30 month civil war from 1967 to January 1970 without taking a foreign loan. General Yakubu Gowon (1966 – 1975) Nigeria Military head of state, at the time, once said during the early 70s that Nigeria didn't have cash problems. Her problem rather was how to use the money in her vault. However, surprisingly, the nation's vault soon began to dry up. It then discovered that to keep afloat it had to take foreign loans. Its entry into the league of debtors started in 1981 in spite of the paradox of being an oil-exporting country. The fact of been a washed with petrodollar following the OPEC oil price windfall of 1973 made borrowing by Nigerian government unnecessary up till 1978. Until this period, government pegged external borrowing at a manageable N1.0 billion. Nigeria's rendezvous in the company of debtor nations began with the decision of the then military head of state Olusegun Obasanjo to raise the ceiling on external debt from N1.0 billion to N5.9 billion in 1978 (Babawale, 2007). In no time, she was subsequently caught up in a crippling foreign debt crisis that compromised its economic progress, political stability, social dignity, and cultural integrity. Accompanying this debt crisis was poverty. It took an upward swing. For instance, from 28% in 1980 Poverty took a frog leap to 66% in 1996 and finally settled at about 70% in 2000. Put simply, the UNDP estimate, about 65 million Nigerians were living on less than one dollar a day.

The wealth of the nation was therefore concentrated in the hands of a selected few while an average of 3 million Nigerians enter the non performing job market annually (AFRODAD, 2007). The picture of debt crisis in Nigeria was painted by New Age Editorial (November, 3rd 2004) thus; "….a country that borrowed $11billion and has so far paid back $32 billion still owes $34 billion". That means every dollar borrowed has been repaid three times over, yet about three times the initial borrowed is still being owed, creditors are having their cake and eating it in a vicious arrangement designed by IMF and its allies, the effect of which stifles growth and development in developing countries. According to Sogo-Temi (1999), the explanation for the growing debt burden of developing countries is of two-fold. Firstly, developing countries have become much dependent on external funding than they used to even previously. Secondly, the difficulties experience by most countries in servicing external debt burden.

These two factors according to him, account for Nigeria's indebtedness. Any assessment of the present dependency nature of Nigerian economy must take into cognizance the political economy of the country during the colonial era. Ajayi (1984) reflected the causes of debt problem as related to both the nature of the economy and the economic policies put in place by the government. He articulated that the developing economies are characterized by heavy dependence on one or few agricultural and mineral commodities and export trade is highly concentrated on the other.

The manufacturing sector is mostly at the infant stage and relies heavily on imported inputs. To him, they are dependent on the developed countries for supply of other input and finance needed for economic development, which made them vulnerable to external shocks. The grand cause of the debt crisis is that, in most cases, the loan is not used for development purposes. The loan process is done in and shrouded with secrecy. The loan is obtained for 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, 2010). The causes of Nigeria's external debt burden could be grouped into six areas and these according to Aluko and Arowolo (2010) are: inefficient trade and exchange rate policies, adverse exchange rate movement, adverse interest rate movements, poor lending and inefficient loan utilization, poor debt management practices, and accumulation of arrears and penalties. Inappropriate monetary policy also contributed to the problem of Nigerian external indebtedness. For instance, until recently little or no conscious effort was made to achieve financial discipline which was made necessary for effective and efficient mobilization of domestic savings. The negative real rates of interest which prevail for long had the effect, if representing the financial market, increase the dependence of Nigeria on external loans, and encouraging capital flight.

2.4.1 Causes of Public Debt Crisis

There are a number of causes which has led Nigeria and other developing countries into debt crisis now facing them. These factors include the following:

A) Huge Budget Deficits

One of the major causes of Nigeria's public debt especially the internal debt is the persistent huge budget deficit which various government have incurred in their budget over the years. Since one way to finance such deficits was through government borrowing, this contributed to the growth of the debt stock over time (Roberth, 2004).

b) Over Dependence on Oil Revenue

The over dependence on crude oil revenue is another major cause of the debt crisis, the false illusion of riches which oil revenue gave the country began in the seventies and this made the government to embark on gigantic (white elephant) projects on the assumption that oil would continue to bring in huge revenues (Mabogunje, 2004). When oil prices nose – divided in the eighties and oil revenue subsequently fell, government resorted to borrowing to finance expenditures. On the other hand, when expenditures are more than revenue, the government will have no other option but to borrow.

c) Mismanagement And Embezzlement Of Government Funds

Apart from the fact that the oil revenues have been unpredictable, the massive mismanagement and embezzlement of government funds have made revenue to fall short of expectations. During Shehu Shagari administration, there was a policy on austerity measure to tight budget and carryout only essential projects and programs. To do this, the administration resorted to borrowing (Kolawole, 2004).

d) Misplacement Of Priority – Short Term Loans Being Used In Financing Long Term Projects

In Nigeria another major cause of debt and its growth was that in some cases, short-term funds were borrowed to fiancé long-term projects. Thus, when such loans mature, the returns from the projects were not able to provide sufficient resources to pay the debts thus worsening the debt crisis (AbdulRahman, 2006).

e) Rise in Interest Rates on Commercial Loans

Inability of the government to service debt is one of the causes of public debt crisis. The debt and its servicing are draining away resources which can be used to finance development. Since some of the loans were contracted on commercial terms, the interest rates have tended to move with the market rates. The problem is that the debt repayments as well as the service charges in recent years have constituted a significant proportion of total export earnings. This reduces the ability of the government to undertake certain vital projects necessary for development (Olufemi, 2000)

f) Neglect of the Non-Oil Sector

The neglect of the non-oil sector, particularly, the agricultural sector, also indirectly contributed to Nigeria's debt crisis, before the discovery of oil in the 60s agriculture was the mainstay of our economy. In light of this, Obasanjo (2011) noted that, "Nigeria did not see beyond oil. That was one of the misfortunes of Nigeria, or regrets of Nigeria" (Sunday Independent, 2011:25).

g) Reckless Contraction of Loans

In some cases, loans were contracted without regard to viability of projects they were meant to finance (Richard, 1991). Corruption, political factors and personal gains of government officials who negotiated such contracts seemed to be the major factor in contracting certain loans rather than the soundness of the projects to be financed with the loans.

h) Corruption

There is no doubt that corruption is pervasive and has eaten deep into the fabric of the Nigerian society (Igbuzor, 2005). Corruption hampers the existence of development in Nigeria. It has helped to inculcate negative understanding of socioeconomic development in Nigeria. Corruption especially among the elected officials has resulted in apathy and disgust among the citizenry.

j) Poor Performance and Compounded Term of Trade

This poor performance is compounded by the poor terms of trade, which developing countries exports tend to suffer in the world market (Nda, 2003). These experts believe that Nigeria's huge debt burden and its growth may have been as a result of structural imbalance and the need to undertake economic adjustment.

