

Comparative Analysis of Effects of Foreign Debts on Economic Growth of Ghana and Nigeria (2000-2015)

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Abstract: This study sought to compare the effects of debts on economic growth of Ghana and Nigeria. The specific objectives were to evaluate the impact of bilateral debt and also assess the impact of multilateral debts respectively on economic growth of Ghana and Nigeria. Ex-post facto research design was adopted for the study. Secondary data were sourced from Central Bank of Nigeria statistical bulletin, Debt management office Nigeria and Debt management division of ministry of finance Ghana. The regression analysis based on Ordinary least square (OLS) was used to test our null hypotheses. Two hypotheses were tested in the study. Findings from the study revealed that multilateral debts significantly impacted negatively on the economic growth of Ghana while its negative impact in Nigeria was not significant. Moreover, bilateral debt impacted significantly for Ghana but not for Nigeria. The study therefore concludes that the governments of Ghana and Nigeria should ensure that multilateral debts when contracted should be tied to self-liquidating projects and also for longer period of moratorium.

Keywords: Comparative analysis, Foreign debts, Growth, Ghana, Nigeria.

INTRODUCTION

Governments incur external debt to finance public goods that increase welfare and promote economic growth [1]. Due to the fact that the domestic financial resources are not adequate, borrowing is acquired from foreign sources. The amount of fund provided by these foreign sources constitutes the external debt of a nation. In Ghana and Nigeria, external debts are sourced from multilateral agencies, Paris club creditors, London club creditors, Promissory Note holders and other creditors. External debt is one of the sources of financing capital formation in any country [2]. The constant need for governments to borrow in order to finance budget deficit has therefore, led to the creation of external debt [3].

Another motive for external borrowing is as a result of the scarcity of resources and the law of comparative advantages. Due to this, countries depend on each other by borrowing to foster economic growth and development.

Nigeria's external indebtedness can be traced back to the pre-independence period when in 1958 a loan of US\$28 million dollars was contracted from the World Bank for railway construction. This debt did not pose a serious burden because it was acquired on soft terms i.e. with low interest or below market rate of interest [4]. After this period, the need for external aid was relatively low until in 1977/1978 when there was a fall in world oil prices which in turn reduced the nation's oil receipts. This led to the first major borrowing of US\$1 billion referred to as the "Jumbo Loan" in 1978 from the international capital market [5].

Okonjo-Iwealla [6], observes that Nigeria's external debt is "a Paris Club debt problem" An annual debt service of approximately US\$3 billion (\$2.3 billion to Paris club, and \$0.7 billion to multilateral and commercial creditors). On debt ownership structure of federal government 75% and the states government 25% would mean that the federal government would have very little left for the capital budget over many years.

In the case of Ghana, the country has always had problem with central government finances since her independence. Successive governments in Ghana were not able to generate enough revenues to take care of its expenditures. This created deficits, which were financed either by borrowing (from domestic or external sources) or by

resorting to "printing of money". While the latter form of financing the deficit created inflationary effects the former gave rise to debt issues [7].

The external borrowing created a pile up of external debt for the country. However, most of the external borrowing was on concessional basis with long moratoriums and with no short-run threat to the macro economy [8].

Ghana's external debt and total public debt stock rose substantially after its multilateral debt relief initiative (MDRI) in 2005-06, indicating a rise in risks to debt sustainability [9]. The highly expansionary fiscal position in 2006-08, financed by external borrowing triggered a very rapid deterioration in the country's debt sustainability. This trend was amplified by the resulting balance of payments pressures and currency depreciation, which led to a revaluation of foreign currency-denominated claims relative to domestic GDP. The debt surge was effectively stemmed when the country's access to market financing was closed off due to the global financial crisis in 2007-08.

