

Foreign Aid And Nigeria’s Quest For Development

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Abstract

Despite the increased flow of foreign aids into Nigeria and the enormous potential of foreign aid in accelerating economic growth through bridging of the savings and foreign exchange gaps, Nigeria economy is still characterized by low level of income, high level of unemployment, very low industrial capacity utilization, and high poverty level. This has informed the need to embark on the present study with a view to analyzing foreign aid and Nigeria’s quest for development. The study adopted dependency theory in analyzing the implication of foreign aid on the economies of Nigeria. The qualitative case study design was adopted. Information was sourced through secondary sources like journal articles, textbooks, official reports and internet. Key findings from this study revealed that foreign aid has a negative impact on economic growth in Nigeria, thereby indicating that foreign aid appears to have an adverse effect on Nigeria’s economic growth. The implication of this result is that most aid funds are channelled to unproductive use thereby limiting the great potentials of foreign aid in promoting growth by bridging the savings and foreign exchange gaps. The study therefore suggests the implementation of political, economic and institutional reforms that will address the problem of pervasive corruption in the country, improve the quality of governance, ensure that foreign aid flows are invested into developmental projects that will boost the nations GDP and reduce the level of poverty in the country.

Keywords: Foreign, Aid, Nigeria, Quest and Development.

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I. Introduction

The concept of aid or Official Development Assistance (ODA) takes root in the Charter of the United Nations adopted during the conference of San Francisco in June 26th 1945. Members were committed “to promote social progress and better standards of life in larger freedom, and to employ international machinery for the promotion of the economic and social advancement of all peoples”. Rebuilding the world economy destroyed by the Second World War and promoting economic development worldwide has been the main concern of the world leaders since the 1950s. The first aid was provided by the United States to its European allies, through the Marshall Plan. The economic motive behind this move was that economic recovery, particularly growth, was hampered by the deficiency of productive capacity and aid affects the level of production by increasing capital stock as well as foreign exchange reserve.

The success of the Marshall Plan created strong optimism about the prospects for helping poor developing countries which had just gained independence from their former colonial power. Indeed their development was also constrained by lack of saving, lack of foreign exchange and lack of human resources. And it is obviously wrong to expect that the necessary resources will be provided through market mechanisms, especially in presence of high risk projects, high transaction costs and imperfect information. Foreign aid is thus considered as a powerful tool to cope with the failures of market mechanism and consequently to boost economic growth by augmenting productive investment and technical knowledge (Chenery and Strout 1966).

In spite of her abundant natural and human resources, Nigeria has been identified as one of the poorest nations in the world. This follows the successive United Nations Development Programme (UNDP) report on human development (HDR) since 2003 as observed by (Njoku, 2011). Consequently, this suggests the reason why Nigeria is one of the beneficiaries of foreign aid from the developed countries. Basically, economists have defined foreign aid as all forms of grants and loans at concessional financial terms that are aimed at transferring resources from developed to developing countries on development, poverty and income distribution grounds as opined by (Todaro and Smith, 2011).

Bakare (2011) argues that foreign aid is a means of increasing the capital available for investment and the economic growth needed to reduce poverty and raise living standards in sub-Saharan African. He further stressed that it can provide resources for industrialization, enhance efficiency of resource use, increase product diversity and generate employment (OECD-DAC (1999). He however observed that in the absence of regulations governing natural resource extraction, or when they are weak or poorly enforced, increased openness

to foreign aid can accelerate unsustainable resource use patterns. The ability of developing countries to attract foreign aid, maximize the associated benefits and minimize the risks which is a function of the conditionality of the foreign aid.

Amakom, Ezema and Okeke (2010) posits that to make sure that aid in the form of ODA in Nigeria becomes effective and efficient; Nigeria first articulated a comprehensive policy on ODA in 1995 when the National Planning Committee (NPC) launched a document entitled Technical Corporation Policy for Nigeria. The policy has its focus purely on grants and Technical assistance thus leaving out an important element of ODA in form of concessionary loans. According to them, the current Nigeria (ODA) policy benefited from comments and suggestions from stakeholders and is broadly defined to cover concessionary financial flows aimed at promoting economic growth and development. It consists of concessionary loans, grants and technical assistance therefore presenting a window of opportunities available to Nigeria to bridge the resource gap. The share of ODA in the combined Gross Domestic Product of developing countries is estimated at about 8.0% per annum (NPC, 2007).