2.5 Implications of Debt Burden on Nigeria's Development

It is believed that the growing national debt against the background of declining and/or unstable foreign exchange earnings has serious consequences for the recovery of the Nigerian economy. But the crucial questions to ask according to Sogo-Temi (1999) are: how to determine the extent of Nigeria's debt burden; and how is this going to affect the capacity of the economy to achieve substantial economic growth and development? Answers to these questions will be based on some principal indices. These are standard indicators for measuring the burden of external debt. These indicators among others include; the ratio of the stock of debt to exports and to Gross Domestic Product and the ratios of debt service to exports and to government revenue. It has been noted that the debtor countries have too much burden on their heads, the burden packaged with economic crisis and sociopolitical difficulties. Expanding as much as 70 – 90% of export earnings on debt servicing connote that little is left virtually for the COJ, merles to perform their constitutional obligations to the citizenry. It is also carefully noted that in its zeal to break out of economic shackles to achieve economic and socio-political development, the Third World has chosen the option of seeking foreign loan to achieve this development. Development, to them, might mean embarking on capital intensive projects such as schools, hospitals, road and bridges, radio and

Television stations. The implication of this is that, the loan, well packaged with a number of conditionality needs to be serviced and as such, the recipient countries are expected to invest the money in the business that will bring returns for servicing and paying back of the loan but with the implementation of these non profitable social projects (Aluko and Arowolo, 2010).

As noted by James (2006) public debt has no significant effect on the growth of the Nigeria economy because the fund borrowed were not channeled into productive ventures, but diverted into private purse. He suggested further that for the gains of debt forgiveness to be realized the War against Corruption should be fought to the highest. Oshadami (2006) in her own study concluded that the growth of debt has affected negatively the growth of the economy. This situation is premise on the fact that majority of the market participants are unwilling to hold longer maturity and as a result the government has been able to issue more of short term debt instruments. This has affected the proper conduct of monetary policy and affected other macroeconomic variables like inflation, which makes proper prediction in the economy difficult.

External control and manipulation of the domestic economy is another by-product of debt crisis. In addition to executing the conditionality in the host country, officials of IMF, and other western based capital institutions often invade and take over the economic policies and administrations of debtor - nations' banking and financial systems. Import earnings are strictly monitored and this is capable of significantly increasing the plight of the domestic populace. The overall effect of the above on the development of the debtor country is that the economy often graduates from bad to worse. The debt burden increases Africa's dependence on the outside world; slows the prospects of economic recovery and growth; jeopardizes the stability of African governments and increases the poverty of Africa and her peoples (Hardy, 1986:65). The foregoing put together therefore raises another question of whether what Nigeria actually needs is debt relief. As it is being made operational, the debt relief has been made to appear as if the western

world is doing Nigeria a special favour. This ought not to be so. For instance, the deepening crisis and contradictions in Nigeria are largely attributable to decades of exploitation of Africa through the slave trade and colonialism. These were to be followed by years of marginalization and continuing exploitation of African resources through the neocolonial enterprises. It is in this light that the conception of debt relief, or worse still, debt forgiveness, offends (Ake, 2000; Ochonu, 2005).

2.6 Debt Relief and Nigeria's Development

It is believed that debt relief would engender increased saving and investment in the domestic economy. This has the potential to engineer growth and reduce poverty, capable of leading to improved conditions of living. This is especially so if the proceeds from debt relief are well managed in the overall interest of the Nigerian economy. While this positive thinking has some merit, there is also the observation that the much touted debt relief has been selective and discriminatory. For instance, under the various debt deals, different conditions apply to different countries with respect to qualification and classification. To make matters worse, these conditions were drawn up solely by the Paris Club and related agencies acting according to the interests of the West, and particularly the US (Eurodad, 2008). Indeed, the assumed tremendous prospects of Africa's development under the new debt relief are too optimistic. For instance, virtually all the measures that have been devised by the World Bank and

IMF for the management of Africa's external debt have been predicated upon such conditions as political and economic liberalization, deregulation, privatization and devaluation (Mkandawire and Olukoshi, 1996). To be sure, debt relief, be it partial or total, has the potential to halt negative movement of capital flight in Africa. As studies have shown, there is a positive correlation between external debt and capital flight, with negative consequences for economic growth and development.

2.7 External Debt: The bane of Nigeria Socio-economic development

Over the years, external debt has been the bane of socio-economic and development in Nigeria. Despite its huge revenue from over 50 years export of petroleum product, country has remained one of the most impoverished countries in the world with very poor infrastructure to drive its economy and about 60 per cent of its populace living on less than dollar a day (Ifeoma,2009).

Several years after its independence, has left itself at the mercy of foreign creditors through continued external borrowings, which in turn gulps huge amount in the national budget yearly for their servicing. In 2005, the country relieved itself of a total debt of $30 billion through the Paris club deal during President Olusegun Aremu Obasanjo, but as at June 2009, the new debt status stood at about $3.7 billion while more borrowings were in the offing but stalled by the resistance of House of Representatives who mandated its committee on debt management to investigate Nigeria's loans and ascertain their legality or otherwise (Adebayo, 2009). This was on the premise, four years after Nigeria got reprieve from its debt burden acquired over the years by successive governments, a fresh debt burden has started setting in with the renewed frivolous borrowings which the House of Representative ascribed the manner in which there were obtained as dubious, shady and corrupt (Sulaiman, 2009). Henshaw (2009) alleged that the International creditors like the World

Bank lure Nigeria into more loans because of what they gain from it as their service charges grow higher than the actual borrowed amount, while Nigeria suffers huge capital flight through annual debt servicing. As revenues from oil production increased Nigeria's attractiveness to predatory external creditors led to major borrowing by successive governments with the resultant huge external debt burden of the country. All manner of loans were collected from private and multilateral creditors by the federal and state governments mostly during the military regimes. And the resultant debt burden meant that substantial amount of oil revenues were expanded on servicing the accumulated external debts annually.

