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DEBT DEPENDENCY AND SOVEREIGNTY: EXAMINING NIGERIA'S ECONOMIC VULNERABILITY AMIDST RISING NATIONAL DEBT

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Abstract
This research analyses the effects of Nigeria's increasing national debt on its economic sovereignty and resilience. Nigeria's escalating borrowing raises concerns regarding the probable diminishment of its capacity to freely manage economic policy. The paper examines how elevated debt levels may undermine Nigeria's fiscal independence, rendering it susceptible to foreign interference and stipulations set by international creditors. The research analyses recent economic data and policy reports to identify the problems linked to debt dependency, such as heightened interest requirements, decreased public expenditure, and a lower ability for sustainable economic development. The article contends that excessive debt diminishes economic resilience by constraining the government's ability to respond to economic shocks and restricting its investment in growth-promoting sectors such as infrastructure, healthcare, and education. Additionally, it evaluates various strategies for optimising debt management, including augmenting tax collection, diversifying the economy, and emphasising transparent governance. This paper examines Nigeria's debt trajectory, offering a framework to comprehend the intricate balance between borrowing for development and maintaining national sovereignty. The findings intend to apprise policymakers and stakeholders of the necessity for judicious budgetary strategies to protect Nigeria's economic future.

1. Introduction

The national debt holds macroeconomic significance as it facilitates the availability of investable capital, alleviates budget constraints, and provides resources to cover balance of payments and fiscal deficits. The World Bank (2020) highlighted those countries, particularly those with limited resources, resort to borrowing to enhance capital formation and investments, which are frequently hindered by insufficient domestic savings. The dual-gap approach indicates that debt is frequently unavoidable due to insufficient foreign exchange revenues and savings required to fund domestic expenditures, particularly in emerging nations (Akram, 2013). Nevertheless, inadequate management of national debt may lead to financial turmoil and economic disaster in the debtor nation as a result of debt servicing obligations. Nigeria has had multiple economic crises resulting from inadequate funding, the failure of domestic companies, persistent fiscal deficits, low export levels, and ongoing balance of payments deficits attributed to increasing imports. This circumstance has resulted in an expanding savings-investment gap and the building of debt that necessitates a significant share of government revenue and a depletion of foreign reserves for servicing (Ekperiware & Oladeji 2012; Iyatse, 2020).

In Nigeria, deficit financing has resulted in borrowings from affluent nations and global financial institutions, including the International Monetary Fund (IMF), the World Bank, and the African Development Bank (ADB), among others. The escalating national debt in Nigeria has surpassed the country's revenue generating capabilities and is depleting foreign reserves, hence constraining essential public capital projects and economic output (Onyele & Nwokocha 2016). Furthermore, it has been documented that these borrowed money are frequently mismanaged and appropriated by public officials, resulting in their non-utilization for economically productive endeavours, which ultimately contributes to debt accumulation, capital flight, and long-term economic instability (Abdullahi et al., 2016). Nigeria has inadequately utilized borrowed funds over the years, primarily due to rampant embezzlement and unethical practices among public officials. This situation has hindered domestic investments and production, leading to various forms of debt restructuring, including some concessional borrowings and foreign debt relief from the Paris Club in 2005 (Hussain et al., 2015). Ironically, fourteen years post-debt relief, Nigeria's debt profile continues to escalate amidst sluggish economic growth and progress.

The escalating national debt poses substantial consequences for Nigeria's sovereignty and economic stability. Excessive borrowing, particularly from foreign creditors like the IMF and World Bank, frequently imposes harsh requirements that restrict Nigeria's policy autonomy. Such conditions may encompass structural adjustment programs, austerity measures, and fiscal reforms that prioritize debt repayment at the expense of public expenditure, thus diminishing the government's authority over its economic agenda (Oti et al., 2016). This external reliance can undermine Nigeria's sovereignty if the nation's economic policies become increasingly influenced by foreign creditors, constraining its capacity to freely handle internal objectives. The debt burden undermines economic resilience by reallocating resources from essential development projects. A significant share of government revenue allocated to debt servicing diverts monies that could have been invested in infrastructure, healthcare, education, and poverty alleviation towards repayments (Ochuko & Idowu 2019). This undermines Nigeria's capacity to address economic shocks, such as variations in oil prices, which have historically destabilized the economy. Insufficient investment in critical areas hampers long-term growth, rendering Nigeria more susceptible to foreign economic shocks and diminishing its capacity for sustained economic stability and progress.