Statement of the Problem

Ghana and Nigeria share similar historical, political and economic antecedents. Both countries have also major development aspirations in the broader context of a global and continental economic development agenda. Ghana and Nigeria were among the developing countries that took significant measures to liberalize their economy. In order to solve the persistent severe economic crisis which confronted both countries since the late 1970s, Ghana and Nigeria both signed an agreement with the World Bank (WB) and the International Monetary Fund (IMF) in 1986 to adopt Structural Adjustment Programmes (SAPs). This and other reforms rather than salvage the economic predicament of both countries worsened them and plunged both countries into serious external debt crisis [10].

As the two countries borrowed from both multi-lateral and bi-lateral agencies, the debt economically and politically brought these countries to what can be seen as neo-colonialism. This could be evidenced in the approaches to accepting the structural adjustment programme and International Monetary Fund conditionalities which ultimately led to devaluation of currency and increased poverty in the two countries.

From the foregoing, it appeared that external borrowing has not been able to solve the intended economic problems of these countries. Further study is therefore necessary as there have been divergent views on the debate. While Kao and McCoskey [11] and Sulaiman and Azeez [12] found evidence for a positive relationship between external debt and growth, Ayadi and Ayadi [2], and Baltagi, Griffin and Xiong [13] found evidence for a negative relationship. Hence, the nature of the relationship between external debt and economic growth is subject to empirical investigation.

OBJECTIVES OF THE STUDY

The objectives of the study are to:

- Evaluate the impact of multilateral debts on Gross Domestic Product of Ghana and Nigeria.
- Assess the impact of bilateral debts on Gross Domestic Product of Ghana and Nigeria.

Research Questions

- To what extent has multilateral debt affected Gross Domestic Product of Ghana and Nigeria?
- To what extent has bilateral debt affected Gross Domestic Product of Ghana and Nigeria?

Research Hypotheses

In line with the objectives of the study and the research questions, the following hypotheses were formulated for the study:

- Multilateral debts have not significantly impacted on the Gross Domestic Product of Ghana and Nigeria
- Bilateral debts have not significantly impacted on the Gross Domestic Product of Ghana and Nigeria

Scope of the Study

The time-frame of this study is 16 years, 2000 to 2015. The content scope is limited to the impact of bilateral and multilateral debts on economic growth of Ghana and Nigeria. The economic growth is proxied by Real Gross Domestic Product.

REVIEW OF RELATED LITERATURE

This study reviewed related literature under the following sub-headings: conceptual framework, theoretical foundation and empirical review.

Conceptual Framework

Multilateral debt

Multilateral can be described as the total amount of money that a country owes to international financial institutions, such as the World Bank and the International Monetary Fund (IMF), known as the Bretton Woods Institutions. In addition to the afore-mentioned, Nigeria's multilateral creditors include International Fund for Agricultural Development (IFAD), African Development Fund (ADF), the International Bank for Reconstruction and Development (IBRD), the African Development Bank (ADB), Economic Community of West African States (ECOWAS) fund and the European Investment Bank [14].

Bilateral debt

This is the loan between an individual and one lender. It is a simple loan arrangement between a borrower and a lender. The bilateral creditors include the Paris Club and Non-Paris Club creditors. The Paris Club is an informal group of official creditors which was created to aid debtor countries going through payment difficulties by finding sustainable and lasting solutions.

Overview on Gross Domestic Product

Gross domestic product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period. According to Eugen and Skinner [15], GDP includes all private and public consumption, government outlays, investments and exports minus imports that occur within a defined territory. Simply put GDP is a broad measurement of a nation's overall economic activity.

GDP is commonly used as an indicator of the economic health of a country, as well as a gauge of a country's standard of living. Since the mode of measuring GDP is uniform from country to country, GDP can be used to compare the productivity of various countries with a high degree of accuracy. Adjusting for inflation from year to year allows for the seamless comparison of current GDP measurements with measurements from previous years or quarters. In this way, a nation's GDP from any period can be measured as a percentage relative to previous years or quarters. When measured in this way, GDP can be tracked over long spans of time and used in measuring a nation's economic growth or decline, as well as in determining if an economy is in recession [16].

