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INTERNATIONAL BORROWING SCHEMES IMPACT ON NIGERIA'S POLITICAL ECONOMY IN MUHAMMADU BUHARI'S REGIME 2015 – 2023

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ABSTRACT

This paper examines the importance of international borrowing shemes to the Nigeria political economy development during the Muhammad Buhari Regime spanning from 2015 to 2023. Succinctly, the target of the paper is to critically assess the roles of international borrowing schemes to political economy development. the paper adopts qualitative research method by sourcing for information through secondary data such as periodicals, magazines, journals, and symposium. Having identified the following problems difficulty in the debt sustainability, lack of proper accountability, poor implementation and diversification of loans obtained. The paper now recommends that federal government of Nigeria should formulate and enforce a comprehensive external borrowing policy that sets binding ceilings on the total external debt stock as a percentage of gross domestic product and on the annual debt service-to revenue ratio, the national assembly should strengthen its legislative oversight over external loan agreement by enacting a dedicated external borrowing and loan utilization acts and lastly the government should prioritize the diversification of Nigeria revenue base as a prerequisite for sustainable debt management.

Keywords: International borrowing schemes, political economy development, multilateral loans bilateral loans, Eurobond borrowing.

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INTRODUCTION

The concept of Sustainable Development (SD) is a long-held aspiration of every country worldwide, aiming to enhance the well-being of their citizens by providing them with adequate infrastructure, social amenities, jobs, and economic supports and stability (Aluko, 2020; Sogut et al., 2025; Ferdous, 2026). Development continues to be regarded as a major task of the governments of the world as people keep looking for better welfare, governance and economic opportunities all the time. But most important problem of most countries, both developed and developing countries, is the insufficiency of its domestic financial resources which are needed to fill these rising demands. This makes international borrowing the alternative source of funding by many countries in addition to their domestic funding. In certain countries, this approach has fostered economic growth while increasing debt loads, fiscal vulnerabilities, and economic dependence in others (Oyibo & Alah, 2025; Ramachandra, 2025).

International borrowing has been a major strategy adopted by Nigeria, and many African countries for financing their development goals historically (Nwani et al. 2023; Nadabo & Alkasim, 2025) . Right after independence in 1960, Nigeria showed a good start in the economy, arguably buoyed by agricultural output and export revenue, and relatively sound fiscal policy. Economics activities, however, were greatly hampered during the Nigeria Civil War (1967 – 1970) which had necessitated reconstruction and national development. To address this, the government began to enact various development plans including: the First National Development Plan (1962-1968); the Second National Development Plan (1970-1974); and later development plans to reconstruct infrastructure, push for industrialisation and benefit the citizens. The adoption of these plans was, however, hampered by a limited financial capacity in the country, weak efforts in revenue mobilization, and weak institutional capacity.

Nigeria's external debt stock has increased substantially over the years which causes fiscal problems and debt servicing difficulties. Nigeria faced heavy external debts by the beginning of the 2000s with the majority of them going to the Paris Club of creditors. Nigeria also obtained in 2005 the first debt relief for a nation under the Paris Club, that amounted to the forgiveness of some $18 billion of its external debt of $30 billion. The debt remission was supposed to give Nigeria a chance to prioritize development activities and alleviate its debt burden. But despite this, Nigeria persisted with its international borrowing arrangements in order to fund development programmes and its fiscal deficits. In the era of Muhammadu Buhari (2015-2023) Borrowings from overseas had grown extensively in the name of financing infrastructure, including the building of rail lines, investment in roads, development of the power sector and budget deficit due to falling oil prices and economic recession (Inyang, 2023; Shaapera& Ojo, 2026).

Nigeria's economic development has continually faced significant obstacles, primarily due to its overreliance on oil revenues, which has created structural vulnerabilities that impede sustainable growth, and political unrest (Aluko, 2023; Amaechi, 2025). Some capital projects have been financed from borrowed funds but one does not seem to see much consensus on the country's rising debt being effective in the process of development. Critics argue that many of the loans have been used for consumption, which cuts down on the benefits of external loans, and inefficient management of the loans and leakages in the financial sector have minimalized and compromised the external loan disbursement benefits (Daba Ayana et al., 2023; Adesiyan, 2025). Expansionary debt-service demands have added significantly to the government's revenue, and also devoured its ability to invest in important areas like education, health-care, infrastructures, and poverty alleviation. For example, the primary financing of the debt service increased by N56.8 per cent, growing from N5.69 trillion in 2023 to N8.92 trillion during the first nine months of 2024 (Central Bank of Nigeria, 2023). Worsening debt-to-revenue ratio, as it was possible to see that the government retained ₦6.08 trillion even then, but they still relied on borrowing extensively more so for servicing their debts than for development projects, is a major hurdle to the working of Nigeria's political economy (Tunji, 2025).