Surveys showed that the cost of servicing these debts over the years surpasses what was actually borrowed by up to 100 percent. For instance, for a period of about 20 years before the supposed debt write-off by the Paris club in 2005. Nigeria's actual borrowing was put at about $10 billion, while it had spent over $35 billion in annual debt service payments for the period and still owed about $36 billion (Savvides, 1992). Besides, servicing the growing debt stock is gradually becoming a burden on the federal government and the states and this in turn really affect the development in the country. Richard (2009) also viewed the continued borrowing from the ever ready international creditors as neo-colonization as most of the loans come with conditions which tend to weaken the economy of the country, through excessive liberalization. Most of the loans come with conditionality of economic liberation imposed by the International Monetary Fund (IMF) and the World Bank (WB) which the country must meet to qualify. This neo-liberal strategy is principally focused on the promotion of free markets, including privatization, deregulation, and trade liberalization, which reduce the ability of government toProvide basic social services for the people. As conditions attached to loans, the international creditors have at various times demanded that Nigeria adopt the following neo-liberal policies:

- Reduction in overall public expenditure
- Removal of petroleum and other subsidies
- Trade liberalization
- Devaluation of the currency(World Bank,1980)

2.8 Institutional Structure and Regulatory Arrangements for Debt Management

It is generally believed that every organization in the world should offer the best approach to achieve good performance in their respective country in which they are situate(Araham, 2011). Robbin and David (2003) observes that Organizational studies encompass the study of organizations for multiple view points, methods and levels of analysis. For instance, some scholars divide these multiple viewpoints into three perspectives: modern, symbolic and postmodern. Another traditional distinction, present especially in the American academia is between the study of “micro” organizational behavior – which refers to individual and group dynamics in an organizational setting and “macro” organizational theory which studies whole organizations, how they adapt and strategies and structures that guides them. Prior to the establishment of the Debt Management (DMO) in 2000, the institutional framework for managing the country’s debt was very weak. Obasanjo (2000) cited the following challenges facing Debt management in Nigeria:

a. The lack of coordination among the various agencies involved in contracting and managing public debt;
b. A weak and unreliable database;
c. The lack of skilled debt managers;
d. Weak institutional arrangements for managing domestic and sub-national debt; and,

e. A loose legal framework.

This section summarizes the legal and institutional arrangements for public debt management in Nigeria which served to overcome the weakness above.

2.8.1 Legal Framework for Debt Management

According to NDMF (2000) the extant legal framework for managing debt includes, among others, the following:

- **The Constitution of the Federal Republic of Nigeria:** This vests exclusively in the National Assembly (NASS) the power to make laws to regulate both external and domestic borrowing for the federation-Federal, State and Local Governments. The Second Schedule, Exclusive Legislative list, items 7 and 50 confer this authority on the NASS. Pursuant to its constitutional authority and mandate, the National Assembly enacted the Debt Management Office (Establishment) Act, 2003. Act no.18 and Fiscal Responsibility Act to regulate external and domestic debt at the Federal, State and Local Government Levels.

- T**he Debt Management Office (Establishment) Act, 2003, Act no**

  This establishes the DMO as an autonomous body charged with the responsibility of managing the country's debt. Among other things, it empowers the DMO to:

a. advise government on how to fund its financing gap;
b. issue guidelines on public borrowing by Federal and sub-national governments, their agencies and public enterprises; and,
c. determine the level of Federal Government's contingent liabilities that may result in extra-budgetary spending and recommend appropriate action for dealing with them.

- **The Local Loans (Registered Stock and Securities Act):** This act provides for the creation and issue of registered stock. Government Promissory Notes and Bearer Bonds, for the purposes of raising loans in Nigeria.
- **The Treasury Bills Act**: This empowers the Minister of Finance to issue Treasury Bills, through the Central Bank of Nigeria (CBN) as his agent, to the limit of 150 percent of the estimated revenue of the

Federal Government and gross revenues of the State for the current year. The Consolidated Revenues Fund is to be credited with the proceeds of this issuance from which the Minister is allowed to pay out any charges and expenses arising thereof**.**

- **The Treasury Certificate Act**: By this Act the FGN can raise short term loans of not more than two (2) years tenor by issuance of Treasury Certificates, whose proceeds may be on-lent to states.
- **The Government Promissory Notes ACT, CAP 164**: A Government Promissory Note is a promissory note issued under Section 3 of the Government Promissory Act. Given the definition under Section 3, Government Promissory Notes are securities issued whenever authority is given to raise any sum of money by loan or repay any loan raised by the Federal Government.
- **Investment and Securities Act No 29 2007 (ISA)**: This empowers the securities and Exchange Commission (SEC) to regulate borrowing from the domestic capital market by Federal, States, local

governments and other government agencies. This Act makes provisions for borrowing from the Nigerian Capital Market.

- **Central Bank of Nigeria (CBN) Act 2007**: This Act enables the CBN among other things to discount or rediscount project-tied bonds issued by State Governments. Local Governments and corporations owned by the FGN or State Governments, being bonds which have been publicly offered for sale and with maturity not exceeding three years, and grant advances to the Federal Government.
- **Fiscal Responsibility Act 2007**: This imposes fiscal discipline on the Federal and to some extent the State Governments, and their agencies and particularly for the States in respect of borrowing, debt management and oil-based fiscal rule within a medium-term expenditure framework. Also, the States have committed to adopting similar legislation.

2.9 Institutional Arrangement for Debt Management

a. The Debt Management Office

DMO Act (2003) observes that the government established a Debt Management Office in 2000 with the mandate of managing the country's external and domestic debt. Part III, Section 6 of the Debt Management (Established) Act 2003, specifies that the DMO shall:

- Maintain a reliable database of all loans taken or guaranteed by the Federal or State Governments or any of the agencies;
- Prepare and submit to the Federal Government a forecast of loan service obligations for each financial years;
- Prepare and implement a plan for the Efficient management of Nigeria's external and domestic debt obligations at sustainable levels compatible with desired economic activities for growth and development and participate in negotiations aimed at realizing these objectives;
- Set guidelines for managing Federal Government financial risks and currency exposure with respect to all loans;

- Advise the Minister on the term and conditions on which monies, whether in the currency of Nigeria or in any other currency, are to be borrowed;
- Submit to the Federal Government for consideration in the annual budget, a forecast of borrowing capacity in local and foreign currencies; and
- Prepare a schedule of any other Federal Government obligations such as trade debts and other contingent liabilities, both explicit and implicit and provide advice on policies and procedures for their management.

