



African Journal of Economic Review

Journal / [African Journal of Economic Review \(/index.php/ajer\)](#) / **Vol. 7 No. 2**

(2019) (/index.php/ajer/issue/view/18241) / Articles



<https://www.journalquality.info/en/jpps-criteria/one-star>



↓ [DOWNLOAD PDF \(HTTPS://WWW.AJOL.INFO/INDEX.PHP/AJER/ARTICLE/VIEW/188378/1\)](https://www.ajol.info/index.php/ajer/article/view/188378/1)



DOI:

[\(https://doi.org/\)](https://doi.org/)

We value your privacy.

Keywords:

Unit root with structural breaks Johansen Co-integration with structural Breaks Fiscal Sustainability and Fiscal Policy

We may use cookies and **stream tracking** technologies to improve your experience on our website. We may store and/or access information on a device and process personal data, such as your IP address and browsing data, for personalised content suggestions, content measurement, audience research and services development.

Issue

Vol. 7 No. 2 (2019) [\(/index.php/ajer/issue/view/18241\)](https://www.ajol.info/index.php/ajer/issue/view/18241)

Section

Articles

The copyright belongs to: African Journal of Economic Review, Centre for Economics and Community Economic Development, The Open University of Tanzania, P.O.Box 23409, Dar es salaam, Tanzania

Accept all cookies

Reject all cookies

How Sustainable is the Federal Government of Nigeria Debt after the

[Terms and conditions](#)

exit from Paris Club?

Adewumi Otonne

Oluwatimileyin Oyenuga

Abstract

The study investigated the sustainability of the federal government debt in Nigeria after the exit from the Paris Club while accounting for the role of structural breaks in the fiscal variables. Using the modified Augmented Dickey-Fuller test (unit root test with structural breaks), Engel Granger residual based co-integration test, Bounds Co-integration test and Johansen co-integration test with structural breaks, the results show that the federal government borrowing and fiscal policy actions in Nigeria are not sustainable. This means that government revenue and expenditure grow indefinitely apart, and therefore grows out of bound. In other words, the federal government does not satisfy its inter-temporal budget constraint, and takes no necessary actions to ensure fiscal sustainability. This shows an increasing difficulty by the Nigerian government to meet its borrowing obligation with current revenue. Therefore, it is important for the federal government of Nigeria to reduce overdependence on oil export revenue, and harness other revenue generating capacities while reducing public borrowing.

Journal Identifiers

eISSN: 2453-5966

print ISSN: 1821-8148

About AJOL

AJOL Team (<https://www.ajol.info/index.php/ajol/team>)

AJOL Board (<https://www.ajol.info/index.php/ajol/board>)

Donors (<https://www.ajol.info/index.php/ajol/donors>)

Partners (<https://www.ajol.info/index.php/ajol/AJOL-partners>)

Sponsors (<https://www.ajol.info/index.php/ajol/npo>)

Contact (<https://www.ajol.info/index.php/ajol/contact-AJOL>)

Usage Statistics (<https://www.ajol.info/index.php/ajol/statistics>)

Journal Quality (<https://www.ajol.info/index.php/ajol/JPPS>)

About AJOL (<https://www.ajol.info/index.php/ajol/about-AJOL-African-Journals-Online>)

Policies

Whistle blowing (<https://www.ajol.info/index.php/ajol/whistle-blowing>)

Terms and conditions (<https://www.ajol.info/index.php/ajol/terms-and-conditions>)

Non-profit Organisation (<https://www.ajol.info/index.php/ajol/npo>)

AJOL is a non-profit, relying on your support.

DONATE

AJOL's largest donor partners:



(<https://www.sida.se/en>)



(<https://wellcome.org/>)

Click here (<https://www.ajol.info/index.php/ajol/registerSiteWide/registerSiteNotifications?newJournalsOnly=1>) to sign up for titles of interest.

Follow AJOL

 (<https://twitter.com/ajol>)  (<https://www.facebook.com/ajol>)  (<https://www.youtube.com/ajol>)  (<https://www.instagram.com/ajol>)  (<https://www.linkedin.com/company/ajol>)  (ajol@ajol.info)  (<https://www.ajol.info/index.php/ajol/registerSiteWide/registerSiteNotifications?newJournalsOnly=1>)  (<https://www.africanjournals.com/>)  (<https://www.serpand.com/>)