It is interesting to note that in recent years there has been a significant increase in aid flows to Nigeria. This is sequel to the total net aid flows from all donors that Nigeria received which amounted to US\$ 152 million in 1999. In 2000, aid flows increased slightly to \$185 million and by 2004, it reached \$573 million (Ayodele, Cudjoe, Nolutshungu and Sunwabe, 2005). Aid flows thereafter rose to US\$1.29 billion in 2008 and has been above that till 2011 with US\$1.78 billion as aid flow to Nigeria. Nigeria has received foreign aid from a wide array of agencies and countries between 1960 and today.

The main role of foreign aid in stimulating economic growth is to supplement domestic sources of finance such as savings, thus increasing the amount of investment and capital stock. For instance, Gomanee, Girma and Morrissey (2003) points out, that there are a number of mechanisms through which aid can contribute to economic growth, these among others include; (a) aid increases investment, in physical and human capital; (b) aid increases the capacity to import capital goods or technology; (c) aid does not have indirect effects that reduce investment or savings rates; and aid is associated with technology transfer that increases the productivity of capital and promotes endogenous technical change. It is against this backdrop that this study aims to analyse the effects of foreign aid on the economic growth of Nigeria. Hence the focal point of this current study is to ascertain foreign aid and Nigeria's quest for development with the aim of attempting to provide explanation to the following questions:

- i. What is the nature of foreign aid in Nigeria?
- ii. How has foreign aid impacted on Nigeria's quest for development?

Conceptual Clarification

Foreign Aid

Foreign aid is the donations of money, goods, or services from one nation to another. Such donations can be made for a humanitarian, altruistic purpose, or to advance the national interests of the giving nation. Aid can be between two (bilateral) or many (multilateral) countries/institutions. Bilateral aid is usually tied aid (conditional aid) is when recipients must purchase products/ services from the donor country. Multilateral aid is usually untied aid that can be spent in any sector of the recipient country (Ukpong, 2017).

Easterly (2006) defines foreign aid as a voluntary transfer of resources from one country to another with the objective of benefiting the recipient country. Riddell (2007) also defined foreign aid as comprising all kinds of resources ranging from physical merchandise, skills and technical know-how, financial grants including gifts and loan which are given to recipients by donors at concessional rates. The Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) also defines aid as Official Development Assistance (ODA) which qualifies on three criteria. It is to be undertaken by official agencies; it is to have the main objectives of promoting economic development and welfare and it has to have a grant element of twenty five percent or more.

Freeing aid in its broadest sense has been defined as consisting of all resources- physical goods, skills and technical know-how, financial grants (gifts), or loans (at concessional rates) and support in international negotiations transferred by donors to recipients. Lancaster (1999) also defines foreign aid as a transfer of concessional resources, usually from a foreign government or international institution, to a governmental or non- governmental organization in a recipient country. It may be provided for a variety of reasons, including diplomatic, commercial, cultural and development. In all cases, it is noted that the definition of aid (whether foreign or development) is largely donor-driven and based on the intentions of those giving the aid rather than those using it, the recipients. This uncontested, donor-driven approach has remained the norm and also manifests in the fact that it has always been the donor who decide how much aid to give and the form in which it is to be given (Riddell, 2007). Foreign aid can also be in the form of economic assistance like: investment in the economy of the needy country, loan and infrastructural development. Foreign Aid can also come in form of military assistance such as:

- a. Supply of military hardware at subsidized rates,
- b. Military agreements, bilateral or multi-lateral, loose or solid or in defence pact,
- c. Supply of military technical assistance such as military presence to a country in conflict or war with another,
- d. Military subversions, coup, assassinations, etc.

The conceptualizations of aid above clearly depict that aid is not the same thing as loan. While aid is more comprehensive and encompassing, loan is embedded in aid. Loan is money or other valuable item that an organization, individual or a country lends out usually with interest. Foreign aid is succinctly divided into three broad categories namely: Bilateral, multilateral and private (Todaro, 2003).

