

Debt Relief and Economic Development in Nigeria: A Review

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ABSTRACT

Nigeria had about 60% (US\$ 18 billion) of its external debt written off by its external creditors in 2005, and this was popularly celebrated in the official quarter as a dividend of democracy. In less than two decades, the country has contracted more loans by successive administrations with the current regime's call for another debt relief in the outbreak of COVID-19. This paper critically reviewed the processes leading to the reserve and its effect on the socioeconomic well-being of the people from 2006 to 2019. The study relied on secondary data sources, which were analyzed using the content analytical method. Findings revealed that creditors gave debt relief but not necessarily with good intentions. The debtor countries also failed to maximize the benefits as it further fueled the fiscal irresponsibility of a political class, in turn, incurred more debt shortly after a relief at the expense of the people with a huge infrastructural deficit, high rate of unemployment, high poverty rate, low purchasing power, and more negativities. The study concluded that criteria for debt relief should be reviewed with stricter measures to ensure a positive impact on both the economy and the people and prevent a re-occurrence of the vicious debt circle.

1. Introduction

Over time, the unsustainable debt burden has always been a significant obstacle to realizing economic development. They were constantly working as an indispensable unit of poverty ensnarement of many emerging countries, particularly in Africa. Many countries have been trapped in “a vicious circle of low levels of private investment, low degrees of export diversification, high vulnerability, low growth, and high debt ratios” (Bjerkholt & Niculescu, 2004). This situation has further exacerbated their economic groans in a globalized world. For decades, the issue of unsustainable debt has remained a recurrent broken record in conservable spaces as it is consistently projected as one of the most prominent topics of international discussion, mainly linked to the terrains of crisis and misconstrued policies for development. From the critical perspective, external debt cannot in any way be divorced from external resource flow. The dilemma is that developing countries claim an increasing net capital volume in succession while expressing concerns over their escalating debt service burden (KioUer, 2021).

In Nigeria, the collective debt burden ironically depicts an impoverished non-resourceful country. It betrays the considerable resource base and “the failure of policy measures targeted at the management of those resources” (Omotola & Saliu, 2009). As Nigeria groans under the weight of a worrisome debt burden, it is evident that the closest route out of the wood for the country again will be debt relief. The reality of the debt service payments not only “consume a huge chunk of foreign exchange earnings, but they also act to depress investment and lower the rate of economic growth, due to debt overhang effect, leading to extreme poverty” (Omotola & Saliu, 2009).

Therefore, the need for debt relief as a sustainable mode of economic development seems consequential and more or less a profitable strategy for economic stability. At the same time, it is essential to ask the following questions: what is the sincerity of debt relief? What are the prospects for Nigeria's development through debt relief? What are the problems with this approach? Are international financial institutions ready to proffer a more sustainable debt relief initiative for Nigeria again, and what is the predictable outcome? To what extent can debt relief alter the global trends and flows in favor of Nigeria, and why? Is debt relief a cryptic form of imperialism and poverty entrapment?

2. Result and Discussion

Conceptualizing Debt Relief

As simply put by IMF, the conceptualization of debt relief is the "action taken by the creditor that reduces the present value of its financial claim on the debtor" (Powell, 2003). Numerous decades-long studies have recorded that since the late 1970s, creditor countries' debt relief efforts have repeatedly been modified, making the concept increasingly generous and creating new opportunities. The idea is that low-income countries are at stages of overhang in their threatened economic structures and depleted revenue systems (Gamarra et al., 2013).

As posited by Peter Keren, "... debt relief must be organized cooperatively and comprehensively. There is a need for agreed international rules. There may be a need for new multilateral institutions. Most importantly, there is a need to regard debt relief as a form of development assistance, not as a device for protecting the integrity of the lenders' balance sheets" (Helleiner, 1981). This shows that debt relief is not narrowly construed to a pattern, but its paradigm flows across different channels. In the work of G. K. Helleiner, Faculty of Islamic Economics and Business – UIN Sunan Gunung Djati Bandung

he briefly describes debt relief as the; writing-off of loans, the writing-down of amortization obligations, the rescheduling (deferral) of amortization obligations, and the lowering of interest payment obligations. The rescheduling (deferral) of interest payment obligations, the shift of repayment obligations to a system that renders them conditional, e.g., on some measure of economic performance like exports, GNP, income terms of trade, and the simplification of debt arrangements through their consolidation (Helleiner, 1981).