Research Objective

The objective of this paper is to assess how excessive national debt affects Nigeria's sovereignty and economic resilience. It examines the constraints debt imposes on policy autonomy, economic stability, and growth. The paper also explores potential policy measures to mitigate the adverse impacts of rising debt levels on the economy.

2. Literature Review

2.1.1 Theoretical Framework

Debt Overhang Theory

An overhang of debt arises when the total debt surpasses the government's repayment capacity. A rapid escalation in taxes deters investments due to the abrupt financial burden, necessitating further tax increases to adequately compensate both local and international creditors (Ebhotemhen & Victor 2024). The outcome is that the indebted nation retains just a minimal fraction, if any, of the income generated from exports and domestic production (Akanbi, Uwaleke & Ibrahim 2022). Thus, this indicates that the accumulation of debt is harmful to economic growth as it functions as a tax disincentive. The term "tax disincentive" denotes the adverse effect of increasing debt stock on investments, as prospective investors foresee a probable rise in taxes on future revenue to facilitate the repayment of borrowed funds.

Ayomitunde (2020) asserts that a substantial amount of debt diminishes financial capacity, hence constraining the improvement of business functions such as production, marketing, or employment. Conversely, a heavy debt burden diminishes investment capacity and inhibits the corporation from pursuing alternative investment alternatives, like exchange-traded funds (ETFs) and mutual funds (Dawood et al., 2024). Consequently, the debt overhang hypothesis suggests that borrowed funds should be effectively allocated to productive sectors capable of generating adequate revenue to facilitate debt repayment and bolster domestic investments (Turan & Yanıkkaya 2021). It is crucial to recognize that cash flow includes all monetary inflows and outflows of the organization. The ability of a corporation to evade substantial debt through prudence and careful financial oversight underscores its importance.

Dependency Theory

This thesis posits that affluent nations utilize debt agreements to enforce progressive arrangements that are incompatible with the economic needs and aspirations of less developed countries owed to them (Carmody, 2020). International economic dependence denotes the reliance of governments in less-developed countries on foreign economic resources to fund their economic growth and development. This body of scholarship (Zajontz, 2022; Carmody, 2020) contends that integration into the global economy may have detrimental repercussions on less-developed countries, partly due to dynamics associated with international economic dependency. The consequence of excessive reliance on foreign creditors is the establishment of a mechanism through which developed nations exert influence over less developed indebted nations by dictating project types, expertise, workforce composition, and pricing decisions within the debtor country (Zajontz, 2022). There are several credible indicators of debt reliance. A prevalent method for operationalizing debt reliance in comparative international social sciences is total debt service as a percentage of exports of goods, services, and primary income. This quantity is sometimes termed a nation's total debt service ratio in modern literature.

2.1.2 Empirical Studies

Didia and Ayokunle (2020) disaggregated total governmental debt into external and domestic debt to examine their differential effects on Nigeria's economic growth. Employing the Vector Error Correction Model (VECM) and data from 1980 to 2016, the study demonstrated that domestic debt had a statistically significant positive correlation with long-term economic growth, whereas external debt displayed a negative correlation that lacked statistical significance. Udoh et al. (2020) analyzed quarterly data from 2006 to 2018 to examine the impact of intergenerational debt burden on Nigeria's economic success. The hypotheses were evaluated using the ARDL model. The debt overhang and burden in Nigeria were attributed to the allocation of borrowed cash to unproductive activities, such as salary and allowance payments, which impeded economic progress.

Conversely, Omodero (2019) highlighted the ramifications of external loans in Nigeria from 1996 to 2018. The regression analysis indicated that foreign loans negatively and significantly affected capital investment, whereas the cost of external debt positively and significantly influenced capital investment. Ochuko and Idowu (2019) examined the impact of national debt on economic development in Nigeria from 1981 to 2018. The analysis indicated that external debt had a minimal impact on the Nigerian economy, whereas local debt substantially fostered economic growth. Conversely, the expense of debt payment has a detrimental and severe impact on economic growth.