Moreover, the Act empowers the Debt Management Office to issue periodic guidelines to regulate the conduct of external and domestic borrowing as approved by the Federal Executive Council (FEC) and the National Assembly.

b. Debt Management Related Committees

In addition to the establishment of the DMO, the government has constituted multi-agency advisory committees, namely:

- **Monetary and Fiscal Policy Coordinating Committee (MFPCC)**: To clarify and harmonize the objectives of public debt strategies, fiscal and monetary policies, among other things. Members of the Committee are drawn from DMO, MOF, CBN, Budget Office, OAGF and NPC.
- **Bond Market Steering Committee**: To get the buy-in of all relevant stakeholders and to speedily resolve any conflicting policy issues that may hinder the orderly development of the Nigerian bond market. Members of the committee are drawn from DMO, SEC, NSE, CBN, PENCOM, and the organized private sector.
- **Sub-national Steering Committee**: To streamline the management of Nigeria's domestic debts, make fiscal federalism effective, and ensure full involvement of States in the management of sub-national debt, the maintenance of a reliable database and design of borrowing guidelines. Members of the Committee are drawn from the six geopolitical zones, OAGF, FMF, CBN, and DMO. A representative of the World Bank serves on the Committee on an advisory basis.

c. **Inter-Agency Relations**

- In matters of policy, strategies and procedures for its operations, the DMO must obtain the approval of the Board, whilst the approval of the National Assembly (NASS) must be obtained for the negotiation and acceptance of external loans and the issuance of guarantees. DMO must also the approval of the Federal Executive Council (FEC) with respect to guidelines drafted for its procedures and strategies.
- National Planning Commission (NPC) by mandate is responsible for managing grants from development partners. To enable the government have a holistic view of capital flows, DMO liaises closely with the NPC to obtain grant data.

d. **Debt Management Organization**

Board and Management Structure of DMO Following the establishment of the DMO in 2000, debt management functions have been concentrated in this autonomous government agency located under the Presidency. The

DMO Act provides for a Seven-member Supervisory Board, where the Vice President of the

Federation is the Chairman, the Minister of Finance is the Vice-chairman and other members include the Attorney-General of the Federal, the Chief Economic Adviser to the President, the Governor of the Central Bank of Nigeria, the Accountant-General of the Federation and the Director-General of DMO. The Director-General of DMO is also the Secretary to the Board. The Board was inaugurated on Thursday, 23rd August, 2007.

2.10 Public financial management in Nigeria

Public financial management is concerned with the planning, organizing, procurement and utilization of government financial resources as well as the formulation of appropriate policies in order to achieve the aspirations of members of that society. Premchand (1999) sees public financial management as the link between the community's aspirations with resources, and the present with future. It lies at the very heart of the operations and fiscal policy of government. The stages of public financial management include**:**

1. Policy formulation: Policy formulation is one of the most important stages in public financial management structure. According to Premchand (1999), “the transformation of the society’s aspirations into feasible policies with well-recognized financial implications is at the heart of financial management. Issues not addressed during policy formulation tend to grow in magnitude during implementation and may frequently contribute to major reversals in the pursuit of policies or major slippages that may lead to contrary results”. Public financial management should be designed to achieve certain micro and macro-economic policies. It entails a clearly defined structured and articulated system that moves to promote cost-consciousness in the use of resources. The government needs to have an estimate of revenue and expenditure to achieve the policy objective of government.

2. **Budget formulation:** The budget formulation is the step that involves the allocation of resources before the submission to the legislature for review and final approval. According to Appah (2009), in Nigeria the budget formulation involves the articulation of the fiscal, monetary, political,

economic, social and welfare objectives of the government by the President; based on these,

(i) The department issues policies and guidelines which form the basis of circulars to Ministries/Departments requesting for inputs and their needs for the ensuring fiscal periods;

(ii) Accounting officers of responsibility units are required to obtain and collate the needs of their units; and

(iii) Accounting officers of ministries, in this case the Permanent Secretaries, are required to collate these proposals which would be defended by unit heads before the supervising minister.

3**. Budget structures:** According to Anyanwu (1997), budget structure addresses the question of how the budget is or should be composed. In Nigeria, budgets have revenues and expenditure sides. According to Prenchard (1999), many governments have yet to put in place cash management systems, which would pave way for coordinated domestic management. The practice of limiting outlays to collected revenues has exacerbated this problem. He, further argued that there is a massive underfunding of programs and projects provided for in the budget.

4. Payments system: This involves the operational procedures for receiving monies for the public and for making payments to them. In Nigeria, governments make payments using a variety of procedures. These include book adjustments, issue of cheques, and payment authorities and electronic payment systems.

5. Government accounting and financial reporting: Government accounting and financial reporting is a very important component of the public sector financial management process in Nigeria. As Adams (2001) noted that government accounting entails the recording, communicating, summarizing, analyzing and interpreting financial statement in aggregate and in details. In the same vein, Prenchard (1999) argues that government accounts have the dual purpose of meeting internal management requirements while providing the public with a window on government operations. Government financial reports should be prepared with the objective in mind of providing full disclosure on a timely basis of all material facts relating to government financial position and operations (Achua, 2009). Financial reports on their own do not mean accountability but they are an indispensable part of accountability.

6. Audit: One of the fundamental aspects of public sector financial management in Nigeria is the issue of audit of government financial reports. Audit is the process carried out by suitably qualified Auditors during the accounting records and the financial statements of enterprises are subjected to examination by the independent Auditors with the main purpose of expressing an opinion in accordance with the terms of appointment. The high level of corruption in the public sector of Nigeria is basically as a result of the failure of auditing. As Prenchard (1999) puts it “many audit agencies are legally prevented from reviewing policies. Most of them cannot follow the trail of money, as they do not have the right to look into books of contractors, and autonomous agencies”. One fundamental failure of audit is the absence of value for money in the Nigerian public sector.

7. Legislative control: The legislature (House of Representative and Senate) in Nigeria is expected to perform this very important task of controlling and regulating the revenue and expenditure estimates in any fiscal year. It is the responsibility of the members of the National Assembly to ensure that the budget estimates are properly scrutinized to ensure accuracy, effectiveness and efficiency of government revenue and expenditure.