Over the past almost 4 years Nigeria's external debt stock has jumped by 148% (Debt Management Office, 2022; 2023), during the Muhammadu Buhari administration. The external debt of the nation has increased from USD 10.32 billion on 31st June 2015 to USD 25.61 billion by 31st March 2019, of which, USD 10.87 billion is Eurobonds which has increased from USD 1.5 billion in 2015 by 625%. Debt owed to the World Bank also grew from $6.19 billion to $8.90 billion, and the number of loans granted by China (via its Export-Import Bank) increased to $2.55 billion, from $1.39 billion. Other important lenders were the African Development Bank, which had provided $1.25 billion; the African Development Fund, at $834.18 million; the Arab Bank for Economic Development in Africa, at $5.88 million; the Export Development Fund at $59.15 million; the Islamic Development Bank at $15.51 million; and the International Fund for Agricultural Development at $176.19 million. There were also outstanding debts bilaterally from France, via Agence Française de Développement (AFD) $366.07 million, Japan, Japan International Cooperation Agency (JICA) $74.63 million, India, India Exim Bank (IEB) $26.46 million, and Germany, KfW $171.79 million. The tremendous surge in external borrowing reflects high external financing requirements on Nigeria and the magnitude of its fiscal commitments (Amaechi, 2025).

Therefore, it is not comforting to see that although Nigeria has been constantly borrowing from the international market, what was expected in terms of development has not been fully achieved. However, many problems still exist, including weak infrastructure, unemployment, poverty, budget deficits, slow economic growth and so on. There is a worry that external borrowing, that has not been matched by development outcomes, remains a very dominant feature in all of these processes. To overcome these setbacks, the government has taken several initiatives and implemented institutional measures to make the management of debts better and do things responsibly. These include the Debt Management Office (DMO) that was established in 2000, the Fiscal Responsibility Act of 2007, and the Medium-Term Debt Management Strategy aimed at regulating borrowing and sustain-ability. However, all these efforts have failed to result in the necessary economic transformation and development in Nigeria, while continuing to grow external debts. Thus, some important questions that must be asked in this regard are the implications of borrowing from foreign countries on the political economy development of Nigeria focusing on the regime of President, Muhamadu Buhari.

Although sustainable development continues to be a core ambition of countries, many developing countries, like Nigeria, struggle to mobilise sufficient domestic resources to satisfy their citizens' increasing demands. Governments may then look to external borrowing to fill this financial shortfall. Loans from outside can be vital for funding infrastructure projects and social services and for economic stabilization, but poor design, corruption, and weak institutional mechanisms have limited the efficacy of such borrowing. For instance, in Nigeria, over decades of external borrowing, the impact on political economy (PE) growth shows some concern about the actual effect of these loans on PE growth.

Debt is now one of the instruments being adopted by developing nations (DEMs) like Nigeria for the development of the economy and for financing capital projects. Capital borrowed externally is frequently drawn to finance public investments that are intended to create economic growth, develop infrastructure, while at the same time in the interest of national development programmes. Apart from financing the development project, foreign loans are also utilized in the event that there are shortfalls in the government revenues in comparison to expenditures. The accumulation of Nigeria being more into borrowing, however, has raised concern due to long term dependence on external loans and internal loans from commercial banks have resulted in negative economic effects. From time immemorial, successive governments have borrowed money from the public through borrowing as a regular policy.

As at the end of December 2024, Nigeria external debt has accounted for about $45.8 billion, adding to the total public debt of about $94.2 billion, external and internal debts put together, Debt Management Office (DMO) has revealed. Several international financial institutions/external creditors still hold Nigeria to ransom. The government recently repaid itself of the $3.4 billion loan secured through the International Monetary Fund (IMF) Rapid Financing Instrument, but the bigger issue of growing public debt and what it means for economic stability has garnered major interest.

The post-civil war period has witnessed a lot of reliance on the process of international borrowing to finance reconstruction and put into operation a number of national development plans in Nigeria. These first plans, the First and Second National Development Plans, were short-lived, hindered by the lack of funds generated in the country so they had to rely on money from abroad. While Nigeria benefited from a huge debt write-off in 2005, when they wrote off about US$18 billion in external debt, Nigeria has continued to borrow on the international markets without making any significant dent in their economic growth or infrastructure. The picture is on an historical trend, showing an ongoing shortfall in outcomes between borrowing and real development.

Under the leadership of Muhammadu Buhari (2015-2023), Nigeria had undertaken a huge borrowing from abroad for funding of critical sectors of the economy including transportation, power and budget deficits. Multi-lateral funding, bilateral partners, Eurobonds and the World Bank, the IMF, the China Exim bank were among the sources of loan acquisition. But, despite these massive inflows, the country has failed to meet its development targets, in part because of corruption, inefficiency and mismanagement. Why is Nigeria still taking loans from the outside and not using the resources to make a meaningful political economy development in the country?