Theoretical Framework

The study is anchored on dual gap theory. This theory was popularized by Chenrey and his associates in 1966. The basic assumptions of the theory are as follows:

- Investments is a function of savings
- Level of domestic savings is not sufficient enough to finance the needed investment to ensure economic growth
- Relationship between domestic savings and foreign funds gives a guide as to how a country can borrow.
- The dual gap theory posits that economies face two gaps in their economy which they have to fill.

The first gap of the theory is that between savings and investments in the economy. A developing country starts off with very low savings, but it has to engage in a big push by investing heavily. Ways countries fill this gap between savings and investments are still contentious among scholars. Some argue that developing countries require aids or loans from developed countries. Others argue that developing countries need to trade in order to gain trade surpluses, which could then be used to fill the gap. The second gap is that between exports and imports. A developing country produces largely primary goods whereas it requires large imports of consumer and capital goods. This obviously creates a cost differential which developing countries inevitably face current-account deficits. How can a country fill that gap between exports and imports?

Except for a very few scholars, many accepts the crucial role of the state in kickstarting the process of development. Operation of a free market economy by a developing country often results in lopsided investment in agriculture to the utter neglect of the manufacturing sector which endangers structural transformation in the economy. Thus, for countries to overcome these two gaps, the state has to kickstart the industrialization process. The East Asian Tigers represent the best examples for such state-led industrialization.

The dual-gap theory contends that in developing countries the level of domestic savings is not sufficient to finance the needed investment for economic development. Since investment is a function of savings, it is logical to require the use of complementary external goods and services. However, the relationship between domestic savings and foreign funds gives a guide as to how a country can borrow abroad. Also, since most of less developed countries (LDCs) are far from steady growth, any injection into their investment could lead to accelerated economic growth [17].

The country should borrow from abroad if it is anticipated that the return on the borrowed funds will be higher than the cost. A country is expected to invest in projects having expected returns higher than the cost of foreign debt. If not used wisely, debt can impede the long term growth prospect of the country. External debt does not transform automatically into debt burden when a country optimally uses the fund. Adegbite, & Ayadi [18] states that in an optimal condition, the marginal return on investment is greater than or equal to the cost of borrowing. In that case, debt will show a positive impact on growth.

Academic and empirical Review

Adegbite, & Ayadi [18], used two models to capture both linear and nonlinear relationship of external debt in economic growth in the study on the impact of Nigeria's external debt on economic development. Based on the modification of Elbadawi, Benno and Njuguno, 1996 model, Adegbite, & Ayadi [18], investigated the impact of large external debt stock with its servicing requirements and resulting fiscal deficit on private investment. Analysis showed that the influence of export growth on GDP growth was confirmed with a significant statistics. The result supported Edwards' [19] claim about the positive role of export growth process by increasing factor productivity in Nigeria. Due to the existence of debt overhang and crowding out effect; result shows that savings compresses output. It was reported that, a unit increase in debt burden as measured by the debt service to GDP ratio generates 185 units growth. However, the shortcoming of the model used by the study was that it considered the public sector gap only and ignores the balance of payment (BOP). It also takes government expenditures and revenue, interest rate and exchange rate as given.

Clements, Bhattacharya and Nguyen [20] examined the channels through which external debt affects growth in low income countries. Their results suggest that the substantial reduction in the stock of external debt projected for highly indebted poor countries (HIPC) would directly increase per capita income growth by about 1 percent point per annum. Reductions in external debt service could also provide an indirect boost to growth through their effects on public investment.

Malik, Hayat, and Hayat [21] explored the relationship between external debt and economic growth in Pakistan for the periods 1972 – 2005, using time series econometric technique. Their result shows that external debt is negatively and significantly related to economic growth. The evidence suggests that increase in external debt will lead to decline in economic growth.