2.11 Theoretical Framework

An accurate and proper analysis of debt crisis in developing countries of Africa, and Nigeria in particular cannot be possible without the examination of some theories underpinning development in Nigeria. Scholars and writers have emerged with different theories and explanations concerning the debt crisis in developing countries. The protracted debt crisis in these countries has stimulated research project that endeavor to unravel the causes, and explain the complexities surrounding the debt crisis. While some studies argue that dependency theory is best for understanding the debt crisis, other maintains that development theory or economic explanations are more lucid. Yet, others contend that political explanations or the liberal theory is important. In line with our analysis of this research, the dependency and neoliberal economic theories are adopted.

2.11.1 Dependency Theory

In examine Dependency theory and Africa's debt crisis; proponents of the dependency theory (Baran, 1954; Frank, 1971; Rodney, 1974 and Sweezy, 1978) contend that the debt crisis in Africa could be perceived from the extreme dependence of Africa's economics on international competitive economic conditions over which they had little control. The theory was developed from a Marxian perspective by Paul Baran in 1957 with the publication of his Book titled "The Political Economy of Growth" but the theory was popular in the 1960s and 1970s as a criticism of modernization theory, which was falling increasingly of favour because of continued widespread poverty in much of the world. Dependence is a situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subjected. The relation of interdependence between two or more economies, and between these and world trade, assumes the form of dependence when some countries (the dominant ones) can expand and can be self-sustaining, while other countries (dependent ones) can do this only as a reflection of that expansion, which can have either a positive or a negative effect on their immediate development (Dos Santos, 1970). Samir Amin (1978) corroborated the above postulates when he

Averred that: *Resources flow from "periphery" of poor andunderdeveloped states to a "core" of wealthy States,enriching the latter at the expense of the former. It*

is a central contention of dependency theory that poor States are impoverished and rich ones enriched by the way poor State are integrated into the "world system". (Ikejiaku, 2010: 66).

From the foregoing, it is clear that dependency theory is predicated on the notion that there is a centre of wealth states and a 'periphery' of poor, under developed state. Resources are extracted from the periphery (developing nations) and flow towards the states at the centre (developed nations) in order to sustain their economic growth and wealth.

2.11.2 Neoliberal Economic Theory and Africa's Debt Crisis

The history of development over the last century has been one of competing theories and developmental models. Since the 1970s neoliberal approach was widely applied in different countries around the world, including developing and developed countries with the assistance of the International Financial Institution (IFI) that evidently advocate for neo-liberalism in developing countries (Greig etal, 2007). Neo-liberalism, as a global approach to development, dominated global development literature and practice from the 1970s. It emerge mainly to enhance growth, create free markets, replace the Keynesianism that proved to be weak, and eliminate the intervention of the state in the economy that resulted in the poor economic performance in many countries (Harrison, 2005).

In 1973 the oil crisis created by OPEC countries through increasing the price of oil resulted in surpluses for OPEC countries funds, which in turn kept the money in the private banks in developed countries. These banks started to offer loans to poor countries that were suffering from the oil price escalation, but they failed to pay back either the loan or the interest. As a result, the IMF interfered to help solve the economic crisis in the developing countries, and this was a suitable time for the IMF to introduce so called conditionality for obtaining loan. This conditionality was associated with the implementation of the “Structural Adjustment Programs” that are mainly structured based on the “Washington Consensus Agenda”. It could be said that the prevalence of neoliberalism is because of the widespread implementation of Washington Consensus economic reform in developing countries in 1980s and 1990s with the support of IMF and World Bank, which set adopting “Washington Consensus” reforms as a condition for borrowing money (Geig et al, 2007; Payne and Philips, 2010).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology used in collecting data for the research. It deals with Research design, population of the study, Sample size and sampling technique, sources of data collection, data analysis method and the hypotheses testing method.

3.2 Research Design

This study adopts Survey design with the administration of questionnaires. The survey design enables the researcher to go out to meet the respondents and used sampling process that can give information on the researcher's area of interest.

3.3 Population of Study

The entire population for this study comprises the employees' of central bank of Nigeria, Sokoto Branch with the estimated population of sixty six (66) within the branch. The choice of this branch was guided by research accessibility and the need to be able to make useful generalization because of the characteristics of the population shared by the staff of the organization. The subject will cut across people in lower, middle and upper management.

3.4 Sample size and sampling techniques

A total of Sixty (60) respondents were selected for study in the survey from different departments of the branch. The choice of selecting sixty (60) from the population born out of the fact that it is the representative of the entire population. The sampling technique adopted for this study is Simple random Sampling techniques where every member of the population has equal and unhindered chance of being selected for the purpose of avoiding bias.

3.5 Sources of Data collection

The sources of data collection comprise both the primary and secondary data. The primary data concerned with the questionnaire used to gather information from the respondents while the secondary data concerned with the use of journals, text books, newspaper, internet and other external source used in this research.

3.6 Method of Data Collection

Data collection instrument is designed specifically for gathering and analysis of data. For the purpose of this study both qualitative and quantitative methods were used for data gathering. For quantitative data, the questionnaire method was used and for qualitative, observation and in-depth interview were used for the collection of data.

3.6.1 Questionnaire

The questionnaire for the survey was designed to elicit information relating to the objectives of the study. It provides an opportunity for respondents to give anonymous answers especially for the respondents who find it difficult to express their view orally on certain questions they considered sensitive and their opinion might run contrary to the views of the power that be (see appendix).

3.7 Method of Data Analysis

Observed data were tested with nominal tools of statistical analysis. In table of frequency distribution, simple percentage method was used in presenting the data collected through questionnaire. The data collected were subjected to analytical and statistical analysis in order to test its validity using the chi-square non-parametric statistics analysis, for the purpose of hypothesis testing.

3.8 Hypothesis Testing Method

This study will use chi-square to test the hypotheses of the study. The Chi-Square is an inferential statistical test used to determine whether there is any significant difference between the observed and expected theoretical frequency obtained from a distribution. It is represented by:

$$X^2 = \sum \frac{(o-e)^2}{e} \quad \text{or} \quad X^2 = \sum \frac{(obs - \exp)^2}{\exp}$$

Where O= observed frequency

E= expected frequency

I = the number of items where 1= 1,2,3, …n

The hypothesis will be tested using the chi-square (X^2)
The formula for calculating chi-square
Step 1: Calculate the expected frequency (∑)

$$E = \frac{CT \times RT}{GT}$$

Where:

CT= column total

RT= row total

GT= grand total

Step 2: Calculate the X^2

$$X^2 = \sum \frac{(o-e)^2}{e}$$

Where:

X^2= chi square

o = observed value

e =expected frequency

Step 3: Obtain degree of freedom (DF)

DF = (C-1) (R-1)

Where:

C = Number of Columns

R = Number of rows

Step 4: Decide

If CTV>CV reject the hypothesis

If CTV<CV accept the hypothesis

CTV = Critical Table Value (obtained on the table under 0.05 level of significance)

CV = Calculated Value (The value of X^2 that was calculated)

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 INTRODUCTION

The essence of this chapter is to present and analyze the data collected for the study. The presentation and analysis were based on the responses gotten from the respondents (An evaluation of debt management strategies for effective public finance management in Nigeria. A case study of central bank of Nigeria plc. Sokoto branch) through the questionnaire administer to them.