Development

Development is an ever-changing step towards achieving some goal and the optimum realization of the well being of people in their communities. It is not an absolute but a relative term because it is difficult to measure, especially as a particular activity may be considered development or a step forward in a particular society, but it may not be so considered in another society. Development is very much related with aspirations and expectations of the people. It is interaction of the people with the natural resources available to them. Quite often, development is viewed as some dynamic change of society from one stage to another without assuming that it is the final stage. Besides, development is a continuous process of generating and more efficiently allocating resources for achieving greater socially satisfying ends (Aboyade 1973).

Marsh (1996) conceived the concept as huge changes in the lives of people and societies and a progression from one condition to another; that is, from underdevelopment to development. In the same vein, the United Nations Development Programme (UNDP) maintained that the people must be at the centre of all development (UNDP, 2008). The World Bank (2008) also asserted that investing in people, if done rightly, would provide the finest foundation for lasting development. It further noted that all people have the same basic needs in form of clean water, fresh air, comfortable housing, etc., which must be met if development is to take place.

Development is, by implication, made up of two basic and fundamental interrelated parts: increasing the availability of resources and improving the utilization of available resources. While the first component encompasses the natural, human and financial, the second component is a complex function of social organization, level of technology, efficiency of management and the content of public policy.

Theoretical Framework

Dependence theory was considered appropriate for this study. Dependence theory was championed by Frank (1976), Santos (1970), Amin and Furtado (1964), Sunkel (1979), Emmanuel (1972), Ake (1981), Onimode (1982). Dependence theory states that the poverty of the countries in the periphery is not because they are not integrated or fully integrated into the world system as is often contended by free market economists, but because of how they are integrated into the system. Dependent theorists like Frank, Santos, Amin and Furtado hold that the present economic and socio-political conditions prevailing in the periphery are that of historical international process.

The global system is such that the development of the centre occurs at the expenses of the periphery. At first, many countries of in the periphery have been incorporated into the world economic since the early days of colonialism. At the second level, such peripheral countries have become capitalist economies through incorporation into the world economic system. At the third level, the incorporation of peripheral countries into the world economy has led to metropolis-satellite chain in which the surplus generated at each level of in the periphery is successively drawn off the centre. As a result, the periphery is impoverished and the centre is enriched.

Countries of the world are sharply separated along the line of economic prosperity. Countries that are economically buoyant and politically stable are termed Developed Countries and on the other hand, countries that are economically backward are referred as Developing Countries or commonly tagged as Third World Countries. The former are in the centre (Western Europe, Britain and United States) and the latter are in the periphery (backward countries of Asia, Africa and Latin America). Dependency theory seeks to pinpoint and specifically explain the factors responsible for this sharp difference in the level of development between the developed countries and the developing countries. According to Jhingan (2010), there are unequal centre-periphery relationships whereby the developing countries are dependent on the developed/advanced countries in trade, investment, technology, etc. The dependence results in the underdevelopment of the periphery because the centre is dominated by powerful capitalist countries that exploit the latter for their benefits and advantage.

This theory assumes that it is the flow of resources from a periphery of poor countries and underdeveloped countries to the core of rich and wealthy, enriching the latter at the expenses of the former. The theoretical premises of dependency theory are that:

1. Poor countries provide natural resources, cheap labour, and a destination for obsolete technology and market the wealthy nations, without which the latter could not have the standard of living they are enjoying today.
 2. Wealthy nations actively perpetuate a state of dependence by various means. The development of the centre causes the underdevelopment of the periphery and its dependence on the centre. These influences include; economics, media control, politics, banking and finance, education, culture, sports, and all other spheres of human development.
 3. Wealthy nations vehemently counter the attempts and efforts by dependent countries to resist their influences by means of economic sanctions and the use of military force.
- Dependency theorists argue that the dependence of the South on the North is the main cause of the underdevelopment of the former. They hold that the present economic and socio-political conditions prevailing in the periphery are the result of a historical international process.