Warner [22] investigated the impact of external debt on investment and economic growth. The result of his study shows a positive relationship between external debt and investment. The study was carried out on 13 less developed countries over the period 1982-1989, using least square estimation. The study found that a decline in export prices, high international interest rate and sluggish economic growth in the developed world were the major reasons that retard the growth rate of investment in most indebted countries. To isolate the debt effect, Warner [22] forecast investment on the debt crisis period (1982-1989) by incorporating the above three factors in the model without the debt crisis effect. According to the study, if the debt crisis effect is critical, the forecast that incorporate increase in export price, high international interest rate and recession in the developed world could not track investment; but would track investment if debt crisis is not critical. In other words, if debt crisis effects are important, then this investment forecast which ignores debt crisis should be greater than actual investment. Finally, he did a panel regression on both forecasted models. The one which encompass debt crisis as a dummy variable took a positive coefficient for the debt crisis dummy variable, which is opposite to external debt theories.

In a critique to Warner [22] results, Rockerbie [23] pointed out the following short comings about Warner's study. First, he failed to perform a nested and a non-nested test to compare the competing models he developed to forecast investment. Second, he failed to incorporate debt variables in the investment equation as these variables are expected to be endogenous in the model. Third, structural changes like domestic policies and world economic conditions which happened in 1982 were expected to be the cause for the debt crisis that has occurred in most indebted countries during the same period. This may weaken the effectiveness of a forecasting equation estimated using sample period of 1960-1981. It is for this reason that Warner's hypothesis was destabilized by the use of a dummy variable for the period 1982 -1989.

Ogunmuyiwa [1] examined whether external debt promotes economic growth in Nigeria using time-series data from 1970-2007. The regression equation was estimated using econometric techniques such as Augmented Dickey-Fuller test, Granger causality test, Johansen co-integration test and Vector Error Correction Method (VECM). The results revealed that causality does not exist between external debt and economic growth in Nigeria.

Ejigayehu [24] examined the effect of different types of debt on the economic growth in Malaysia during the period 1970 – 2006. Using Co-integration test, the findings suggest that all components of debts have a negative effect on

long run economic growth. The Granger causality test reveals the existence of a short-run causality linkage between all debt measures and economic growth in the short-run.

Ibi and Aganyi [25] analysed the impact of external debt on economic growth in Nigeria. They employed variance decomposition impulse response from Vector Auto-Regression (VAR) as the econometric technique to test whether or not external debt to exports and other economic control variables stimulate economic growth. Their findings revealed a weak causation between external debt and economic growth in Nigeria.

Babu, Kiprop, Kailio and Gisore [26] studied the effect of external debt as a share of GDP in economic growth in East African Community (EAC). Using annual data from 1970-2010, the study employed a panel fixed-effects model which was based on the Solow growth model augmented for debt. The findings suggest a negative significant effect of external debt on GDP per capita growth rate.

Sulaiman and Azeez [12] investigated the impact of external debt on economic growth in Nigeria using GDP as the dependent variable while external debt to export, inflation and exchange rate were used as independent variables. The study used ordinary least square technique, ADF, unit root test. Findings from the study showed that external debt has a positive impact on the Nigerian economy. They therefore, recommended that external borrowing should be sustained for economic growth reasons.

Ishola, Olaleye, Ajayi and Giwa [27] in the study effect of external debt on sustainable economic growth in Nigeria for the period of 1980 – 2010, using ordinary least square regression method discovered that 12.3 percent change in economic growth is as a result of external debt and prime lending rate in Nigeria. The study recommended that government should address the fundamental low effect of external debt on economic growth

MATERIALS AND METHODOLOGY

Research Design

The study hypothesized that multilateral and bilateral debts do not have a significant effect on the economic growth of Ghana and Nigeria. The model proxied Real growth of Gross Domestic Product (RGDP) as the dependent variable to measure economic growth while Multilateral Debt (MLD), Bilateral Debt (BLD), were used as independent variables. Inflation (INF), Exchange Rate (EXR) and Gross Capital Formation were controlled in the study.