Without sufficient yield on the use of the funds, Nigeria continues to borrow from the international community and therefore has some serious implications for the development of the nation. Increased debt service demands reduce development options and constrain fiscal leeway, and inefficient use of debt endangers economic security and citizens' confidence in the administration. Despite these government policies and institutions including the Debt Management Office (DMO), Fiscal Responsibility Act and Medium Term Debt Management Strategies, the corrupt nature and poor governance structure remain the key challenges. This is a clear indication that Nigeria has to take a critical look at the effects of international loans on the political economy of Nigeria's development and what is derailing anything that borrowed funds can create towards sustainable growth for Nigeria.

The study focused on the effect of the international borrowing program on the political economy development of the Nigeria government over the period of study which is when President Muhamadu Buhari was in office (2015 – 2023). Emanating from the statement of the problem, the research question raised and addressed in this study is; what is the composition and trend of international borrowing in Nigeria during the administration of President Muhamadu Buhari?

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Conceptual Review

Political Economy Development

Cho and Storr (2025) quote Adam Smith as defining political economy development as the study of national wealth formation by the interplay of markets, institutions and national policies more accurately oriented towards the allocation of resources for the good of the people and the society's overall well-being. The classical view sees development as the result of the synergistic interaction of economic policies and governance mechanisms that seek to improve productivity, market access and wealth generation within a state (Okegbemi, 2024). Using a Karl Marx perspective (Newell 2026) view sees the political economy development as the manifestation of the relations that exist between economic structures and political power, and it is more precisely the relation of control over the means of production and social relations and outcomes of development. Within this framework, development is shaped by class relations, the nature of state activity and the disparities of economic power, which may impact either the society as a whole or only those taken up by a privileged minority (Nwankwo et al., 2021). For Botah (2024), it is a dynamic process represented by innovation, institutional change and government policies that affect economic change. Development has not only to do with production growth, but also relates to the transformation of the structure of production, which is determined by political decisions, entrepreneurship and institutional frameworks within a country," he said. Aluko (2020) argues that that political economy development stands as the development of evolution of either formal or informal rules that structures political economic interactions as well as determining the performance over time. He asserted that the quality of governance, institutional frameworks and property rights shaping economic activities and public policy-making is of significant importance to development.

International Borrowing Schemes

Ridehoover and Windell (2006) described it as the way in which a nation gains financial assistance from foreign lenders like other countries, multilateral organisations and capital markets for purposes of economic development, fiscal adjustment and financing public investment. He said these kinds of borrowings can help developing nations to realize their growth goals, as they alleviate constraints on domestic saving. Achor and Emmanuel (2025) have talked of international borrowing schemes as formal arrangements in which external borrowing is is obtained from international financial institutions and foreign governments for advancing development programmes, achieving balance of payments deficit and implementing economic reforms. They said that these schemes play crucial role in developing the countries which lack enough internal buoy to undertake large size development schemes.

In the view of Amaechi (2025), the schemes are financial contracts negotiated and agreed between sovereign governments and third parties, which offer financial resources to finance national development, infrastructure development, fiscal management, etc. They emphasized that such loans involve repayment terms and conditions, interest payments, and policy requirements. International borrowing schemes are defined by Krugman and Obstfeld (2009) as "schemes by which countries borrow abroad to cover the shortfall of domestic investment or to balance consumption over the period. They said that with regard to these innovations, they explained that such borrowing is important for countries to receive financial support for development, though over-dependence would shift the burden of indebtedness to the external financials of the economy, resulting in debt sustainability risks.

Types of International Borrowing Schemes

i. Multilateral Loans

Multilateral loans are external financial assistance provided by the government of the Federal Republic of Nigeria to international financial institutions made up of several countries. These institutions are the World Bank, the International Monetary Fund (IMF), and AfDB whose loans are used to diversify the economy, eradicate poverty and achieve fiscal stability. Multilateral loans are typically concessional having lower interest rates, flexible terms and longer periods to be repaid. Such loans are primarily used by borrowers to fund economic reforms for an overall improvement of the economic performance of the borrowing countries, social development programmes and infrastructure projects (Johnson &Sanubi, 2024).