The data are presented and analyzed with table and simple percentage. A total of 60 copies of questionnaire were distributed out of which 56 copies were returned. The researcher decided to concentrate on the responses of the 56 people at his disposal at the time given for this analysis.

4.2 SECTION A- PERSONAL DATA

Table 4.1 sex Distribution

SEX	NO OF RESPONDENTS	PERCENTAGE OF RESPONDANTS%
Male	20	36
Female	36	64
Total	56	100

Source: field survey (2015)

The above table shows the sex distribution of the respondents from the central bank of Nigeria plc sokoto branch.it has 20 males and 36 female's staffs who responded to the questionnaire administered in the cause of these research.Table 4.2 Age Distribution.

AGE	NO OF RESPONDENTS	PRECENTAGE OF RESPONDENTS%
Below 20-29	30	54
30-39	15	26
40-49	11	20
Total	20	100

Source: Field survey (2015)

The above table shows the age distribution of the respondent of the respondents. It shows that 54% of the respondents are below 20-29 years of age, 26% are between 30 to 39, 20% are between 40-49.

Table 4.3 Marital Status.

MARITAL STATUS	NO OF RESPONDENTS	PERCENTAGE OF RESPONDENTS %
Single	16	29
Married	40	71
Total	56	100

Source: field survey (2015)

The above table shows the marital status of the respondents. It shows that 29% of the respondents are single, 71% married.

Table 4.4 Education Level of Respondents.

LEVEL OF EDUCATION	**NO OF RESPONDENT**	**PERCCENTAGE OF RESPONDENTS %**
Secondary	15	27
OND /NCE	16	29
DEGREE	15	27
MASTERS	5	9
OTHERS SPECIFY	5	9
TOTAL	56	100

Source: field survey (2015)

The above table shows the level of skill (qualifications) of the respondents, based on their education level, their number and percentage. 15(27%) of the respondents have secondary school qualification while

16(29%) of the respondents have OND/NCE qualification, 15(27%) of the respondent have degree qualification, 5(9%) of the respondent have masters qualification, while 5(9%) of the respondent have other qualifications.

Table 4.5 Year of Experience at Services

YEARS	**NO. OF RESPONDENT**	**PERCENTAGE OF RESPONDENTS %**
1-5 years	20	36
5 years and above	36	64
Total	56	100

Source: field survey (2015)

The above table shows the working experience year of the respondents, 36% of the respondents have 1 to 5 years working experience in Central bank plc, 64% have 5 years and above working experience in Central bank.

4.3 SECTION B

QUESTIONNAIRE RESPONSES.

QUESTION 6: Do you agree that Effective Management of Debt Tends to Improve the Growth of Nigeria Economy?

Table 4.6

VARIABLE	**NO. OF RESPONSES**	**PERCENTAGE OF RESPONDENT %**
Yes	40	71
No	16	29
Total	56	100

Source: field survey (2015)

In the table above 71% of the total respondent agreed that effective management of debt tends to improve the growth of Nigeria economy while 29 % of the total respondents disagreed with the opinion.

QUESTION 7: Has Debt Management Reduce the Rate of Unemployment in

Nigeria?

VARIABLE	**NO. OF RESPONSES**	**PERCENTAGE OF RESPONDENT %**
Yes	18	32
No	38	68
Total	56	100

Source: field survey (2015)

From the table above 18 respondents who makes up about 32% agree debt management reduce the rate of unemployment in Central bank plc Sokoto state while 68% disagree that debt management reduce the rate of unemployment in
Central bank PLC Sokoto state

QUESTION 8: Do you Agree that Debt Management Play an Important Role in Poverty Reduction in the Country?

Table 4.8

VARIABLE	NO. OF RESPONSES	PERCENTAGE OF RESPONDENT %
Yes	45	80
No	11	20
Total	56	100

Source: field survey (2015)

The table above shows that 80% of the respondents agree that debt management play an important role in poverty reduction in central bank while 20% of the respondents disagreed.

QUESTION 9: Do You Agree that Debt Relief have Improved the Level of Industrialization in the Country?

Table 4.9

VARIABLE	NO. OF RESPONSES	PERCENTAGE OF RESPONDENT %
Yes	6	11
No	50	89
Total	20	100

Source: field survey (2015)

Table 4.9: shows that the largest percentage of respondent which is 89%, disagreed that debt relief have improved the level of industrialization in the country while 11%of the total respondents agreed.

QUESTION 10 Do You Agree That Debt Management is Significantly Improving The Living Standard of The People in The Country?

Table 4.10

VARIABLE	NO. OF RESPONSES	PERCENTAGE OF RESPONDENT %
Yes	46	82
No	10	18
Total	56	100

Source: field survey (2015)

In the above table 82% of the respondent agree that debt management is significantly improving the living standard of the people in the country while 18% of the respondent disagreed.

QUESTION 11: Has Public Debt Relief Stimulated the Increase in Capital Flight in The Country?

Table 4.11

VARIABLE	**NO. OF RESPONSES**	**PERCENTAGE OF RESPONDENT %**
Yes	36	64
No	20	36
Total	56	100

Source: field survey (2015)

In the above table 36 respondents who makes up 64% agree that public debt relief stimulated the increase in capital flight in the country while 20 respondents representing 36% disagreed.

QUESTION 12: Do You Agree That Debt Service Payment Reduce the Rate of Industrial Growth?

Table 4.12

VARIABLE	NO. OF RESPONSES	PERCENTAGE OF RESPONDENT %
Yes	19	34
No	37	66
Total	56	100

Source: field survey (2015)

The table above shows that 66% of respondents agreed that debt service payment reduce the rate of industrial growth while 34% of the respondents disagreed.

QUESTION 13: Do You Agree That Effective Debt Management Enable Government to Embark on Infrastructural Development in Nigeria?