The econometric form of the base model is specified as;

$$RGDP = f(MLD, BLD) \dots\dots\dots (1)$$

The econometric equation becomes;

$$GDP = \beta_0 + \beta_1MLD + \beta_2BLD + \beta_3INF + \beta_4 EXR + \beta_5GCF + \mu \dots\dots\dots 2$$

The a priori expectation for the coefficients in the model are $\beta_1, \beta_2, > 0$ while $\beta_3, \beta_4, \beta_5 < 0$

Where;

- RGDP = Real growth of gross domestic product
- β_0 = Intercept of relationship in the model/constant
- β_1 MLD = coefficient of multilateral debt
- β_2 BLD = coefficient of bilateral debt
- β_3 INF = coefficient of inflation
- β_4 EXR = coefficient of exchange rate
- β_5 GCF = coefficient of gross capital formation
- u = stochastic or error term

Transforming the variable into their log forms, we have the equation below:

$$\log GDP = \beta_0 + \beta_1 \log MLD + \beta_2 \log BLD + \beta_3 \log INF + \beta_4 \log EXR + \beta_5 \log GCF + \mu \dots\dots\dots 3$$

To check the speed adjustment of the dependent variable on changes in the independent variables, the vector error correction model (ECM) was introduced in the equation (3)

Stating the error correction model (ECM) from equation (3), the model becomes;

$$\log GDP = B_0 + \beta_1 D \log MLD_{t-1} + \beta_2 \log BLD_{t-1} + \beta_3 \log INF_{t-1} + \beta_4 \log DEXR_{t-1} + \beta_5 \log DGCF_{t-1} + \pi \text{ecm}_{t-1} + \varepsilon_t \dots\dots\dots (4)$$

Where,

ECM = Error Correction Term Π is the adjustment parameter

The hypothesis for the co-integration test is stated thus;

Null hypothesis (H_0): $\beta_1 = \beta_2 = \beta_3 = \beta_4 = \beta_5 = 0$ (No co-integration)

FINDINGS AND DISCUSSION

Hypothesis One

H_{01} : Multilateral debts have not significantly impacted on Gross Domestic Product of Ghana and Nigeria.

Table-1: Result of OLS Estimation on the Impact of Multilateral Debts on Economic Growth of Ghana and Nigeria

Dependent Variable is Annual Growth in Gross Domestic Product (Y_g)						
Variable	Ghana			Nigeria		
	coefficient	t-statistics	Prob.	coefficient	t-statistic	Prob.
Constant	4.94230	2.69**	0.1360	5.72995	0.02	0.9845
MLD	-0.00978	2.39**	0.0262	-0.07673	1.50	0.1505
INF	-0.49718	-1.79***	0.0886	-0.32080	-1.42	0.1731
EXR	0.33833	-0.58	0.5686	-0.30642	-0.48	0.6354
GCF	1.25668	1.90***	0.0000	1.753285	2.04**	0.0560
AR(1)	-			0.999415		
R-squared	0.32190			0.40304		
Adjusted R-Squared	0.29033			0.38083		
Durbin-Watson	1.32961			1.17322		
F-statistic (probability)	9.55407 (0.0000)			5.10332 (0.0000)		

*:indicates significant at 1% level; **:indicates significant at 5% level, ***:indicates significant at 10% level

The resultant coefficients were negative, but while significant for Ghana at 5 per cent, the impact of multilateral debts in Nigeria is not statistically significant. This is because for Ghana the probability value of 0.0262 for the coefficient of multilateral debts is lower than the conventional 5% while for Nigeria the probability value of 0.1505 for the coefficient of multilateral debts is higher than the conventional 5%.

The resultant coefficients were both negative, but significant for Ghana and not significant for Nigeria (0.0262 < 0.05 for Ghana and 0.1505 > 0.05 for Nigeria respectively). Based on the decision rule, the study rejects the null hypothesis for Ghana but do not reject that for Nigeria. The study therefore concludes that while multilateral debts have significantly impacted on economic growth in Ghana, the impacts in Nigeria have not been significant

This result did not meet a priori expectation that multilateral debt could serve as a veritable source of funds for investment in developing countries like Ghana and Nigeria. It is expected that as multilateral debts increases, more funds will be available for investment in the productive sectors leading to increase in growth of gross domestic product. It should be remarked that though there has been a considerable increase in multilateral debts in Ghana and Nigeria since the early 1990s, there has not been a corresponding increase in investment in the productive sectors in both economies, hence the negative relationship between multilateral debts on the growth of GDP in both economies, though Nigeria's case is not significant. There is also the possibility of misapplication of the funds sourced into non-productive uses or even embezzlement. This result is consistent with results of similar studies in Nigeria and Ghana [28-32]. All these works remarked that though foreign debts have increased substantially in Ghana and Nigeria over the years, it has impacted negatively on the growth of gross domestic product in both countries.