Ezema et al. (2018) examined the influence of external public debt on Nigeria's economic growth from 1990 to 2016. The research employed an ordinary least squares regression model for the short run and Johansen cointegration for the long-run relationship. The results indicated that external debt had a favourable and considerable impact on Nigeria's economic growth, whereas external debt services adversely and considerably affected economic growth in Nigeria. Oti et al. (2016)

examined the relationship between Nigeria's debt burden and economic progress from 1980 to 2014. The Johansen test for cointegration confirmed the existence of a long-term equilibrium link between economic development and debt stocks, while the Granger causality analysis indicated that the different debt stocks Granger-caused the performance of the Nigerian economy. Nwali and Nkwede (2016) examined the joint impact of internal and external debt burdens on the Nigerian economy utilizing data from 1961 to 2013. The data analysis technique employed was based on the VECM. The findings validated that both internal and external debt burdens had a detrimental and statistically significant impact on economic growth in Nigeria. Egbetude (2012) examined the causal relationships between economic growth and governmental debt utilising data from 1970 to 2010. The Vector Autoregressive (VAR) study revealed a bi-directional causation between governmental debt and economic development.

A recent study by Saungweme and Odhiambo (2020) determined the effect of national debt on economic growth in Zimbabwe from 1970 to 2017. The application of the Autoregressive Distributed Lag (ARDL) model for data analysis revealed that economic growth was adversely impacted by both domestic and external debt in both the long and short term. The data indicated that domestic debt impeded economic progress more than overseas debt. Njoroge (2020) employed the vector error correction model and ARDL techniques to examine archival data, revealing a positive long-term causation between public debt and real GDP growth in Kenya. Zaheer et al. (2019) examined the influence of government debt on private sector loans in Pakistan, utilizing monthly data from June 1998 to December 2015. A one percentage point increase in government debt borrowing displaced private sector lending. Daka et al. (2017) evaluated the effects of external borrowing on the Zambian economy from 1980 to 2014 employing ARDL methodology. The analysis indicated that foreign borrowing had a negative correlation with economic growth in the long term, although this association was positive in the near term. Furthermore, debt servicing was determined to have a detrimental and severe impact on the Zambian economy.

2.2 Gap in the Literature

Notwithstanding the insights offered by current research on Nigeria's national debt and its effects on economic growth, numerous gaps persist. Most studies predominantly emphasize the quantitative dimensions of debt, neglecting to sufficiently examine the qualitative ramifications of excessive national debt on Nigeria's sovereignty and policy autonomy. Moreover, whereas most evaluations distinguish between domestic and external debt, few thoroughly evaluate the interaction between these types and their impact on long-term economic resilience.

Furthermore, there is an absence of longitudinal research assessing the impact of debt management solutions over time, especially regarding their efficacy in fostering sustainable growth. Much of the study has focused on historical data, resulting in a deficiency of contemporary evaluations that include the changing economic environment, especially recent global economic issues. Finally, the possible socio-economic consequences of increasing debt levels, including inequality and unemployment, are insufficiently examined, necessitating further research to achieve a comprehensive grasp of the matter.

3. Methodology

Data Collection: The study employed secondary data obtained from esteemed organizations, such as the World Bank, International Monetary Fund (IMF), and Nigeria's National Bureau of Statistics. Data from 2015 to the present has been gathered on Nigeria's national debt (domestic and external), economic indicators (GDP growth, inflation, unemployment), and sovereignty indicators (policy autonomy and public service investment).

Data Analysis: Quantitative data will be thematically analyzed to identify major issues and views concerning the impact of debt on sovereignty and resilience. The amalgamation of quantitative and qualitative data will yield a thorough comprehension of the research issue.

3. Overview of Nigeria's National Debt

Current Debt Profile

As of 2023, Nigeria's national debt has markedly increased, with the Debt Management Office (DMO) estimating a total governmental debt exceeding $114 billion, encompassing both external and domestic obligations. External debt, approximately $48 billion, is predominantly owing to multilateral institutions such as the IMF, the World Bank, and the African Development Bank, in addition to bilateral creditors like China. Domestic debt, at approximately $72 billion, is predominantly held by Nigerian banks, pension funds, and government bonds (Okonkwo et al., 2024).

NIGERIA'S TOTAL PUBLIC DEBT PORTFOLIO AS AT SEPTEMBER 30, 2023

	Debt Category	Amount Outstanding (US$'Bn)	Amount Outstanding (₦'Trn)	% of Total
A.	**Total External Debt**	**41.59**	**31.98**	**36.38%**
B.	**Total Domestic Debt**	**72.76**	**55.93**	**63.62%**
	FGN Only	65.29	50.19	57.09%
	States & FCT	7.47	5.74	6.53%
C.	**Total Public Debt(A+B)**	**114.35**	**87.91**	**100%**

Source: DMO, 2023

Figure 1: *Debt Management Office, 2023*.