Multilateral loans have helped finance projects in various sectors in Nigeria including transport, energy, education, health and agriculture. Such loans have been made available for schemes of road construction, railways modernization, improvement of power sector, and poverty alleviation programmes or schemes. Furthermore, in helping run and manage borrowed money, multilateral institutions are sometimes able to assist countries with technical assistance and policy advice. Despite this positive impact, there are concerns regarding effective management and utilization of these loans, and in some instances, the effectiveness of these loans due to weak governance, corruption and inadequate institutional arrangements in ensuring sustainable political economy development.

ii. Bilateral Loan

Bilateral loans are loans that are received by the government of Nigeria directly from government or its appointed financial institution and development agencies. Loans are typically negotiated between two governments, and can be concessional or semi-concessional, depending on terms of the loan agreement. Bilateral loans are frequently linked to particular development initiatives and may carry certain restrictions including the need to hire contractors from the lender country, use lender country equipment, or rely on a specific group or individual from the lender country for technical expertise. Some institutions that fund bilateral loans are the China Exim Bank, the French Development

Agency (AFD), the Japan International Cooperation Agency (JICA), the German Development Bank (KfW). The purposes of these loans include providing infrastructure for infrastructure, economic development and national development priorities (Saleh &Dambatta, 2025)..

Over the past few years, bilateral lending has been important to funding important transportation, power, and agriculture-related infrastructure projects in Nigeria. Loans from the China Exim Bank have been used for financing big railway projects like the Abuja–Kaduna rail lines and the Lagos–Ibadan rail lines, in addition to road and airport development. The projects are expected to enhance connectivity, ease trade and promote economic activities. Bilateral loans, however, have generated debt sustainability, transparency and economic ramifications questions related to Terms-of-Loan. However, sometimes the positive effect of bilateral lending on the growth of Nigeria's political economy has been hampered by poor management, corrupt practices and inadequate monitoring of projects (Ezeaku et al., 2023).

iii. Eurobond Borrowing

Eurobond borrowing occurs when the government of Nigeria attempts to raise money from the international capital market by selling debt securities called a Eurobond in the international bond market to the foreign investors. The bonds are issued in currencies other than the native language, primarily the USD, and issued to investors abroad. The difference between all multilateral and bilateral loans and Eurobond borrowing consists in the nature of the loan, which is commercial and naturally is a bond that is used to obtain higher interests and repayment as compared to the duration through which it will last. Governments have access to large quantities of capital through Eurobonds, which may be used to fund budget deficits, infrastructure projects and other national development goals of the country (Mensah et al., 2021).

Nigeria started issuing Eurobonds in 2011, and has since turned to them as an alternative source of revenue and used them to fund critical expenditures. Eurobond sales have—especially in times of reduced oil revenues—been utilized for balancing budget deficits, building up foreign currency reserves, and for infrastructure measures. During the period of government of Muhammadu Buhari (2015-2023), Nigeria's national budgets and economic recovery plans were funded by a number of Eurobonds. The Eurobond borrowing pays the advantages of easily attending to international finance, but also presents the nation with exchange rate fluctuations, elevated debt servicing costs and higher external debt burden. The concerns of these challenges are the sustainability of Eurobond borrowing and its impact on the overall development of Nigeria's political economy.

Iv. IMF Special Facility

IMF special facilities and emergency loans apply to specific types of IMF assistance that are issued to its member countries to deal with immediate economic difficulties, such as balance of payments crisis, fiscal deficits or external shocks. The loans have been instituted to give immediate relief on liquidity and to support the economy until a corrective policy can be put in place. IMF facilities usually have conditionality attached to them to ensure proper economic management and implementation of reform, and do not have very lengthy tenure, as they are more likely to be short-term with faster payout, and they are more likely to be multi- or bilateral instruments than regular multilateral loans, such as the Rapid Financing Instrument (RFI) or Stand-By Arrangements (SBA) (Egba et al., 2024).

In Nigeria, IMF special facilities and emergency loans have been applied to tackle pressing fiscal and economic problems, when the country experienced periods of economic recession, oil price shocks and unforeseen income shortages. For instance, Nigeria enjoyed access to IMF's Rapid Financing Instrument during the COVID-19 pandemic to stabilise public finances and provide support to critical sectors of the economy, among others. These facilities offer financial relief to the country in time, but their impact will also rely on the government's efforts to implement the recommended reforms, keeping receipts to funds transparent and using borrowed resources for sustainable development. Loans' positive effects on national economic and political development.

THEORETICAL FRAME WORK

Dependency Theory

The concept of 'dependency' was developed during the 1960s and 1970s by such social scientific thinkers as Andre Gunder Frank (1966) and Fernando Henrique Cardoso to find an explanation for the ongoing underdevelopment of the 'developing world' or the Global South. The theory holds that underdevelopment is not a development stage but it is due to the structural inequalities in the global economic system. Developed countries continue to dominate developing nations, including Nigeria, via trade, foreign capital inflows and foreign investments, generally to the detriment of the interests of developing countries. This dependency gives rise to what is called a dependency chain, where resources, profits, and decision power are exported, thus contributing to the reduced ability of the dependent countries to have autonomous development.