Table 4.13

VARIABLE	**NO. OF RESPONSES**	**PERCENTAGE OF RESPONDENT %**
Yes	45	80
No	11	20
Total	56	100

Source: field survey (2015)

From the above table 45 respondents who make up 80% accept that effective debt management enable government to embark on infrastructural development in Nigeria while 11 respondents representing 20% disagreed that effective debt management enable government to embark on infrastructural development in Nigeria?

Question 14 Do You Agree That Persistent Huge Budget Deficit Which Various Governments Have Incurred Increase the Level of Public Debt In Nigeria?

Table 4.14

VARIABLE	**NO. OF RESPONSES**	**PERCENTAGE OF RESPONDENT %**
Yes	48	86
No	8	14
Total	56	100

Source: field survey (2015)

In the table above 86% of the total respondents agree that persistent huge budget deficit which various governments have incurred increase the level of public debt in Nigeria while14% of the respondent disagreed.

Question 15. Do You Think That Misplacement of Priority in Terms of Resource Allocation is a Major Problem of Socio-Economic Development?

Table 4.15

VARIABLE	NO. OF RESPONSES	PERCENTAGE OF RESPONDENT %
Yes	50	89
No	6	11
Total	56	100

Source: field survey (2015)

The table above shows that 89% agreed that misplacement of priority in terms of resource allocation is a major problem of socio-economic development while 11% of the respondents disagreed to this assertion.

QUESTION 16 Do you agree that there has been an Improvement in Socio-Economic Development as a Result of External Borrowing?

Table 4.16

VARIABLE	NO. OF RESPONSES	PERCENTAGE OF RESPONDENT %
Yes	49	87
No	7	13
Total	56	100

Source: field survey (2015)

In the above table 49 respondents who make up 87% agree that there has been an improvement in socioeconomic development as a result of external borrowing while 7 respondents who make up 13 % disagreed.

QUESTION 17: Has Debt Relief Really Enhance the Economic Growth of Nigeria?

Table 4.17

VARIABLE	NO. OF RESPONSES	PERCENTAGE OF RESPONDENT %
Yes	29	52
No	27	48
Total	56	100

Source: field survey (2015)

From the above 52% of the respondent support that debt relief really enhance the economic growth of Nigeria while 48% did not support that debt relief

QUESTION 18. Does the Burden of Debt Servicing Affect NIGERIA Economy?

Table 4.18

VARIABLES	NOOfRESPONSES	PERCENTAGE Of RESPONDENT %
Yes	49	88
No	7	12
Total	56	100

The table below shows that 49 respondent representing 88% agreed that burden of debt servicing affect Nigeria economy while 7 respondent representing 12% disagreed.

4.4 Text of Hypothesis.

Testing of hypothesis is an aspect of statistic that enables one to make an inference about a group. According to Elekwa (2007), Hypothesis is a statement or assumption about the relationship of variables. Hypothesis testing or testing of hypothesis is a procedure that is adopted in order to accept or reject a hypothesis.

The three (2) hypotheses formulated for this study in chapter one will be tested using the chi-square test (X^2) based on the data collected through the administration of questionnaires. The formula is:

$$X^2 = \frac{\sum (o_¡ - \sum_¡)^2}{\sum_¡}$$

Where x^2 =chi – square

$o_¡$ = observed frequencies

$\sum_¡$ =expected frequencies

Decision Rule: Accept H_1 if x^2 calculated is greater than x^2 critical.

Reject H_1 if x^2 calculated is less than x^2 critical.

HYPOTHESIS ONE (1)

H_1: That debt management strategy may not adequately be managed by public financial management in Nigeria

This hypothesis is tested based on the responses of research question10

Table 4.19

variables	**Yes**	**N0**	Total
Yes	46	-	46
No	-	10	10
Total	46	10	56

Table 4.20 Contingency table

o¡	∑¡	o¡ – ∑¡	$(o¡ – ∑¡)^2$	$(o¡ – ∑¡)^2/∑¡$
46	38	8	64	1.6
10	2	8	64	32

X^2 Calculated = 33.6

Degree of freedom is given as (r–1) (c–1)

Where r= number of row

c =number of columns.

DF = (2 –1) (2 –1) =1

Level of significance =5% 0r 5/100 = 0.05

From the critical values of chi-square table, x^2 critical value = 3.841 at the degree freedom of 1. While the x^2 calculated = 33.6

DECISION RULE

If x^2 calculated is greater than x^2 critical value, accept the alternative hypothesis, otherwise reject.

DECISION

Since x^2 calculated (3.2) is greater thanx^2 critical value (3.841) the researcher accept the alternative hypothesis, which implies that debt management strategy may not adequately be managed by public financial management in Nigeria.

HYPOTHESIS TWO (2)

H_2 That burden of debt servicing after debt may likely affect Nigeria economy

The hypothesis is tested based on the response of research question 18.

Table 4.21

OPTIONS	**Yes**	**No**	Total
Yes	49	-	49
No	-	7	7
Total	49	7	56

Table 4.22. Contingency table.

o¡	∑¡	o¡ – ∑¡	(o¡ – ∑¡)^2	(o¡ – ∑¡)^2/∑¡
49	43	6	36	0.8
7	0.8	6.2	38.4	48
				48.8

X^2 Calculated =48.8

Degree of freedom is given as (r–1) (c–1)

DF = (2 –1) (2 –1) =1

Level of significance =5% 0r 5/100 = 0.05

From the critical values of chi-square table, X^2 critical value = 3.841 at the degree freedom of 1. While the x^2 calculated =48. 8

DECISION RULE

If x^2 calculated is greater than X^2 critical value, accept the alternative hypothesis (H¡), otherwise reject.

DECISION

Since x^2 calculated (48.8) is greater than x^2 critical value (3.841), the researcher accept the alternative hypothesis, which implies that burden of debt servicing after debt may likely affect Nigeria economy.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The entire research work was organized into five chapters that analyzes the external debt of Nigeria and its impact on national development.

Chapter one which is the introductory chapter started with the background to the study, followed by statement of the problem, objectives of the study. It also cover scope and limitations of the study which significance of the study, definition of terms, historical background of central bank of Nigeria and scheme of chapters.

Chapter two of this research covers includes the concept of management, nature and causes of Nigeria's external debt and causes of public debt, debt management strategies etc. the third chapter of the study is research methodology ,this aspect of the study highlights the various methodologies used in making this research work possible. This chapter entails the research the research design sample and sampling technique, method of data collection, method of data analysis and hypothesis testing method.