The Domestic Debt Stock for the Federal Capital Territory (FCT) was recorded as of June 30, 2023, while that of Katsina, Ogun, and Rivers States was noted as of the same date. The Domestic Debt Stock for Kebbi, Ogun, and FCT was documented as of March 31, 2023, and the Domestic Debt Stock for Kano State was reported as of December 31, 2022. The Central Bank of Nigeria's official exchange rate of US$1 to N768.76, as of September 30, 2023, was utilized for the conversion of external debt to Naira. The table presents the composition of Nigeria's total public debt as of September 30, 2023 (DMO, 2024). This encompasses the Federal Government of Nigeria, the thirty-six (36) State Governments, and the Federal Capital Territory. The emphasized statistics regarding Nigeria's debt illustrates the disparate allocation of external debt among states, with Kaduna incurring substantial debt ($569.38 million), but Borno ($18.75 million) and Taraba ($21.92 million) maintain negligible external liabilities. This discrepancy indicates differing degrees of borrowing and economic engagement among areas. The dependence on the Central Bank's exchange rate (₦768.76/US$1) for debt conversion indicates heightened domestic pressure from currency volatility (DMO, 2024). Elevated debt levels, particularly in critical states, may burden local economies and intensify fiscal instability, obstructing infrastructure investment and long-term growth.

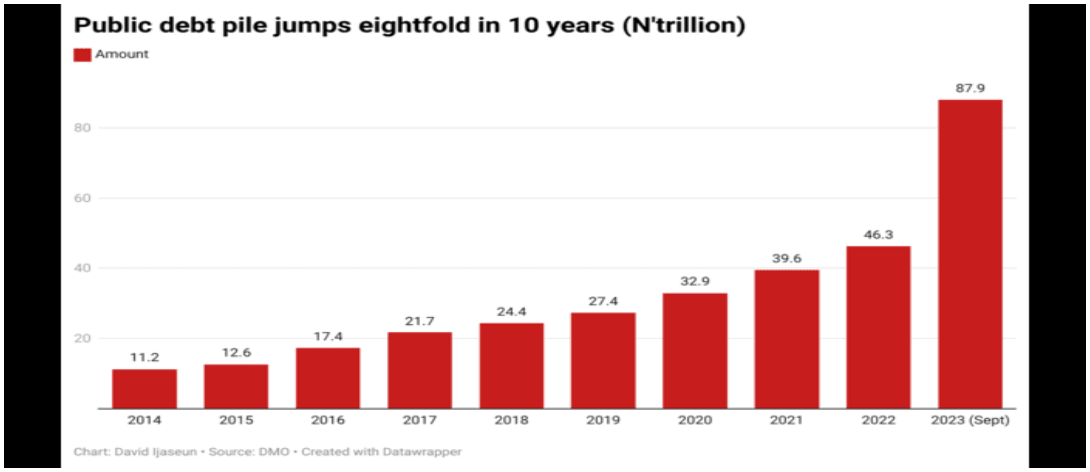

Figure 2: *Nigeria's debt to hit N95trn, (Business Day, 2024).*

Nigeria's principal external debt holders comprise multilateral institutions, such the World Bank and IMF, which provide loans at concessional rates while enforcing stringent conditions, such as structural adjustment programs (SAPs). Bilateral lenders, notably China, have become prominent creditors, particularly under the Belt and Road Initiative (BRI), extending financing for infrastructure projects (Idigo, 2023). Chinese loans sometimes face criticism for their lack of transparency, raising fears that unfavourable conditions may result in "debt trap diplomacy," potentially causing Nigeria to relinquish control over essential assets such as ports and infrastructure in the event of default.

Lender	Debt (USD)	Interest Rate (%)	Repayment Period	Terms	Source
World Bank (IDA/IBRD)	$13.73 billion	1.25 - 3.0%	20-30 years	Low interest, concessional loans	Debt Management Office, Nigeria
IMF	$3.4 billion	1.5%	5 years	Flexible Credit Line	Debt Management Office, Nigeria
African Development Bank (AfDB)	$2.4 billion	1.15%	25 years	Long-term, concessional financing	African Development Bank Reports
China (Exim Bank)	$4.2 billion	2.0 - 3.5%	15-20 years	Semi-concessional, tied to projects	Nigerian National Bureau of Statistics