Going by the summary of Helleiner's conceptualization, it is important to state that one can understand debt relief as debt cancelation (also called stock relief – where partial or 100 percent of the outstanding amount (principal and/or interest) is reduced. Debt rescheduling (the rearrangement or delay of payments (principal and/ or interest)) and debt flow (where there are debt service payments - partial or 100 percent). Through these models, international financial institutions, Non-Paris club creditors, and commercial creditors came up with various initiatives over decades that have evolved to suit the pressing needs. These include the Highly Indebted Poor Countries (HIPC's) Initiative, Multilateral Debt Relief Initiative, Bilateral Debt Relief Initiative, and increased debt relief through the Paris Club (Arnone & Presbitero, 2016).

Research has shown that Debt relief's functionality is to minimize airflow's unpredictability and act as a counter-cyclical source of finance. In this regard, debt relief is expected to help low-income governments balance sustaining financial stability and poverty reduction expenditure commitments. It is consequently seen as a de facto budget support system. It promotes localization where there is the development of locally owned government expenditure priorities and monitoring systems to ensure that the central government's spending capacity is adequately utilized (Bjerkholt & Niculescu, 2004).

The framework is to enhance the national budget, facilitating a “closer integration of budget management systems and an improved coordination between capital and recurrent expenditures” (Bjerkholt & Niculescu, 2004). “Given good governance, one may expect to find a positive effect of debt relief upon domestic private savings and investment, as well as upon the attraction of foreign investment. Debt write-offs can relieve the pressure on domestic borrowing, increasing the availability, and reducing the cost of domestic credit, thereby acting as a spur to economic growth” (Bjerkholt & Niculescu, 2004).

Factors Responsible for Debt Relief: The Case of Nigeria

The debt stock of many developing countries cannot be observed in isolation, and they must be seen through the lens of structural changes that have taken place over a long period of years. And in recent times, it has further played an integral and inevitable part in the economy that has rapidly increased external and local indebtedness alongside reflected dramatic increases in the deficit of current accounts (Michalopoulos, 2017).

Developing countries in Africa are constantly being trapped in a historical stretch of indebtedness so much that the management of those debts has become unsustainable, resulting in distorted economic policies and heightened contradictions in its domestic political economy. The reality of this has consequently led to an unending struggle for debt cancellation as the most valued and feasible escape route since the early 1990s (Alves, 2013).

Tracing the origin of debt stock in developing countries in Africa has always been blamed on the colonial experience and inherited system structure. Other factors that have overtime culminated in overhangs include the understated:

1. High export dependence.
2. High concentration on a few commodities.
3. Low and declining terms of trade.
4. High instability of export earnings due to these factors, and
5. A chronic balance of payments crisis(Alves, 2013).

“These partly explain the gulf between the rich and emerging countries of the world. Certainly, they have necessitated the resonant call for redress in the form of debt relief, forgiveness, cancellation, or repudiation” (Alves, 2013). This is also the case in Nigeria as the recent reality predicts that the total debt will hit 38 trillion nairas by December 2021 with a combination of public debt stock comprising external and local federal and state government borrowings. The debt stock was put at 31.1trillion naira as of June 30, 2020, and increased to 81.4 million dollars as of September 2020, whilst the debt to GDP ratio is still within the acceptable threshold. However, experts have predicted that the country’s rising debt profile is cause for worry as it would have a devastating effect on its fragile economy if not well managed. The debt profile has steadily been gaining strong grounds in roping the economy. The outstanding growth rate in the country’s debt became manifest due to excessive borrowings from international agencies and the country's non-concessionary interest rates as a result of the decline in all earnings and the emergence of high trade areas due to the inability of the country to either produce or foot immediate bills of the importation of goods and services. This profile has skyrocketed over the past

five years and has become more worrisome. While looking into the 2016 data for total debt stock, which is about 13.2trillion, one will observe that the current debt stock has strikingly increased to about 32trillion, which further means that the growth of Nigeria's debt stock currently stands at an alarming rate of 145%. Correspondingly, the projects that have been seen over the years in terms of infrastructure and the spending accorded to it. It holds no weight in justifying how useful the borrowing structure has been to the economy and its citizens (Ndubuisi, 2017).

Another contributing factor to the debt stock is the influence of the current exchange rate. In 2016, the exchange rate was between 160 and 190 nairas through the official window. It has increased to 410 nairas, the parallel market is much worse and goes for as high as 485 nairas, and the inflow market, which is for the transfer of foreign exchange, is as high as 500 nairas towards the end of 2020. As documented, these have consequently impacted the debt numbers (Ndubuisi, 2017).