Hypothesis Two

H_{02} : Bilateral Debts have not significantly impacted on Gross Domestic Product of Ghana and Nigeria.

The resultant coefficients were negative, but significant both for both Ghana and Nigeria (0.0002 < 0.05 for Ghana and 0.9927 > 0.05 for Nigeria respectively). The study rejects the null hypothesis for Ghana and does not reject the null hypothesis for Nigeria. The study consequently concludes that bilateral debt has significantly impacted on economic growth in Ghana but has not in Nigeria (table 2).

This result did not meet a priori expectation under the dual gap theory. It was initially believed that bilateral debt should lead to increase in investment cum gross domestic product, but the findings above has proved such belief

wrong. Ghana had to be bailed out under the HIPC relief in 2000 while Nigeria exited the Paris Club in a historic debt relief package in 2005. This result is consistent with results of similar studies in Nigeria and Ghana and other climes [2, 33, 24]. Frimpong and Oteng-Abayie [32] From the above studies one can deduce that though bilateral debts increased substantially in Ghana and Nigeria over the years, it did not translate to positive impact on the gross domestic product of both countries.

Table-2: Result of OLS Estimation on the Impact of Bilateral Debts on Economic Growth of Ghana and Nigeria

Dependent Variable is Annual Growth in Gross Domestic Product (Y _g)						
Variable	Ghana			Nigeria		
	coefficient	t-statistics	Prob.	Coefficient	t-statistic	Prob.
Constant	5.01078	9.18**	0.0000	6.14434	7.84*	0.0000
BLD	-0.00107	-4.48**	0.0002	-1.76533	-0.01	0.9927
INF	-0.00049	-3.88***	0.0009	-0.00785	-0.63	0.5361
EXR	0.00683	-2.19	0.0398	-0.14322	-0.50	0.6972
GCF	0.00562	11.24***	0.0000	0.01291	12.04**	0.0000
AR(1)	-			0.40016		
R-squared	0.52190			0.68842		
Adjusted R-Squared	0.49033			0.66480		
Durbin-Watson	1.34960			1.44766		
F-statistic (probability)	22.5286 (0.0000)			27.5012 (0.0000)		

*indicates significant at 1% level; **: indicates significant at 5% level, ***;indicates significant at 10% level

Source: Authors computation

Appendix 1: Nigeria’s External Debt Profile (US\$ Million)

Year	Bilateral	Multilateral	Others	Total External Debts
1988	14,400.00	2,838.00	26,755.00	30,693.00
1989	15,871.00	3,171.00	12,544.00	31,586.00
1990	17,171.00	3,842.00	12,086.00	33,099.00
1991	17,793.00	4,016.00	11,921.00	33,730.00
1992	16,454.70	4,518.00	6,592.10	27,564.80
1993	18,160.50	3,694.70	7,689.18	28,718.20
1994	18,334.32	4,402.27	6,692.27	29,428.86
1995	21,669.60	4,411.00	6,504.20	32,584.80
1996	19,091.00	4,665.00	4,304.00	28,060.00
1997	18,980.00	4,372.68	3,735.12	27,087.80
1998	20,829.93	4,237.00	3,707.31	28,773.54
1999	20,507.33	3,933.23	3,598.5	28,039.21
2000	21,180.00	3,460.00	3,389.91	28,273.88
2001	22,092.93	2,797.87	3,334.99	28,347.00
2002	25,380.75	2,960.59	2,594.37	30,991.87
2003	27,488.92	3,042.08	2,353.18	32,916.81
2004	30,847.81	2,824.32	2,225.03	35,944.66
2005	15,412.40	2,512.19	2,553.38	20,477.97
2006	0.00	2,608.30	936.19	3,544.49
2007	0.00	3,080.91	573.30	3,654.21
2008	0.00	3,172.87	547.49	3,720.36
2009	0.00	3,222.30	725.00	3,947.30
2010	0.00	4,152.27	381.92	4,534.19
2011	0.00	4,545.18	1,088.53	5,633.71
2012	703.03	5,267.42	556.92	6,527.07
2013	850.42	5,887.10	1,526.82	8,264.34
2014	1,412.08	6,799.36	1,500.01	9,711.45
2015	1,685.00	7,560.43	1,473.00	10,718.43