The theory is relevant bearing in mind that Nigeria is a developing country and finds itself in alliance with the developed countries such as United States of America particularly. Nigeria is described as a developing and for this reason does not have all it takes to advance to become a developed one, hence the need for partnership and engagement in bilateral relations with the countries of the advanced societies, not excluding the United States of America indeed, the tie between Nigeria and US is a strong one that Nigeria depends on US for aid to achieve its development goals. Over the years, Nigeria depends on the United States for foreign aid to either strengthen military capacity, improvement in the electoral system, reduction in poverty rate and development in general. It is against this backdrop of unequal relationship that this research adopts the dependency theory as its theoretical framework to investigate the impact of foreign aids from the United States of America on Nigeria.

Nature of Foreign Aid in Nigeria

There are many foreign countries that support Nigeria with aids. Some of these countries are United States of America, United Kingdom, Japan, China and Spain. However, America has always been an advanced country that has interest in supporting Nigeria in Nigeria democratic struggle as to ensure the achievement of a stable political environment that will pave way for development to thrive. In this regard, America government has shown interest in what Nigerian government is doing by giving aid to enable Nigeria government finance most of their selected programmes and implementation of some of their policies too. This aid assistance was meant to help strengthen our democratic institution; constraint corrupt activities promote to a very large extent good governance and improve the security level. These in turn go to ameliorate the rate of crisis, conflict or any act of terrorism and improve the standard of living of Nigerians. In addition, American aid to Nigeria was meant to help Nigerians improve in their productivity both in Agriculture and industrial sector, their capacity to provide healthcare facilities, food production and educational sector among others.

Moreover, the United States of America is known to be the most generous donor in terms of foreign aid to Nigeria and many other underdeveloped and developing nations which have strengthened the bilateral trade relationship between America and Nigeria alongside other countries in the Sub-Saharan Africa. To show that US was the single donor country recorded to hugely and greatly supported other needy countries in Africa through foreign aid and foreign direct investment, the table below serve as a proof.

Table 1: The 2015 United States of America's Foreign Aid Donated to Nigeria and other Countries.

S/N	Country	Amount received
1	Afghanistan	\$US650,000,000
2	Jordan	\$US635,800,000
3	Kenya	\$US632,500,000
4	Tanzania	\$US534,500,000
5	Uganda	\$US435,500,000
6	Zambia	\$US426,525,000
7	Nigeria	\$US413,300,000

Source: Haynes (2017).

Table 2: Top 10 Bilateral Donors by Amount

	2014	2015	2016	3-year average	% of DAC	
countries						
1 United States		9 338	9 320	9 861	9 506	34%
2 United Kingdom		4 341	4 203	3 857	4 134	15%

3	Germany	3 016	3 036	3 499	3 184	11%
4	France	2 717	2 131	2 217	2 355	8%
5	Japan	1 558	1 784	1 495	1 612	6%
6	Canada	1 362	1 086	974	1 141	4%
7	Sweden	1 109	873	843	942	3%
8	Norway	946	672	629	749	3%
9	Netherlands	761	635	663	686	2%
10	Switzerland	651	655	584	630	2%
	Other DAC countries	3 253	2 483	2 669	2 802	10%
	Total DAC countries	29 050	26 877	27 289	27 739	100%

Source: <http://www.oecd.org/dac/financingsustainable-development/>

Sulaiman (2016) recorded the US foreign aid received by Nigeria between 2010 – 2015 ranging to \$3 billion. Again, in January 2016, US government donated 24 Mine- Resistant and Armor-Protected (MRAP) vehicles valued \$11 million, a new warship tagged NNS Okpabana 80 foot flight deck. The US government through USAID provided over \$526.7 million humanitarian help starting from 2017 that qualified them to be the single largest bilateral humanitarian donor to Nigeria (USAID, 2018). And lastly, on January 15, 2015, Johnnie Carson (Former Assistant Secretary of State for African Affairs) proposed increased ties between America and Nigeria as to assist in Nigeria's upcoming general 2015 election which was capital intensive (Carson, 2015).

The US Mission Nigeria in 2014 noted that as a follow up, America Defense Departments were involved in a fund raising to the tune of \$40 million global security contingency fund for countries like; Cameroon, Chad, Niger and Nigeria to use in countering terrorist groups such as Boko Haram in Nigeria. Equally, it is on record that the US Agency for International Development (USAID) supported the survived family members of the abducted chibok girls through a \$4.5 million, five year (2010 – 2015) programme. The USAID introduced all kinds of training for the teams in Borno which happen to be the dean of these Boko Haram. Those social workers were trained on psycho-social aspect of life as to be able to sensitize the community members (US Mission Nigeria, 2014).