The current matrix used to analyze debt sustainability for the country has also influenced the debt stock numbers. The government does not run governance as a business, if it was an actual business, it would have gone bankrupt. However, Nigeria is likely moving towards that route pretty fast, where its debts become unsustainable. Although why we have not seen an overblown level of debt is tailored to the locality of a large portion of our debt. Far back as 2018, the proportion of domestic debts to external borrowing ranged from 70-30% respectively, but the debt management office of Nigeria strategically came up with a plan to reduce the portion of domestic borrowing. Currently, the range has shifted to 59.5%, approximately 60%, while external borrowing shifted from 39.5% to approximately 40%. The main challenge to this is how long we can channel these

borrowings to fix critical infrastructure over the next couple of years. An estimate has suggested that 3trillion dollars is needed over the next 25 to 30 years to bridge the gap in the country. This is termed unachievable because from 2016 till date, Nigeria has been going through incremental budgeting. For the country to move forward with an intense focus on critical infrastructure, there is the need for the government to consciously cut down on expenditure in running the physical structure of the government and concentrate on fiscal consolidation, i.e., reducing the size and cost of governing, fighting corruption and closing linkages. The country is gradually getting to a point where its debt profile is significantly rising with little or no value to show for it. In terms of infrastructure, it is still lackadaisically handled, and the government is still handicapped because of so much fruitless spending (Ndubuisi, 2017).

The spontaneous system of the pandemic also did not help with the reduction of the debt stock numbers. The government is saddled with the responsibility of consistently seeing to the immediate needs of its citizens, where it is compelled to spend on recurrent expenditure as against critical capital spending that can help boost growth and reduce unemployment. The pandemic occasioned by COVID-19 put a strain on the government where the time to strategize was limited on how money is to be spent and what economic model should be taken because there is direct pressure from the citizenry asking for the government to do something feasible to cushion the effect. It is important to note that Nigeria's debt profile problem predates the pandemic coming (Ndubuisi, 2017).

The deceit of the Nigerian debt stock to the government is the structure and the definition of debt stock. International financial institutions rely solely on the debt-to-GDP ratio to analyze debt profiles. The trick is it blindfolds the government to the surface level

of the debt stock and not the total numeration of the debt itself to tell if the country is quickly getting an overhang. The debt to GDP ratio describes Nigeria's debt profile as 22%, while the threshold to our debt can actually be as high as 56%. One would be deceived into thinking the country has a lot of room to keep borrowing, but the debt service ratio to revenue is worrisome. As of today, it is rated at 62% from 42% in 2016 (Ndubuisi, 2017).

Sincerely, the country does not have a full capture of its debt profile. The 32trillion naira debt currently affirmed by the Debt Management Office of Nigeria has excluded ways and means, which amounts to 10 trillion naira as acquired from CBN. When the value of this figure is added to the debt profile, it will amount to about 42 trillion nairas in addition to a deficit in the current fiscal year, which is close to about 4.5trillion. The total sum of this makes 45trillion debt, excluding the factors of the cost of servicing way and means. Factoring in the full impact, one would notice that the debt service to revenue ratio is close to 80%, most likely 90% if articulated well, which means the government is spending almost all the revenue it earns to service debt (Ndubuisi, 2017). It is deeply saddening that the country still accumulates debt of over 30 years into every new government and generation. It is more depressing that this seems to triple at the close of a government's term.

A Critical Review of Previous Debt Reliefs to Nigeria

Debt relief granted to many African countries has been widely celebrated in official circles and beyond. For Nigeria, it was historically described as a "dividend for democracy" by Former President Olusegun Obasanjo, further positing that the system enabled an additional investment of \$1 billion to food, insecurity, infrastructure, and human welfare budget for health and education. This was ascertained to bring the required development

to Nigeria alone and Africa experiencing the ripple effects (Ndubuisi, 2017). Since the continuous borrowings that built up from 1976 through to 1980 had engineered the international campaign for debt relief, it was themed as a reformative economic system for the country, and in 2000 the country saw to the appointment of a highly qualified professional Dr. Ngozi Okonjo-Iweala, as the Minister for Finance. She helped to set up the Debt Management Office of Nigeria (DMO), working alongside eligible persons such as Professor Charles Soludo (the former Governor of the Central Bank of Nigeria) and also Dr. Mansur Muhtar (the former Director General of DMO). The roadmap to attaining a reformed economic system through debt relief saw the introduction of a new oil-price fiscal system. It should be duly noted that at this period, the price of oil, although fluctuating, was very influential in jerking the economy forward. This fiscal system was crucial for improving macroeconomic management. It accordingly reformed the monetized benefit of the civil service and was instrumental in eliminating ghost workers (Adesola et al., 2015).