Figure 3: *Author's compilation; Debt Management Office (DMO), Nigeria. The data reflects Nigeria's external debt as of September 2023.*

4. Impact of National Debt on Nigeria's Sovereignty

Nigeria's national debt significantly affects its sovereignty, especially through economic reliance on creditors, diminished policy autonomy, and geopolitical standing. Borrowing terms imposed by institutions such as the International Monetary Fund (IMF), World Bank, and bilateral lenders like China frequently constrain Nigeria's policy choices, compelling the nation to prioritize debt repayment over local concerns (Osam et al., 2022). Creditors enforce rigorous stipulations on loans, affecting Nigeria's fiscal policy. For example, loans from the IMF and World Bank generally entail structural adjustment plans (SAPs) that mandate austerity measures. Bilateral lenders such as China frequently impose stipulations that favour Chinese contractors and materials, so constraining Nigeria's autonomy in its economic strategy (Oleke et al., 2022).

The total borrowing from China amounts to USD 3.121 billion as of March 31, 2020, consisting of concessional loans with an interest rate of 2.50% per annum, a tenor of twenty years, and a grace period of seven years. The extended duration of loans frequently necessitates austerity measures (Razlog et al., 2020). These may encompass reducing subsidies, increasing taxes, or constraining state expenditure on social welfare initiatives such as healthcare and education. Such measures frequently conflict with Nigeria's internal policy requirements, particularly in tackling poverty and unemployment. The payment of debt, which represents a substantial segment of Nigeria's yearly budget, constrains the government's capacity to deploy resources for developmental initiatives. In the first quarter of 2024, Nigeria's Debt Management Office reported that debt servicing accounted for around 74% of the federal revenue, totaling N1.31 trillion from N1.76 trillion in retained revenue.

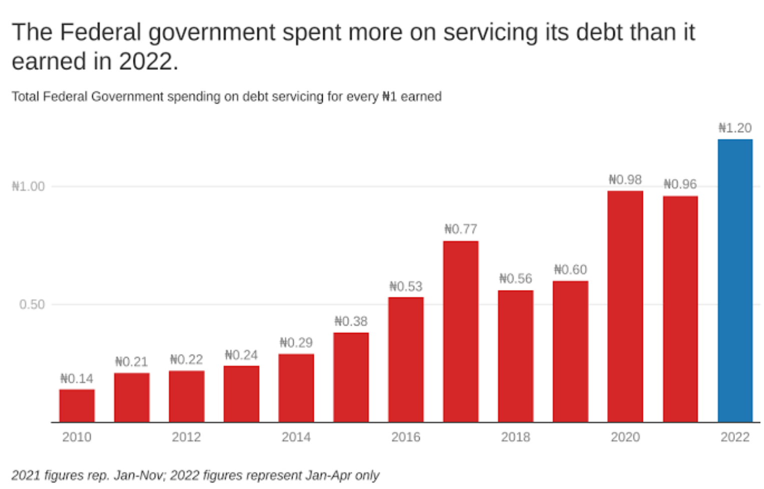

Figure 4: Revenue on servicing debts

The Nigerian government is publicly expending more than it generates on debt servicing (both domestic and foreign). From January to April 2022, Nigeria generated a total budget revenue of ₦1.4 trillion while expending ₦1.9 trillion on debt servicing, resulting in 120% of the revenue allocated to repaying loan interest. The government's insufficient revenue to service its debt hampers the nation's ability to invest in essential development sectors such as healthcare and education. As to DMO (2024), Nigeria is projected to generate N8.46 trillion in 2023, allocating N6.31 trillion for debt servicing.

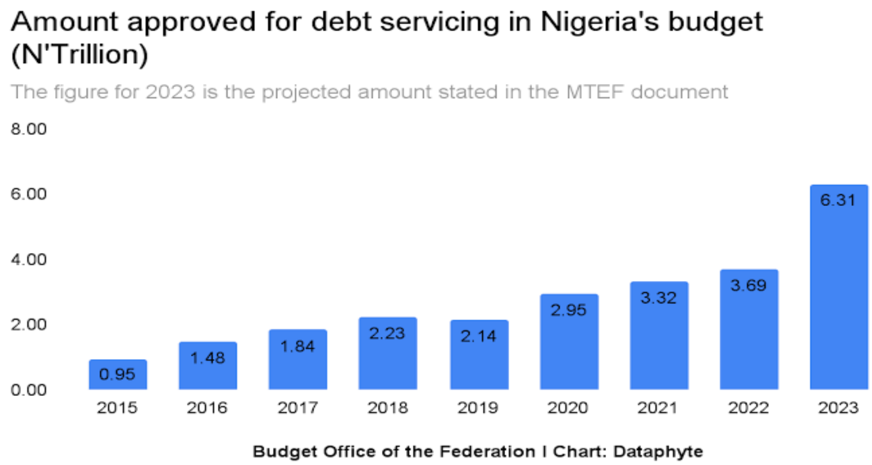

Figure 5: Amount approved for debt servicing, 2015-2023.