The relevance of Dependency Theory to Nigeria under the leadership of President Fiji hornbuhari is apparent as there was need for the country to heavily borrow from external sources in order to achieve its budget deficit, capital projects and social schemes from 2015 to 2023. The rising debt stock of Nigeria as seen in Table 2.1 indicates the structural reliance on multilateral institutions, bilateral lenders and an international capital markets. The theory suggests that: Depending on the ratio of debt to capacity, this dependence can affect national policy autonomy, because a considerable share of the economic decision-making process will be shaped by the requirements of creditors, the debt servicing commitments, and the conditions imposed on loans, all of which can block the process of national development and structural change.

The merits of this theory is its ability to explain the system and structural aspects that perpetuate underdevelopment in the case of over indebted countries. It highlights how Nigeria's foreign dependence can distort Nigeria's development initiatives and provides a reality check on Nigeria's policy of borrowing under Buhari. The drawbacks, however, are an excessive focus on the outside while at the same time overlooking the internal problems of governance, corruption and institutional weakness. Beyond the externalist approach in the theory, two other factors may also mitigate the development effects of external debt in the case of Nigeria; debt management and inefficient allocation of resources are linked to corrupt practices, which also act as a challenge for development.

There are a number of writers who have used the Dependency Theory approach in studying the economic and political development of Nigeria. Similarly, Okafor et al. (2021) and Irabor (2022) have pointed out that Nigeria borrowed heavily from foreign and multilateral creditors as well as the Western creditors, which has rendered the country economically dependent and cut its bargaining power in international financial markets. This has led to borrowing, and to a lesser extent politically driven projects, which have not focused on sustainable development, in accordance with the theory of dependency that ascribes an unwillingness to political projects to the dependency to autonomous growth.

MEHODOLOGY

The methodology adopted by this paper is qualitative research method whereby we source for information through secondary data. succinctly, the paper source for the information through seminar paper, symposium, periodicals just to mention a few.

RESULTS AND DISCUSSION

This section presents the results and discussion of findings based on the analysis carried out from the previous chapter. The chapter consist of the descriptive statistics, data presentation and interpretation, test of hypotheses, and discussion of findings. The outcome of the result is used for conclusion and suggested recommendations.

Descriptive Statistics

Table below shows the descriptive statistics of the variables used in this study. Political economic development is measured using the Human Development Index (HDI), unemployment rate, poverty headcount ratio, and GDP growth rate, while the international borrowing scheme is captured by external debt stock (in USD billions) and total debt service payments (in USD millions). With regard to the international borrowing variables, external debt stock recorded a mean of USD 31.570 billion over the study period, with a standard deviation of USD 11.584 billion, indicating sizeable year-on-year fluctuations in Nigeria's outstanding external obligations. The minimum value of USD 11.410 billion and the maximum of USD 45.020 billion confirm that borrowing climbed sharply across the period, reflecting the acceleration of concessional and non-concessional borrowing under successive administrations. Total debt service payments averaged USD 6,152.700 million, with a standard deviation of USD 2,306.193 million, pointing to considerable variability in the annual repayment burden. The lowest recorded debt service obligation stood at USD 2,391.400 million, while the peak reached USD 9,651.300 million, a near-fourfold increase that underlines the mounting pressure on Nigeria's fiscal position from external debt repayments over the period under review.

Turning to the political economic development indicators, the HDI averaged 0.537 on a scale of 0 to 1, with a relatively tight standard deviation of 0.011, suggesting that Nigeria's composite human development performance spanning health, education, and income remained broadly constrained within the low human development category throughout the period. The HDI ranged from a minimum of 0.526 to a maximum of 0.560, confirming only marginal gains in overall human welfare despite pronounced borrowing activity. The poverty headcount ratio, measured as the percentage of the population living below the poverty line, averaged 37.633 percent, with a standard deviation of 3.897 percentage points. Its minimum value of 34.200 percent and maximum of 43.500 percent indicate that poverty was both persistent and widening over the review period, consistent with the weak redistributive impact of public expenditure in Nigeria. The unemployment rate averaged 14.699 percent, accompanied by a standard deviation of 9.807 percentage points, reflecting considerable instability in labour market conditions. The minimum unemployment figure of 5.300 percent and the maximum of 33.300 percent capture the dramatic swing in joblessness, particularly the COVID-19-induced labour market shock in 2020, and underscore the structural vulnerability of Nigeria's workforce despite the country's sustained engagement with international borrowing schemes. Also, the GDP growth rate, used as a broader gauge of economic performance, averaged just 0.929 percent per annum over the study period, with a standard deviation of 3.214 percentage points that points to sharp swings in output growth from year to year; the rate dipped as low as −6.369 percent capturing the severe 2020 recession and climbed to a high of 4.319 percent, together painting a picture of an economy that struggled to sustain meaningful expansion throughout the period under review.

Table 1.