It is pertinent to state that, before the central processing and documentation for debt relief, the country underwent a cleansing system and a revamped process which thoroughly cut down the over-blotted government system that was not ideal for the revenue profile. This process was tailored to combating corruption by introducing the Economic and Financial Crimes Commission (EFCC), which published transfers from the Federal Government to the 36 states. A review program, National Economic Empowerment, and Development Strategy (NEEDS), was elaborated to describe the various reforms being implemented in the country. On the whole, these systemic reforms influenced the negotiation of debt reduction to the Paris Club of US\$ 1 billion annually and

securing that the country paid the amount in full in 2004. It was spear-headed by Dr. Ngozi Okonjo-Iweala (Adesola et al., 2015).

Even though this reform helped to overcome one major obstacle, which was the faulty reputation that had stained the Nigerian policies and governance process, other structural problems hindered the swift processing of debt relief. First was the challenge of making it to “IDA-only” status, which would make it eligible for relief. This was made possible by Center for Global Development, Washington, which caused a case for Nigeria. Secondly, the country was signed into a two-year Policy Support Instrument (PSI) program of IMF but this was without financial implication. The third issue was that debt reduction would be subjected to further assessment to determine if it was unsustainable (Adesola et al., 2015). The increase in the price of oil in 2003 would have disqualified the country as an oil-producing state on the sustainability condition. This was adjudged from its huge income from the product (Rafindadi & Musa, 2019). The World Bank report in 2005, which considered the MDG financing needs, eventually saved the country as it concluded that it deserved a debt reduction (World Bank, 2013).

Admittedly, getting a debt relief agreement was a struggle and primarily politically motivated. The fact that Nigeria had to move against the odds in its economic situation at that time did not influence a clamor for debt relief. The oil prices were booming, making her debts look like they were largely sustainable. This also made the country unfit for the HIPC as structured by the IMF and World Bank. It was seen to have been one of the wealthiest countries in the world if it did not have a large debt profile, even with a workable GDP. So the route taken to lobby Nigeria into the debt relief agenda of the Paris Club was through political means. The concentration of attention to Nigeria’s huge debt profile was

largely disputed because the civil service and the Parliament found it difficult to understand that debt relief was needed for the economy. So it was a struggle for the economic management team because it had “a hard time convincing Parliament, civil societies and State governments that acknowledging the debt and aspiring for an orderly workout with the Paris Club was the preferred strategy” (Musa, 2018). Ultimately, the citizenry was mentally ready for various economic reforms that brewed to the debt relief arrangement. At this time, there was a strong repudiation movement. On the creditor’s side, they had to be ready to influence the debt agreement.

Further, it was described as the perfect storm. The international community had two divides. One side, mostly seen as the UK government during the tenure of Tony Blair, built momentum while the US, on the other hand, was encapsulated with fear that Nigeria would be a failed state. In order to avoid this, the debt relief arrangement was considered (Musa, 2018). After a series of deliberations and negotiations by the then finance minister with the Paris Club members, Nigeria got a deal of overall debt reduction of about 60% with a provisional buyback agreement in June 2005. Nigeria signed the PSI agreement with IMF in October to finalize the arrangement. In this final agreement, Nigeria had to make payment of US 6.3 billion arrears to Paris Club and the creditor in turn cancelled 33% of eligible debt in the first phase.

In the second phase, the creditors would cancel 34% of eligible debt after Nigeria had paid all post-cutoff date debts and an amount for the buyback of the remaining debt at a discount of around 35%. The condition for the second phase was that the IMF Executive Board would approve the first review under the PSI. The overall debt reduction was about

60%. Virtually the full amount of the cancellation has been registered as Official Development Assistance (ODA) by the fifteen creditors involved (Musa, 2018).

It is noteworthy to state that before the US and UK could propose a debt reduction to the Paris Club creditors, it was of utmost importance that Nigeria put her house in order. This had to be so because the agreement's details were solely enshrined in Nigeria's reform programs. Also, the government so much wanted to utilize all the reformed policies in NEEDS for the debt reduction agreement that it went over the benchmark of the IMF. The international financial body required succinct policies with fewer benchmarks, stipulated timelines, and quantitative targets. More expressively, the IMF included the Virtual Poverty Fund (VPF) as a poverty reduction scheme, and it was funded through US\$1 billion in annual debt relief savings (Musa, 2018).