Source: Debt Management Office, Nigeria’s External Debt Stock (Various Years)

Appendix-2: Values of Exchange Rate and Inflation Rate

Year	Exchange Rate	Inflation
2000	102.1052	6.93
2001	111.9433	18.87
2002	120.9702	12.88
2003	129.3565	14.02
2004	133.5004	15.00
2005	132.1470	17.86
2006	128.6516	8.24
2007	125.8331	5.38
2008	118.5669	11.58
2009	148.8802	11.54
2010	150.2980	13.72
2011	153.8616	10.84
2012	157.4994	12.22
2013	157.3112	8.48
2014	158.5526	8.06
2015	197.2303	9.66

Source: Central Bank of Nigeria Statistical Bulletin (Various Years)

Appendix-3: Ghana's Total External Debt, 2000-15 (US\$' Millions)

Year	Multilateral	% of Total	Bilateral	% of Total	Others	% of Total	Total Debt
2000	3,951.64	65.63	1,681.26	27.92	388.10	6.44	6,021.00
2001	3,916.64	65.00	1,756.92	29.15	353.00	5.85	6,025.56
2002	4,046.00	65.98	1,861.51	30.36	223.80	3.65	6,131.31
2003	5,057.76	66.99	2,222.84	29.44	268.30	3.55	7,548.90
2004	5,307.27	82.05	921.99	14.25	238.62	3.68	6,467.88
2005	5,565.12	87.66	602.51	9.49	180.18	2.83	6,347.82
2006	1,326.86	60.94	732.03	33.62	118.35	5.43	2,177.24
2007	1,667.92	46.45	992.64	27.64	929.80	25.89	3,590.36
2008	2,028.31	50.26	1,168.22	28.95	838.54	20.78	4,035.07
2009	2,461.76	49.15	1,687.25	33.69	858.86	17.15	5,007.87
2010	3,081.94	48.76	2,211.06	34.98	1,027.67	16.26	6,320.08
2011	3,891.78	51.27	2,712.32	35.73	985.35	12.98	7,589.45
2012	4,225.14	47.81	2,906.53	32.89	1,703.89	19.28	8,835.56
2013	4,876.99	42.54	3,877.12	33.82	2,708.56	23.62	11,462.67
2014	6,004.88	46.30	3,985.33	30.73	3,005.23	23.17	12,968.44
2015	6,543.00	47.50	5,998.77	43.55	1,231.25	8.93	13,773.02

Source: Bank of Ghana (Various Years)

CONCLUSION AND RECOMMENDATIONS

Based on these findings, the study therefore, concludes that multi lateral and bilateral debts did not favour the growth of Gross Domestic Product (GDP) of Ghana and Nigeria for the period 2000-2015. Developing countries intending to employ this strategy to stimulate growth in their Gross Domestic Product are enjoined to have a re-think in view of these findings.

Sequel to the findings of the study, the following recommendations were made:

- The Governments of Ghana and Nigeria should ensure that multi-lateral and bilateral debts when contracted should be tied to projects that are self-sustaining and self-liquidating.
- The Governments of Ghana and Nigeria should seek better longer period of moratorium ranging from 10 and above years for repayment of their external loans.

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