Composition and Trend of International Borrowing in Nigeria during President Muhamadu Buhari Administration (2015-2023)

Table presents the composition of Nigeria's external debt by creditor category from 2015 to 2023, covering the full tenure of President Muhammadu Buhari. The data reveal that multilateral loans consistently dominated the external debt portfolio throughout the period, though their share declined over time. In 2015, multilateral loans accounted for as much as 80.10 percent of total external debt, amounting to USD 8,585.00 million, reflecting Nigeria's heavy dependence on development finance institutions such as the World Bank (IDA), the African Development Bank, and the International Monetary Fund at the start of the administration. By 2023, while the absolute amount of multilateral borrowing had risen substantially to USD 21,150.00 million, its share of total debt had moderated to 49.80 percent, indicating that other creditor categories were growing at a faster pace. This dominance of multilateral lending is broadly positive for debt management, as multilateral loans typically carry concessional interest rates and longer repayment tenors, reducing the immediate cost of debt service. However, the sheer volume of multilateral borrowing also signals that Nigeria became increasingly reliant on external development finance to plug fiscal gaps rather than mobilising domestic revenue, a pattern that raises concerns about long-term debt sustainability and fiscal autonomy.

Bilateral loans, largely sourced from government-to-government arrangements most notably from China's Export-Import Bank to finance rail, road, and energy infrastructure maintained a relatively modest but growing share of the debt portfolio. From USD 2,133.43 million in 2015 (19.90 percent of total debt), bilateral obligations grew steadily to USD 5,960.00 million by 2023, though their proportional share edged down slightly to 14.02 percent as total debt expanded more rapidly. The most dramatic compositional shift across the period was the explosive growth of commercial loans and Eurobonds. This category was entirely absent in 2015 but rose to USD 1,370.00 million (12 percent) by 2016, surged to USD 10,868.35 million (43 percent) in 2018 following two major sovereign Eurobond issuances, and reached USD 15,120.00 million (35.58 percent) by 2023. This shift towards market-based, non-concessional borrowing is particularly significant for Nigeria, as Eurobonds carry fixed coupon rates of between 6.5 percent and 8.75 percent and shorter maturities compared with multilateral and bilateral loans, substantially raising the cost and refinancing risk of the external debt portfolio over time.

The overall trend in total external debt is one of sharp and unrelenting growth across the Buhari years. Total external debt rose from USD 10,718.43 million in 2015 to USD 42,495.00 million in 2023, representing a near-fourfold increase within eight years. This escalation was driven by a combination of infrastructure financing ambitions, persistent fiscal deficits arising from the collapse of oil revenues, and emergency borrowing during the COVID-19 crisis in 2020, when Nigeria drew down on IMF emergency facilities and expanded bilateral credit lines. For Nigeria, the implications of this path are significant and mixed. On one hand, external borrowing provided resources for critical investment in transport, power, and social infrastructure that domestic revenue could not finance. On the other hand, the rapid accumulation of debt particularly in the higher-cost commercial segment inflated debt service obligations, crowded out spending on education, health, and social protection, and deepened Nigeria's vulnerability to external shocks such as exchange rate depreciation and global interest rate increases. The pattern therefore suggests that while international borrowing during the Buhari administration was substantial in volume, its composition shifted progressively towards more expensive and riskier instruments, with potentially lasting consequences for Nigeria's fiscal and political economic stability.

Table 2

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary

This study examined the impact of international borrowing schemes on the political economy development of Nigeria from the onset of President Muhammadu Buhari's tenure (2015-2023). The study focused on composition and trend of international borrowing, relationship between international borrowing and economic development, influence of international borrowing on economic development and implications of international borrowing for debt sustainability. To achieve these objectives, four specific objectives and four corresponding research hypotheses were formulated. Secondary data were sourced from relevant official publications such as Central Bank of Nigeria (CBN), Debt Management Office (DMO), National Bureau of Statistics (NBS), World Bank and others, which is a credible source. Situational analysis was used to analyze the trends and composition of international borrowing and the key macroeconomic indicators; multiple regression analysis was used to analyze the relationship and effects of international borrowing on the political economy of development and debt sustainability of Nigeria.

Conclusion

The above study has culminated into one initial conclusion which is that international debts under Buhari have been upward and structurally moving, showing that this is a fiscal management that was reactive, and at the same time, deliberate development financing. Nigeria's external debt portfolio changed from a mostly multilateral and concessional structure at the time of the 2015 transition to a one that features more bilateral debt from commercial banks in China and non-concessional commercial instruments like Eurobonds. The shift in composition of external debt which is critical to the political economy consequences of the development of Nigeria's external debt, is that it affected the cost of the debt, lessened the concessional component and brought into the external debt dealings new factors of conditionality and sovereignty considerations into the structures of Nigeria's borrowings. The trend analysis shows that during this period the decisions on borrowing were made more on a short-term basis because of urgent fiscal needs than for a long-term debt policy, with a long-term debt policy being related to productive investment plans, a fact that reinforces the Dependency Theory argument that peripheral countries tend to borrow when they are structurally vulnerable and are not strategically autonomous to make productive investment decisions.

