

An Assessment of Impact of National Debt on Education in Nigeria

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Abstract: *This paper assessed the impact of national debt on education in Nigeria. In this paper, we did a comprehensive analysis of existing literatures on impact of national debt on education in Nigeria. The secondary data were collected from print and online publication. The findings revealed that poor budgetary allocation to education, deficit of infrastructure facilities, inadequate professional teachers and poor implementation of educational programmes are the impact of national debt on education in Nigeria. Based on the findings, the paper recommends that the government and other stakeholders must work towards reducing the national debt and increasing funding for education to address this issue. This will not only improve the quality of education in Nigeria but also attract and retain qualified teachers, provide adequate infrastructure facilities and effective implementation of educational programme to ensure a sustainable development in education.*

Keywords: *Impact, Debt, Education*

1.0 Introduction

Nigeria's total public debt rose to N149.39 trillion as of March 31, 2025, marking a year-on-year increase of N27.72 trillion or 22.8% when compared to the N121.67 trillion recorded in the corresponding period of 2024. The latest figures from the Debt Management Office (DMO) also indicate a quarter-on-quarter increase of N4.72 trillion or 3.3% from N144.67 trillion as of December 31, 2024. This consistent upward trajectory in Nigeria's debt stock reflects both fresh borrowings and the impact of a depreciating exchange rate on external debt obligations. The surge comes amid ongoing fiscal pressures, rising revenue, and continued dependence on both local and foreign borrowing to fund the national budget (Tunji, 2025).

Nigeria's external debt as of March 31, 2025, stood at N70.63 trillion (\$45.98 billion), a significant jump from N56.02 trillion (\$42.12 billion) in the same period in 2024. This represents a year-on-year increase of N14.61 trillion or 26.1%. In quarter-on-quarter terms, external debt rose modestly from N70.29 trillion in December 2024 — a marginal increase of N344 billion or 0.5%. However, while the dollar-denominated debt rose by \$3.86 billion year-on-year, the much steeper increase in naira terms highlights the underlying impact of foreign exchange depreciation on Nigeria's external liabilities. The Central Bank of Nigeria (CBN)'s official exchange rate used for converting debt in Q1 2024 was N1,330.26 per US dollar. Although the specific rate for Q1 2025 was not disclosed, the growing gap in naira terms points to a weakened exchange rate, which directly amplifies Nigeria's repayment obligations on its dollar and euro-denominated loans.

External debt obligations include borrowings from multilateral institutions such as the World Bank and the African Development Bank, bilateral sources, and commercial creditors, including Eurobond

investors. The burden of servicing these debts in naira terms has become heavier as the local currency continues to slide in value, a trend that could deepen if reforms aimed at stabilising the currency do not yield results.

The domestic component of Nigeria's debt also maintained an upward trend, reaching N78.76 trillion (\$51.26 billion) at the end of March 2025. This reflects a year-on-year increase of N13.11 trillion or 20% from N65.65 trillion (\$49.35 billion) in March 2024. On a quarterly basis, domestic debt rose by N4.38 trillion or 5.9%, up from N74.38 trillion in December 2024. The Federal Government alone accounted for N74.89 trillion of this total, while the 36 states and the Federal Capital Territory (FCT) jointly held N3.87 trillion. Interestingly, state-level domestic debt declined slightly from N3.97 trillion in Q4 2024 and from N4.07 trillion in Q1 2024, settling at N3.87 trillion by the end of March 2025. The reduction reflects improved debt repayment efforts by subnational governments, largely supported by higher inflows from the Federation Account Allocation Committee (FAAC).

Domestic borrowing typically consists of government securities such as Treasury Bills, FGN Bonds, Sukuk, and Green Bonds. These instruments are used to plug the country's fiscal deficit and are generally seen as safer from exchange rate risk, although they come with their own interest cost burdens. The rising share of external debt — especially in naira terms — underlines the currency risk that Nigeria faces with continued reliance on foreign borrowing. At the same time, the consistent increase in domestic debt signals the government's efforts to raise funds from the local capital market, despite concerns about high debt servicing costs and crowding out of private investment. Nigeria's public debt trajectory continues to raise questions about fiscal sustainability. With the total debt stock nearing the N150 trillion mark, concerns persist over the rising cost of debt servicing, which now consumes a significant share of the national budget ((Tunji, 2025). It is based on this that this paper seeks to assess the impact of national debt on education in Nigeria.