In addition to all these, the USAID introduced and started educational programme for the children both boys and girls in the Northern part of Nigeria through the foreign aid costing \$20 – 30 million particularly for the internally displaced people (IDP) and other affected groups. This was together with a five-year \$120 million programme equally to strengthen educational system in the Northern Nigeria to create access to educational and encourage the reading culture among the primary pupils (US Mission Nigeria, 2014).

Foreign Aid has been contracted for development projects' support, supplementing national budget, debt relief, aid to attain the set Millennium Development Goals which were supposed to lead those countries to middle income status etc. Loans and grants given to accelerate poverty reduction programs have shown little aptitude to reduce poverty. Aid is shrouded with hidden agenda from donors who set unbearable conditionality, hard to meet to yield desired results. At one hand, the inefficacy of foreign aid to eradicate poverty was seen as inherent to its nature and at the other hand, as results of its management and cycling by recipients.

US Foreign Aid

- 2010-2015 Nigeria received \$3 billion grant from US Govt.
- Military Assistance, Anti-Terrorism, Defence and Security, Global HIV/AIDS Initiative, Global Health and Child Survival and Development Assistance.
- January, 2016 US donated 24 Mine-Resistant and Armor-Protected (MRAP) vehicles valued at \$11m.
- May, 2014 has donated a new warship by name NNS OKPABANA 80 foot flight deck that is capable of handling helicopters.
- In a bid to free the 270 Chibok girls abducted by Boko Haram United States government has offered technical assistance and expanded intelligence sharing assistance (Saidu, 2016).

Chinese Foreign Aids to Nigeria

- Agricultural capacity building: FAO-Nigeria-China
- Phase 1 2003-2007, 500 agricultural specialists/technicians to teach farmers new agricultural techniques and technology with 3,736 field visits, more than 500 demonstrations and carry out more than 200 micro-projects in areas like forestry, aquaculture, horticulture, animal husbandry and crop intensification, water management and poultry technology.
- Phase 2 a total of 190 experts and technicians teach farmers, processors, farm managers and extension workers (Saidu, 2016).
- According to FAO impact assessments:

- Farmer testimonies have shown that hundreds of thousands of family farmers across Nigeria have benefited from hand-on training, and have been adopting and adapting technologies and know-how from Chinese experts.
- Poultry farming - 60% increase in egg production, lower mortality rate and increased growth rate of the poultry in NE.
- Many farmers adopted cage fish culture technology in Nigeria.
- Trained 5, 000 young people on how to plant rice, control pests and diseases, and apply fertilizers. Before the training three tonnes per hectare but after training six tonnes per hectare (Saidu, 2016).

Table 3: Top 10 ODA recipients in Africa: USD million, receipts from all donors, net ODA receipts

2014	2015	2016	3-year	%	of all average recipients	
1	Ethiopia	3 584	3 234	4 074	3 630	7%
2	Egypt	3 538	2 499	2 130	2 722	5%
3	Tanzania	2 651	2 582	2 318	2 517	5%
4	Nigeria	2 479	2 432	2 501	2 470	5%
5	Kenya	2 661	2 464	2 189	2 438	5%
6	Democratic Republic of the Congo	2 400	2 599	2 107	2 369	5%
7	Morocco	2 240	1 481	1 992	1 905	4%
8	Mozambique	2 106	1 815	1 531	1 817	4%
9	South Sudan	1 964	1 675	1 590	1 743	3%
10	Uganda	1 634	1 628	1 757	1 673	3%
	Other recipients	28 827	28 635	27 764	28 409	55%
	Total ODA recipients	54 083	51 044	49 954	51 694	100%

Source: <http://www.oecd.org/dac/financing-sustainable-development/>

Table 4.3 shows that the 2016 annual report of Official Development Assistance (ODA) puts Nigeria as the fourth beneficiary in its 2014, 2015 and 2016 Top 10 ODA recipients in Africa: USD million, receipts from all donors, net ODA receipts.