Criticism against Debt Relief

It is no news that Debt Relief engenders positive growth, savings, and investments in a domestic economy. It also promotes the development and reduces poverty leading to improved living conditions for the citizenry (Ayelazuno, 2014). However, it is also necessary to critically look into the much-celebrated debt relief to see what is perceived as the feel-good economy policy. It should be seen that despite its overwhelming popularity among financial institutions. The policymakers and the public have addressed debt relief over time as a bad deal for the world's emerging countries where scarce resources are transferred to corrupt governments with documented and proven track records of mismanaged aids, over-blotted government systems, and misplaced priorities. Thus, debt relief has, over time, been critiqued for aggravating poverty among the world's most vulnerable

population, where it is not well-managed in the national economies' overall interest as it is indispensable to states in need of it (Arnone & Presbitero, 2016).

The concept that debt relief seeks to reduce debt burden largely plays as a myth because emerging nations suffer poverty, not because of the high debt burdens accumulated over time. But mainly because their wasteful governments “constantly seek to redistribute the existing economic pie to privileged political elites rather than try to make the pie grow larger through sound economic policies”(Arnone & Presbitero, 2016). When bad governments are left to themselves, they are highly likely to use fresh borrowings to replace foreign loans and cover some of the debt tracks of domestic loans to ensure the debts are sustainable. Even if the destabilized government does not acquire new debts, they often finance their current debts by running down government assets through fully leveraging on mineral resources and/or oil, condemning future generations to an overall debt stock. In trying to avert such predictions, debt relief seems to be one common route to help douse the heightened tension caused by the misappropriated use of funds. It can be seen as a lazy method of working out economic development through redistributive policies (Adejumo, 2020).

William Easterly disagrees that debt relief allows emerging nations to spend more on health and education. He posited that the mirage that debt relief paints are so complex many had been deceived into claiming that it would signal the beginning of dramatic improvements in healthcare, education, employment, and crippling debt (Alesina & Giavazzi, 2013). This falsehood pragmatically depicts the very case of Nigeria, where debt relief traced from 2006 to now has no sustainable impacts on Nigeria's health and education. Instead, these sectors have deteriorated with every passing year, with millions

of children out of school, a sizeable number of girl-children and women uneducated, and depleting healthcare system with many people still dying from avoidable ailments. Rather than redirect these loans, more budget focus is still given to defense and the acquisition of arms. It further says that if the government did not spend original loans to reduce poverty, “it’s a stretch to expect them to devote new fiscal resources towards helping the poor”(Alesina & Giavazzi, 2013).

The view that debt relief should be spent on health and education can be seen as a logical flaw. If debt relief proceeds are spent on social programs rather than used to beat down debt stock, then the debt burden remains as burdensome as before. The feasibility of a reformed healthcare system and education sector with an additionally reduced debt burden happens when these sectors boost the economy in such a way that future tax revenues are generated to service the debt (Acharya & Rajan, 2013). Unfortunately, this route has not proven a success in many developing countries, of which Nigeria is not an exception. These funds seemed to have been misappropriated and misused. Misplaced policies also make it impossible to create an enabling environment that supports the growth of these sectors to boost the economy. The sectors are barely struggling to survive and further worsened by the recent pandemic surge. It has become even more challenging to retain stability. It will take a revamped government system and well-structured policies to make them revenue-generating industries for faster economic growth.

Pragmatically, “Pro-debt relief advocacy groups face a paradox: On one hand, they want debt relief to reach the poor; on the other, they don’t want rich nations telling poor countries what to do.” The irony is that debt relief in itself is not born out of pure intent to clear the debt. There are strict conditions placed that constrain the country into more debt

problems and hinder fast-tracked development. According to Omotola and Saliu, different requirements apply to other countries both in qualification and classification as designed by the Paris Club and related agencies, all in the interest of the West. These conditions also include the HIPC initiatives (I and II) classifications to ensure that only countries undergoing reforms in line with IMF and World Bank debt management strategies in the political, economic, social, and other spheres could take advantage of the scheme. This explained why the scheme was criticized as ridden by political intentions and not altruistic as portrayed (Eichengreen, 2018). Nigeria, for instance, also faced a series of challenges before it eventually qualified for the HIPCs classification

Kennedy Tumutegyereize of the Uganda Debt Network debated, "For debt relief to work, let the conditions be set by civil society in our countries, not by big world institutions using it as a political tool." Nevertheless, debt relief proceeds have always been politically inclined and not outrightly with the intent to stabilize the economy of a fellow state. It comes with lobbying, negotiations, and heightened politics (Eichengreen, 2018).