Chapter three also look at research methodology or techniques adopted in the collection of arranging and diagnoses of data.

In chapter four, the research tried to analyze the data collected in a tabular form while hypothesis testing followed thereafter.

Chapter five which is the final chapter of the research work contained the summary, conclusion recommendations and bibliography.

5.2 Conclusion

Every year Nigeria has to pay large sum of money on interest payments and principal been paying on its stock of debt. Nigeria has been paying approximately $1 billion annually to Paris club creditors and a further $0.8 billion to its other multilateral and commercial creditors. However, Nigeria has not been able to pay the US $3 billion debt service due every year. As a result, arrears have been built up on Nigerian's Paris club debt. The accumulation of arrears and associated penalty charges has created the paradox where by Nigeria's total debt stock has been increasing year after year even though it has been repaying debts, and has not borrowed any more money from Parish club creditors.

The role of debt overhang in predicating debt crisis cannot be overlooked, thus debt relief would have positive impact on investment and growth. Moreover, to a greater extent the Nigerian debt situation is highly unsustainable. This unsustainability of Nigeria's external debt could be associated with high initial debt, high interest rates, lower real GDP growth, and large trade deficits. It is difficult to stabilize the debt ratio when interest rates, growth rate falling and the initial levels of the debt ratios are high. The implication is that government needs to step-up its growth performance and use concessional debt with lower interest rate in order to keep the debt at sustainable level.

Furthermore, as long as revenue (export income) continues to fall, the external debt strategy becomes highly unsustainable because it constraints import capacity and hence lower growth. The analysis in the paper can aid the DMO's perception of debt servicing in several ways: one is to put sound debt management strategy in place, second is that the debt office should be properly reflected and equipped, third democracy and good governance will improve debt and economic management in Nigeria as it has done very recently. The debt relief recently granted the country has improved the debt situation in 2006 as the external debt profile is now sustainable.

5.3 Recommendations

1) The money saved from external debt servicing should be ploughed into poverty reduction programs boosting agriculture and other sectors of the economy.
2) Government should provide enabling social and economic environment as this will encourage entrepreneurship and promote foreign direct investment.
3) Government should promote portfolio investment which will generate employment opportunities that are highly needed for increase in per capital saving leading to high capital labor ratio.

4) External financing of project should be used only for projects with higher priority. Thus is so because it is huge external debt that threw us into the series of economic problem in the first instance.
5) The government should place an embargo on further acquisition of external finance, except for top priority projects. The marginal return on investment is greater than or equal to the cost of borrowing for such priority projects.
6) In order to reduce the debt burden and increase the debt servicing capacity, there is a need for an increase in exports, and a reduction in world interest rates, among other things. Nigeria should seek external loans only for very high priority, well-appraised, and self-liquidating projects.
7) For government in Nigeria proper debt and risk management practices could include keeping large foreign exchange reserves relative to the total external liabilities in the economy, reducing rollover risk by increasing long-term debt, lengthening the average term to

maturity and issuing domestic currency debt while relying less on foreign borrowing.

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APPENDIX

RESEARCH QUESTIONNAIRE FOR ACADEMIC STUDY

Department of Public administration,
Faculty of Management Sciences,
Usmanu Danfodio University,Sokoto,
Sokoto State.

Dear Respondent,

I am a final year student of department of public administration, faculty of management sciences Usmanu Danfodio University, Sokoto. I am carrying out a research on the subject*" An Evaluation of Debt Management Strategies for Effective Public Financial Management in Nigeria.* A case study of Central Bank of Nigeria plc. Sokoto**"** in partial fulfillment of the requirement for the award of B.Sc. Degree in Public administration.

Attached to this is a questionnaire aimed at gathering some vital information to assist complete the research work. Kindly respond to the statements/questions as freely as possible in the space provided. All information provided will be treated with utmost confidentiality and will be used solely for the purpose of the research.

Thanks in anticipation of your co-operation

Yours Faithfully,
AbdulAziz Usman

APPENDIX

QUESTIONNAIRE FOR THE STAFF OF CENTRAL BANK OF NIGERIA SOKOTO BRANCH

INSTRUCTION: Please indicate your response by ticking (√) in thebox as appropriate.

SECTION A

BIO DATA

1. Sex:

(a) Male ( )

(b) Female( )

2. Age:

(a) 20– 29 years ( )

(b) 30 – 39 years ()

(c) 40 years and above ( )

3. Marital Status:

(a) Single ( )

(b) Married ( )

4. Educational Qualification:

(a) Secondary ( )

(b) OND/NCE ( )

(c) Degree ( )

(d) Master ( )

(f) Others specify……………..

5. Year of service with central bank of Nigeria:

(a)1 – 5 Years ( )

(b) Above 5years ( )

SECTION B will generates questions on an evaluation of debt management strategies for effective public financial management in Nigeria

6. Do you agree that effective management of debt tends toimprove the growth of Nigeria economy?

a) Yes ( )
b) No ( )

7. Has debt management reduced the rate of unemployment in Nigeria?

a) Yes ( )
b) No ( )

8. Do you agree that debt management play an important role inpoverty reduction in the country?

a) Yes ( )
b) No ( )

9. Do you agree that debt relief have improved the level ofindustrialization in the country?

a) Yes ( )
b) No ( )

10. Do you agree that debt management is significantly improvingthe living standard of the people in the country?

a) Yes ( )

b) No ( )

11. Has public debt relief stimulated the increase in capital flight inthe country?

a) Yes ( )

b) No ( )

12. Do you agree that debt service payment reduce the rate ofindustrial growth?

a) Yes ( )

b) No ( )

13. Do you agree that effective debt management enablegovernment to embark on infrastructural development inNigeria?

a) Yes ( )

b) No ( )

14. Do you agree that persistent huge budget deficit which variousgovernments have incurred increase the level of public debt inNigeria?

a) Yes ( )

b) No ( )

15. Do you think that misplacement of priority in terms of resourceallocation is a major problem of socio-economic development?

a) Yes ( )

b) No ( )

16. Do you agree that there has been an improvement in socioeconomicdevelopment as a result of external borrowing?

a) Yes( )

b) No ( )

17. Has debt relief really enhance the economic growth of Nigeria?

a) Yes ( )

b) No ( )

c) Undecided ( )

18. Does the burden of debt servicing affect Nigeria economy?

a) Yes ( )

b) No ( )

c) Undecided ( )