UK Foreign Aid to Nigeria

- Directly and DFID
- £250million annual grant
- In 2015 £140 million in aid supporting Nigerian energy privatization
- In 2013 £275million supporting health, education and poverty reduction programmes.

Japan Foreign Aid to Nigeria

- From 1998 to date Japan Govt. has implemented over 148 projects in aids in Nigeria.
- Supporting basic education-Japan International Cooperation Agency (JICA).
- 2013 317 Classrooms and 308 toilet US\$14.8 million accommodate 12,680 pupils in Kano state.
- build 325 classrooms in Oyo, State \$8.5m □ December, 2015 has built bridge across River Usman in Abuja- 50,000 hectares were accessible & cultivated out of the 200,000 but now all are accessible.

Spain Foreign Aid to Nigeria

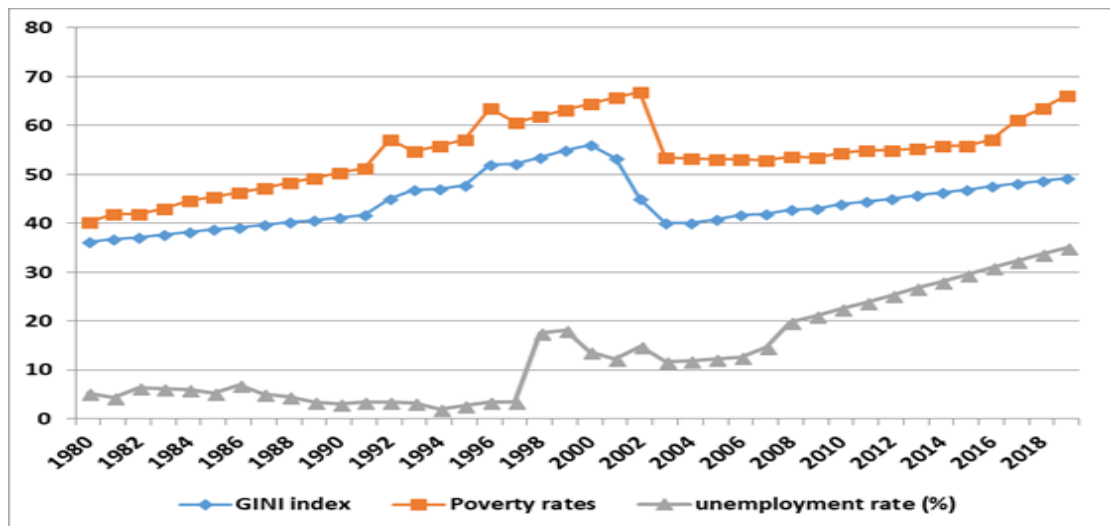
- Built Photovoltaic Electricity Plant to generate 100 mw in Kano State

World Bank Foreign Aid to Nigeria

- Health, agriculture and water supply.
- 2001-2010 US\$ 96.28 million to fight HIV infections.
- 2009-2017 US\$ 230.00 million to fight HIV infections.
- December, 2015 World Bank has earmarked \$500 million grant for the revival of irrigation farming in Northern Nigeria
- 2015 \$200 million to finance, new generations of business-oriented agro-preneurs.
- Approved a credit of 250 million US dollars to help the Nigerian Government continue its efforts to increase access to water supply services among the rural people.

How Foreign Aid has Impacted on Nigeria's Quest for Development

Figure 1: Gini Index, Poverty Rate and Unemployment Rate in Nigeria 1980-2018.



Source: AfDB (2020).

Figure 1 shows that despite the volume of foreign aid inflows into Nigeria, poverty rate and unemployment rate in Nigeria have been on the increase since 1980-2018. The major justification for foreign aid is its potential to accentuate the level of economic and human development. However, the experience of Nigeria has critically challenged the ability of foreign aid in achieving its goals. Though aid is needed to escape poverty trap but ultimately becomes unhelpful due to the fact that necessary institutions are lacking. In 2010, out of the US\$167.5 billion of world foreign aid, US\$156.5 billion of the foreign aid flowed to the developing countries representing 93.4 percent. Also, US\$50.4 billion of foreign aid flowed to the developing Africa countries in the same period, which accounts for over 30 percent of the world aid flows; likewise Nigeria received US\$1.9 billion amounting to about 4 percent of world flows. Despite the huge inflow of development assistance, Nigeria still face massive poverty, slow per capita growth, high mortality rates, low level of education and many still lack accesses to health treatment. For instance, Nigeria which was one of the richest 50 countries in the 1970s and a leading exporter of major commodities had suddenly retrogressed and now host the second largest number of poor people after India; and as well a net importer of food items as at 2018.