Another criticism is centered on the belief that debt relief boosts foreign investment in developing countries. Admissibly, forgiving old debts opens more opportunities for borrowers to borrow more to service new debts, making them attractive to lenders. However, many lenders who offer financing at market interest rates will not want to come back in time to most HIPCs as well as developing countries whose debts are unsustainable or predicted as such. Debt relief is depicted as an illusion that encourages borrowers to borrow excessive amounts of loans, expecting they would be forgiven regardless. Commercial banks and even the most charitable lender will not want to be caught in that

web of forgiven debts. Commercial and official lenders would want to redirect their finances to countries that are safer to acquire more resources in value and interest.

Consequently, the contest that debt relief will promote economic reform is long over-flogged and quite mundane when viewed incorrectly. How can we promote economic reform in the poorest nations without repeating past failures? The lesson of structural adjustment programs is that reforms imposed from the outside don't change behavior. Indeed, they only succeed in creating an easy scapegoat: insincere governments can simply blame their woes on the World Bank and IMF's "harsh" adjustment programs while not doing anything to fundamentally change economic incentives and ignite economic growth (Madi, 2015).

What seems most likely workable is the advice the international financial institutions give to countries and waiting for individual countries to create homegrown reform programs succinctly. With this, they can finance the most promising structures and disengage from the rest, rushing through forgiveness alongside imposing complex measures of reforms from the outside ironically paints debt relief as a tool for economic development. These feasible methods, as discussed above, are very peculiar to the growth of China and India.

Impact of Debt Relief in Nigeria and Debt Circle

The international debt markets have seen Nigeria's firm reposition eight years after securing \$18 billion in debt relief from Paris Club and multilateral creditors (Calderón & Zeufack, 2020). Nigeria has rebalanced its debt profile "by paying down part of its local-currency exposure. While the rebasing of its GDP gives the country more room for

additional issuances, it will need to sustain upward momentum in its sovereign credit ratings as it works to control subnational debt issuance by state governments”⁴⁸. With the recent outbreak of Covid-19, the global pandemic has sparked collective decisions amongst multilateral and commercial lenders to grant debt relief to many developing countries gruesomely affected by the pandemic but to put it firmly, Nigeria has not redrawn the debt relief circle. Instead, the government has given firm positions on not requesting debt repayment deferment for commercial loans or bilateral loans from bilateral creditors. The Finance Minister further asserted that “the government did not intend to suspend Eurobond payments, but planned to seek relief from its biggest bilateral creditor, China.” This points to the fact that there have only been discussions about redrawing the debt relief circle in conservative spaces and not actually the processing itself. The disinterest in requesting Eurobond relief was not just peculiar to Nigeria. But to many countries, as the World Bank posited, “the threat of credit downgrades has kept many countries from seeking an eight-month suspension of \$ 12 billion, in debt payments offered by the Group of 20 leading economies to help the world’s poorest countries” (Romanus, 2014). The financial institution also asserted that Nigeria, eligible for debt relief even as the biggest economy, could have literally saved \$107.5 million under its initiative. It was further recorded that nearly half of Nigeria’s outstanding debt is with multilateral lenders in recent times. The World Bank Group is its top creditor, where Nigeria owes \$10.1 billion in loans, while the Beijing-based Export-Import Bank of China stands as Nigeria’s second largest single creditor with a total of \$3.2 billion loans, consequently, Eurobonds 39% of its external debt totaling \$10.86 billion as documented by the Debt Management Office in 2020.

3. Conclusion

This study concluded that, though debt relief is expected to boost economic development in the country that benefits from it, the reverse has been the case in Nigeria. This was based on the fact that the succeeding administration failed to consolidate on the benefits after receiving debt relief. Also, there was mismanagement of the resources, which further plunged the country into more debt with the excuse to address infrastructural deficits. Rather than help the country get out of the wood and achieve sustainable growth and development, debt relief fueled political leaders' fiscal irresponsibility, thereby throwing the country into a vicious debt circle. Finally, it would not be out of place to describe many developing countries' attitudes toward accumulating debt as deliberate, knowing that the window of relief is always available for them to take undue advantage of. Debt relief, in this case, can be said to be a scam. And as such, eligibility criteria for debt relief should be further reviewed and conditions made stricter.

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