The second conclusion is that the effect of international borrowing on Nigeria's economic development during the period under study was significant but fairly limited. The findings of the empirical analysis prove the impact of external loans on the development indicators and that there is a statistically significant relationship between external loans and economic development. Bigger in magnitude though, was the direction of the effect; which was tempered by structural flaws in Nigeria's political economy. The debt overhang effect grew stronger as debt burden was forcing public spending in important social and productive fields and the institutional setting limited allocative efficiency of borrowed funds. External loans were often used for infrastructure projects that were costly, delayed and misused, reducing the multiplier that was expected to be achieved under the developmental borrowing theory. It reinforces the theoretical view of the Debt Overhang Hypothesis, and is consistent with empirical evidence of similar Sub-Saharan African countries, where the developmental dividend of external borrowing has consistently been sabotaged by weak capacity for implementation and governance problems.

The third conclusion is about the seriousness of Nigeria's international borrowing for Debt Sustainability. In the third conclusion, it has been said that international borrowing would have serious consequences for Nigeria's debt sustainability. The results show that during 2015–2023, many important debt sustainability indicators tipped the mark or nearly reached internationally critical values due to the quick growth of external debt. In several years during the study period, in particular, the debt service to revenue ratio was at dangerously high levels where a disproportionate amount of the federal government's revenue was being devoted to repaying external debt compared to other development programmes. The pattern is a structural threat to the political stability and governance capacity of Nigeria because when a government has to allocate its scarce resources to debt service, it increasingly finds itself in a position of public discontent, legitimacy challenges, and has constrained policy autonomy. Hence the sustainability conclusions of this study are not just technical and financial in nature but have clear political economy implications which involve the nature of governance, provision of public goods and the social contract between the Nigerian state and its citizens.

The general finding is that international borrowing under Buhari administration was an instrument of national economic development which is essential, but poorly managed. However, Nigeria had genuine constraints on its resources and, in principle, external borrowing was necessary for the country to achieve a certain level of infrastructure expansion, to undertake some investment in human capital and to fill in the fiscal deficit in a developing economy. Strong institutions, transparent governance, effective debt management, and investment prioritization that could result in sustainable development were lacking during the study period, however. Thereby, Nigeria's debt pile grew significantly while human development indices, poverty reduction, and productive economic transition indices suffered. The need now for the Nigerian political leaders, Debt Management Office, National Assembly and civil society is to ensure that any future borrowing from the international markets is supported by a credible developmental rationale, is guided by norms of transparency and accountability, and has independent monitoring of implementation and impact. Realistically, international borrowing can be a tool for development of political economy and not a burden for the future generations of Nigerians, except such is effected within this premises.

Recommendations

The following are recommendations that can be made based upon the findings of this study:

i. The federal government of Nigeria should make and implement a broad external borrowing policy with specific and binding limits on external debt as percentage of GDP and external debt service as percentage of debt receipts. This should be backed up by legislation and be operated by the Debt Management Office (DMO) together with the Federal Ministry of Finance, with annual compliance reports that will be submitted to the National Assembly. This will help avoid the unchecked borrowing of the Buhari government and limit future borrowing projects to ones that are within the fiscally sustainable bounds.

ii. The National Assembly needs to exercise its legislative oversight on external loan agreements in a more stringent manner, by passing a separate External Borrowing and Loan Utilisation Act requiring the Executive arm of Government to seek its legislative consent prior to any external loan contract, publish the conditions and terms of each external loan contract to the general public, and provide quarterly reports on the progress of external loan utilization projects. This will help to address the democratic deficit in the borrowing governance process in Nigeria – in many instances loan contracts were signed without proper legislative oversight and public accountability during the study period.

iii. The government should put diversification of Nigeria's revenue base at the top of the list to sustain the debt management in Nigeria. The results from this study showed that in Africa, the mounting debt burden was exacerbated by the overreliance on oil revenues which made the fiscal position structurally weak.

Consequently, there should be an increase in the resources, technology and institutional independence allocated to the Federal Inland Revenue Service and Nigeria Customs Service in order to sharply increase non-oils taxes, widen the tax base and lower fiscal gaps, which leads to external borrowing.

iv. All external loans proposed should undergo stringent ex ante developmental appraisals by the Debt Management Office, and the money spent borrowed should be put into an economically productive, socially beneficial capital project and not otherwise, else it might be a waste of funds and result in only deficit financing. Independent cost-benefit analyses should be conducted during the appraisal process, project readiness assessments should be carried out and implementation capacity evaluations should be conducted.