As a result, Nigeria frequently adopts policies that favour creditors above those that correspond with national development objectives. The erosion of policy autonomy hampers the government's ability to implement autonomous economic strategies, entrenching Nigeria in a cycle of borrowing and debt repayment that inhibits long-term prosperity. Nigeria's foreign relations are influenced by its debt commitments. The nation's dependence on external lenders may undermine its negotiating leverage in diplomatic contexts, necessitating the prioritization of amicable ties with creditors (Daka et al., 2017). China, a significant bilateral lender to Nigeria, frequently associates its financing with infrastructural initiatives. Although these projects may offer advantages, the arrangements frequently favour China, thus constraining Nigeria's geopolitical options (Okonkwo et al., 2024). Nigeria may be inclined to endorse China's geopolitical agenda or refrain from addressing matters impacting its national interest to prevent jeopardizing financial aid.

5. Impact of National Debt on Nigeria's Economic Resilience

Nigeria's escalating national debt poses considerable challenges to its economic resilience, hindering the nation's capacity to fund development, infrastructure, and social welfare, while amplifying its susceptibility to external shocks and jeopardizing sustainable economic progress. The substantial obligation of debt servicing, coupled with the threats from global economic volatility, positions Nigeria precariously, constraining its potential to attain long-term stability and progress.

Debt Servicing Burden

A significant difficulty confronting Nigeria is the need of debt servicing. A significant percentage of the nation's annual revenue is allocated to servicing both domestic and foreign debt, severely limiting its fiscal capacity. The DMO reports that Nigeria allocates more than 70% of its earnings to debt servicing. This provides minimal opportunity for essential expenditures in infrastructure, education, healthcare, and social welfare programs, all of which are vital for promoting economic development and enhancing living standards (Saungweme & Odhiambo 2020). The elevated expense of debt payment diminishes the government's capacity to fund essential projects that could foster economic growth and alleviate unemployment. Large-scale infrastructure projects, including electricity generation, road construction, and transportation networks, are crucial for enhancing commerce and increasing productivity. Nevertheless, due to constrained fiscal capacity, the government frequently must reduce or postpone such expenditures, so hindering economic advancement.

Vulnerability to External Shocks

Nigeria's economy has become increasingly susceptible to external shocks due to excessive debt, particularly swings in global commodity prices, financial crises, and exchange rate volatility. Nigeria's economy is predominantly dependent on oil exports, which provide a substantial share of government revenue and foreign exchange revenues. During periods of declining oil prices, such as the 2014-2016 oil price crisis and the 2020 COVID-19 pandemic, Nigeria's capacity to manage its debt gets compromised (Njoroge, 2020). The decline in revenue compels the government to increase borrowing, intensifying the debt burden and resulting in a detrimental cycle of borrowing and debt repayment. Moreover, variations in exchange rates, especially the depreciation of the Nigerian naira, have intensified the debt situation (Zaheer et al., 2019). A substantial portion of Nigeria's external debt is denominated in foreign currencies, indicating that any depreciation of the naira markedly escalates the expense of servicing these debts. The significant volatility of the naira, together with escalating inflation, further undermines Nigeria's economic resiliency, while the government endeavours to sustain stable public finances.

Sustainability of Growth

The viability of Nigeria's prolonged economic expansion is jeopardized by the substantial debt burden. Elevated debt levels discourage both domestic and foreign investment, as investors regard Nigeria as a high-risk environment. This aversion to investment obstructs job growth, worsening the already elevated unemployment rate, which reached 33.3% in 2021 (Adegbie et al., 2022). Inadequate investment in productive industries will hinder Nigeria's economic growth and reduce its ability to accommodate the expanding labour force. Furthermore, the need of debt repayment exacerbates inflationary pressures inside the economy (Adegbie et al., 2022). To address its debt, the government may either print additional currency or incur new borrowing, both of which might precipitate inflation. Escalating inflation diminishes consumer purchasing power, decreases real wages, and thus hinders economic growth.