1.2 Purpose of the study

The purpose of this paper is to assess the impact of national debt on education in Nigeria. The specific objectives includes;

1. To find out the impact of national debt on education funding;
2. To identify the impact of national debt on infrastructure development;
3. To assess the impact of national debt on recruitment of professional teachers; and
4. To find out the impact of national debt on implementation of educational programme

2.0 Literature Review

2.1 Concept of Education

Education involves the transmission of knowledge, values, and skills from one generation to another, ensuring the continuity and advancement of civilizations. Education goes beyond formal schooling, extending to informal and non-formal learning experiences. Education is the acquisition of information that include cultivation of critical thinking, creativity, problem-solving abilities, and ethical decision-making. Education empower individuals to become lifelong learners, adaptable to the challenges of a rapidly evolving world (Verma, et al 2023). Education means studying in order to obtain a deeper knowledge and understanding of a variety of subjects to be applied to daily life. Education is not limited to just knowledge from books, but can also be obtained through practical experiences outside of the classroom (University of the people 2024).

Education is the process where an individual acquires or imparts basic knowledge to another. It is also where a person develops skills essential to daily living, learns social norms, develops judgment and reasoning, and learns how to discern right from wrong. The ultimate goal of education is to help an individual navigate life and contribute to society once they become older (Worldvision, 2023). Education is the process that transfer knowledge, skills, and character traits that comes or manifests in various forms to empower the individual to be social and economic useful to himself or herself and the society. Education is an organized and planned process that leads to acquisition of knowledge from an institute of learning for personal and national development. Education is an organized learning process that facilitate acquisition of general knowledge, development of intellectual and skills for personal development as well as community development (Ogunode, Solomon, & Idonigie, 2024).

2.2 Concept of National Debt

National debt is the total amount of money a country's government owes to its creditors, both domestic and international. It represents the accumulation of past budget deficits, where government spending exceeds revenue, and the government has borrowed to cover the difference. National debt refers to the total of all debts owed by the government of a country. It mostly comes from bonds and other debt securities, but can also be from direct borrowing from international institutions such as the World Bank (Corporate finance institute, 2024). The national debt is the total amount of money that a country owes to its creditors. It is calculated by adding up all of the government's outstanding debt, including bonds, notes, and bills (Tutor, 2025).

National debt is the total amount of money that a country's government has borrowed and not yet repaid, which typically accumulates over time due to budget deficits. It represents the sum of all past borrowing and is often expressed as a percentage of a nation's Gross Domestic Product (GDP). This debt can influence economic policy and financial stability, as high levels of national debt may lead to increased interest rates and reduced government spending (Tunji, 2025).

Instruments and Mechanics of National Debt

National debt is issued mainly through two instruments:

Bonds

Government bonds are issued in the local currency by the central bank of the country. The government borrows money from the central bank, and then the central bank auctions these bonds to the public via selected financial institutions. These bonds are tradeable and have a liquid market.

Loans

Governments can also raise funds via loans from commercial banks. These are syndicated loans extended to national governments. Unlike bonds, they are not tradeable, but there might be derivative instruments – like credit default swaps – linked to the performance of these loans (Tutor 2025;Corporate finance institute 2024).

Types of National Debt

External Debt

External debt or foreign debt as that part of the total debt that is owed to lenders outside the country (Audu 2004 in Olusegun, Oladipo & Omotayo, undated). External debt has to be paid back in the currency in which it is borrowed. It can be obtained from foreign commercial banks, international financial institutions like International Monetary Fund, World Bank, African Development Bank and International Bank for Reconstruction and Development. This variable is expected to be positively related with economic growth provision in Nigeria. The higher the amount of external debt, the higher the expenditure

that would be earmarked by the government for economic growth provision while the converse is true (Butt, 2009).

Internal Debt

Internal debt alternatively known as domestic debt is the part of the total government debt in a country that is owed to lenders within the country. Internal debt complements external debt. Commercial banks and other financial institutions constitute the sources of funds for the internal debt. The government borrows from the citizens through the issuance of bonds and treasury bills. This variable theoretically should exert positive relationship with economic growth provision. The higher the amount of domestic debt sourced by the government, the greater the expenditure that would be committed to the provision of economic growth for the citizenry while the reverse is true (Olusegun, Oladipo & Omotayo, undated; Choong, Evan, Venus & Puah, 2010).