Contribution to Knowledge

This research was relevant to a number of areas of learning. First, it advanced the discourse around the political economy of external debt in Nigeria's economy through an administration-specific empirical examination of international borrowing between 2015 and 2023, which is not adequately examined in previous works. The study provided situational analysis evidence combined with multiple regression analysis to generate period-specific evidence of the composition, trend, developmental impacts and sustainability implications of Nigeria's external borrowing, which was a gap in the literature on Nigerian public debt and political economy. The study also tested the Debt Overhang Theory and the Dependency Theory in the Nigerian context, which indicated that the theories could explain the limited developmental impacts of debt-financed development in a resource-poor and institutionally immature landscape of political economy.

Second, the study was methodological in nature because it introduced the use of a combination of qualitative situational analysis and quantitative multiple regression estimation in a political science research approach as a viable method to address political economy questions in the Nigerian setting. The methodological integration added value by enriching the analytical depth of the study beyond the capability of the two approaches working independently and provides a template that can be replicated by future research that looks at developmental impacts of fiscal and borrowing policies in Nigeria and other Sub-Saharan African countries. The findings also offered empirical evidence relevant for policy that could support the work of the Debt Management Office, National Assembly, and development finance institutions working on the debt management and governance reform discourse in Nigeria.

Suggestions for Further Research

This research has advanced the knowledge, but the following are recommended for future research: Future research suggests that this research need be broadened and made comparative between the borrowing trajectory of the Nigeria federal governments, from the Obasanjo debt relief era of 1999 to 2007 and the current Tinubu administration. A longitudinal comparative study would have yielded more insights on the influence of the various forms of political leadership, the approach to governance and macroeconomic framework to development impact of borrowing as a means of financing the development and how the Nigerian government habitually becomes vulnerable to loaning. Further, future research should explore the political conditionality elements of Nigeria's bilateral loan agreements, especially the conditions and implications of Chinese loans for infrastructure development, based on the primary data from the official loan documentation, legislative records and key informant interviews with key actors involved in policy making and debt management.

In addition, future studies should take into the subnational aspects of international borrowing and development in Nigeria; examining the spread of the externally funded projects by states and geopolitical zones in Nigeria, and the extent to which such spread in Nigeria projects developmental or political patronage concerns. The research study of this kind would add to the literature on fiscal federalism, intergovernmental relations and politics of allocation of development finance in Nigeria. Disaggregated sectoral budget and expenditure data will also be useful for the future to measure the social impact of the debt servicing on public expenditures at the sectoral level, and offer more specific evidence on the tangible human development losses felt at the household and community level from the debt burden.

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Table 1: Descriptive statistics of variables

Statistics	External Debt Stock (USD bn)	Total Debt Service (USD mn)	Human Development Indicator	Poverty Headcount (%)	Unemployment (%)	GDP growth rate (%)
Mean	31.570	6152.700	0.537	37.633	14.699	0.929
Median	33.270	5759.200	0.535	35.800	14.200	1.923
aximum	45.020	9651.300	0.560	43.500	33.300	4.319
Inimum	11.410	2391.400	0.526	34.200	5.300	-6.369
Std. Dev.	11.584	2306.193	0.011	3.897	9.807	3.214
Skewness	-0.464	-0.048	1.127	0.406	0.625	-1.375
Kurtosis	1.970	2.092	3.305	1.437	2.297	4.028

Source: Researcher computation, 2026.

Table 2 shows the Composition of Nigeria's External Debt by Creditor's category

Year	Multilateral Loans		Bilateral Loans		Commercial Loans / Eurobonds		Total External Debt
	Amount (USD Mn)	Share (%)	Amount (USD Mn)	Share (%)	Amount (USD Mn)	Share (%)	Amount (USD Mn)
2015	8,585.00	80.1	2,133.43	19.9	0.00	0.00	10,718.43
2016	7,986.00	70	2,052.00	18	1,370.00	12	11,408.00
2017	8,152.00	54.1	1,956.00	13	4,941.00	32.9	15,049.00
2018	11,014.34	43.58	3,091.68	12.23	10,868.35	43	25,274.37
2019	14,106.02	55.81	3,960.00	15.67	7,224.00	28.56	25,290.00
2020	17,203.00	53.8	4,477.00	14	10,297.00	32.2	31,977.00
2021	20,531.00	54.88	4,749.00	12.7	11,922.00	31.88	37,397.00
2022	20,217.00	48.5	5,628.00	13.5	15,712.00	37.7	41,685.00
2023	21,150.00	49.8	5,960.00	14.02	15,120.00	35.58	42,495.00

Source: Debt Management Office (DMO) Nigeria; Central Bank of Nigeria; National Bureau of Statistics