7. Policy Recommendations

Debt Management Strategies

Nigeria's increasing debt burden necessitates immediate and thorough policies to guarantee sustainable economic growth while diminishing reliance on borrowing. The initial essential stage is financial discipline. The Nigerian government must implement policies that prioritize the reduction of fiscal deficits by limiting superfluous public expenditure, optimizing government operations, and improving openness in public financial management. Fiscal reforms may encompass the reduction of unnecessary expenditures, the minimization of governance costs, and the enforcement of more stringent scrutiny on public sector initiatives. By guaranteeing that borrowed capital is only allocated to productive initiatives yielding tangible returns, Nigeria may manage its debt more sustainably.

A further efficacious method is debt restructuring. Nigeria can restructure its debt with local and international creditors to get more advantageous terms, including extended repayment periods or reduced interest rates. Debt restructuring would alleviate immediate financial strain, granting the country greater latitude in distributing resources to critical sectors such as healthcare, education, and infrastructure. Furthermore, pursuing concessional loans from international institutions such as the World Bank and African Development Bank, which typically offer lower interest rates and extended payback terms, may alleviate the overall debt servicing burden. Enhancing economic diversification is essential for diminishing Nigeria's dependence on borrowing.

Nigeria's economy, primarily reliant on oil exports, frequently necessitates borrowing to address budget deficits due to swings in global oil prices. Nigeria must enhance initiatives to diversify its economy into sectors such as agriculture, manufacturing, and technology to disrupt this cycle. Facilitating access to financing, providing tax advantages, and enhancing the business environment for small and medium-sized firms (SMEs) will foster innovation and generate employment possibilities, hence augmenting non-oil revenues. By augmenting domestic output and exports in alternative industries, Nigeria might mitigate its susceptibility to oil price fluctuations and diminish its reliance on external borrowing.

Improving Economic Resilience

Nigeria must implement strategies to enhance its economic resilience alongside improved debt management to avert future debt-related crises. One method to achieve this is by augmenting foreign reserves. A strong foreign reserve serves as a safeguard against external disturbances, like global financial crises or fluctuations in oil prices. Nigeria should enhance its export base by promoting local production and processing of goods, particularly in agriculture and mining, to accumulate foreign reserves. Government measures should focus on diminishing import reliance by bolstering domestic industries, so alleviating the strain on foreign exchange reserves. Mitigating Nigeria's dependence on oil earnings is a crucial element in fostering economic resilience. The oil sector presently constitutes over 80% of export profits and almost 50% of governmental income, rendering the nation exceedingly susceptible to variations in global oil prices.

Nigeria must concentrate on broadening its revenue base by enacting policies that promote investment in diverse areas. For example, offering incentives to sectors such as tourism, entertainment, and renewable energy may facilitate revenue diversification. Tax measures designed to improve collection efficiency and expand the tax base would increase government revenue without the need for borrowing. Enhancing the financial sector can augment economic resilience. Policies that promote savings, stimulate investment, and improve access to credit for enterprises and families can result in a more vibrant and self-sufficient economy. The Central Bank of Nigeria (CBN) should persist in executing monetary policies that stabilize the currency rate, regulate inflation, and foster a favourable investment climate. Nigeria must enhance the governance and management of public debt. Transparency in debt agreements, explicit reporting, and compliance with international debt sustainability norms helps prevent unsustainable borrowing. Implementing regulatory structures that limit borrowing to designated thresholds or link debt to particular productive results will prevent the nation from incurring excessive debt.

8. Conclusion

The findings indicate that Nigeria's escalating debt burden compromises its policy autonomy, as stipulations from international creditors frequently dictate fiscal and economic policies, prioritizing debt service over domestic requirements. The substantial debt servicing expenses constrain investments in critical sectors like infrastructure, healthcare, and education, undermining the nation's capacity for sustained long-term growth. Nigeria's economic susceptibility to external shocks, especially oil price volatility, intensifies its debt issues, hindering the attainment of economic sustainability. Future study should concentrate on assessing the long-term efficacy of debt restructuring and other funding methods, including public-private partnerships, in alleviating the debt burden. Moreover, additional research is required to comprehend the socio-economic ramifications of escalating debt, especially its impact on inequality and poverty, as well as the potential for governance reforms to enhance debt management in Nigeria.

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