3.0 Method

The study employed the documentary research method, while content analysis was the method of analysis used for the study. Thus, secondary sources of data were utilized. The secondary data were collected from academic documents, abstracts, books, education resources and conference papers. The secondary sources of data were sourced from print and online publications. This study is a neo-positivism research. According to scholars, non-positivism is a system of investigation or method of carrying out research that tries to explain social occurrence with the aid of a research question, without the test of hypotheses (Ayeni, Saman & Sani, 2019; Ogunode & Akuh, 2024).

4.0 Result and Discussion

Impact of national debt on education funding

The major consequences of the growing national debt in Nigeria is the decrease in government spending on education. With a larger portion of the government's budget going towards debt repayment, there is less funding available for education initiatives. This has led to a decrease in the number of schools being built, a shortage of resources for existing schools, and a decrease in the number of teachers being hired (Olusegun, Oladipo, & Omotayo, (undated). The high level of national debt has also had an impact on the affordability of education for students and their families. As the government struggles to meet its debt obligations, it has been forced to cut back on subsidies and scholarships for students. This has made it more difficult for students from low-income families to access education, leading to a decrease in enrollment rates and ultimately hindering the development of the nation's future workforce (Yemi, 2021). The increasing national debt has also had a negative impact on the overall education of Nigeria. With a large portion of the budget being allocated towards debt repayment, there is less money available for investment in education, infrastructure, and other sectors that contribute to economic growth. National debt in Nigeria has led to poor budgetary allocation to education (Ogunode, Madu & Olatunde-Aiyedun, 2022).

Impact of national debt on infrastructure development

This study investigates the relationship between national debt and infrastructure development in Nigeria. Through a comprehensive analysis of existing literature and data, the results suggest that a high level of national debt can have a significant negative impact on the development of infrastructure in Nigeria. This is due to the fact that a large amount of debt often leads to budget constraints, which limit the government's ability to invest in infrastructure projects. Olamoyegun, Olatunde-Aiyedun, and Ogunode (2022) highlights the importance of efficient debt management and budget allocation in order to ensure sustainable infrastructure development in the country. The national debt in Nigeria have led to deficit of school infrastructure facilities in most educational institutions.

Impact of national debt on recruitment of professional teachers

The impact of national debt on the recruitment of professional teachers in Nigeria is a complex and multi-faceted issue. With Nigeria's increasing national debt and economic struggles, the education sector has been greatly affected. This has led to a shortage of qualified teachers and a decline in the overall quality of education. One of the main impacts of national debt on teacher recruitment is the lack of government funding for education. With a significant portion of the budget going towards debt repayment, there is limited funding available for hiring and training teachers (Ogunode et al 2022). As a result, many schools in Nigeria are understaffed and unable to attract and retain qualified teachers. In addition to funding, Chukwuajah (2022) noted that the national debt also has a direct effect on the economy and job market. The high levels of debt and economic instability have led to a decrease in job opportunities, making it difficult for education graduates to find employment as teachers. This further exacerbates the shortage of professional teachers in the country. The national debt has also affected the overall quality of education in Nigeria. With limited resources, schools are unable to provide proper training and support for teachers, leading to a decrease in the quality of instruction. This not only hinders students' learning but also makes the teaching profession less attractive for potential candidates (Musa, 2020).

Impact of national debt on implementation of educational programme

The national debt of a country has a significant impact on the implementation of educational programs. In the case of Nigeria, the burden of high debt has hindered the government's ability to invest in educational programme implementation. This has led to a lack of resources, poor implementation of programmes like National Feeding programme, Safe School initiative programme and Girl-child education and teachers' training programme for teachers. As a result, educational programs in Nigeria have suffered, and the quality of education has significantly decreased. The impact of national debt on education in Nigeria extends beyond the lack of resources (Oyekanmi, 2022). High debt also means that the government has to allocate a significant portion of its budget towards debt repayment. This leaves little room for investment in education, which is essential for the country's development and advancement. The burden of national debt has forced the government to make budget cuts in education. This has further resulted to poor implementation of education programme in Nigeria. The lack affected the quality of education as schools are unable to provide necessary education resources and school infrastructure (Mark, 2022).

Conclusion and Recommendations

In conclusion, the relationship between national debt and education development in Nigeria is a complex and concerning issues. Poor budgetary allocation to education, deficit of infrastructure facilities, inadequate professional teachers and poor implementation of educational programmes are the impact of national debt on education in Nigeria. Based on the findings, the paper recommends that the government and other stakeholders must work towards reducing the national debt and increasing funding for education to address this issue. This will not only improve the quality of education in Nigeria but also attract and retain qualified teachers, provide adequate infrastructure facilities and effective implementation of educational programme to ensure a sustainable development in education.

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