Foreign aid to Nigeria has been politically and economically devastating and as such made the country to incur more debt than ever Nigeria's quest for foreign aid in the recent years has been on the increase due to the total net aid flows that she received from all donor countries which summed up to US & 152 million in 1999. It increased to \$185 million in 2000 and in 2004 it rose to \$573 million. As the years roll by, so the increase occurs. In 2008, it was \$1.29 billion and as at 2011, it amounted to \$1.78 billion (Aluko and Arowolo, 2014:4).

In most cases, the aid in forms of economic bail out has been seen as a form of economic exploitation and defective as it tends to rather deteriorate existing economy as in the IMF-related fiscal target always compel the recipient to adopt measures with harmful effects at a long run. In the course of the loans processing, conditionality such as government's withdrawal in social services delivery, hinders government services' expansion and so therefore productivity. Workers are only contracted on part-time basis without being on payroll. As the aid does not come all at once, there is always lacuna in its efficacy. Delays in implementation of projects are due to aid's volatility and unpredictability. It fails have a positive impact as can't be used for a long term investment. It passes through a lengthy bureaucratic process where corruption, mismanagement and misuses make the given aid quite useless. The IMF-based aid retrenches the operation of the public sector by freezing public sector hiring, the retreat ratio increases and social services are NGOized while basic social services delivery are put in hands of private business entities and by so doing, do increase poverty and suffering of the poor who can't afford social services any more. This raises the antistate sentiment when new political formations are dictated by a new economic order.

In addition, foreign aid has dangerous or harmful effects on Nigeria because of the conditions attached to aid coming from the advanced or donor countries. Aid is condition specific, which culminates in a dependent relationship. Nigeria, for instance, is one country where majority of its citizens or peoples standard of living are very low because there exists economic inequalities among the teeming population as very many of them are living in abject poverty. Yet it has abundance of natural resources that are not tapped and where they are tapped, they are mismanaged, misappropriated and are of no benefits to the masses.

It is for the promotion of a good quality life of the citizens that the United States continuously indulges

in giving grants, aid and other means of assistance to third world nations which Nigeria is among. Interestingly, it is worthy to note that foreign aid from the developed world has similar roles to play in other countries like Tanzania with the same aim of ameliorating poverty and to enhance economic tie between them. Some other countries for which the United Nations have made foreign aid available and accessible include Iraq, Zambia, Kenya, Egypt, Uganda, Jordan, Israel and Afghanistan among others. Despite the fact that Nigeria has been receiving aid from developed countries, abject poverty still looms large number of Nigerians and the worst is that underdevelopment persists which makes it evidential that foreign aid does not affect Nigeria's economy positively. Rather according to Fasanya and Onakoya (2012), in spite of the series of foreign aid that Nigerian government benefited in getting, yet the socio-economic development has constantly remained so gloomy. Adeyeye (2013) corroborated this view by asserting that Nigeria's advancement indicators have remained unimproving, as a matter of fact, even worst not withstanding over forty years of constant opportunity of benefiting from foreign aid and still a good number of Nigeria's population, about two-third (2/3) are living on below one dollar daily.

II. Discussion of Findings

- i. The study revealed that the nature of foreign aid in Nigeria involves grants, capacity building, finance development projects' support, supplementing national budget, debt relief, aid to attain the set Millennium Development Goal which were supposed to lead Nigeria to development. Loans and grants given to accelerate poverty reduction programs have shown little aptitude to reduce poverty. The study showed that the given aid is shrouded with hidden agenda from donors who set unbearable conditionality, hard to meet to yield desired results. At one hand, the inefficacy of foreign aid to eradicate poverty was seen as inherent to its nature and at the other hand, as results of its management and cycling by recipients.
- ii. The study discovered that foreign aid has a negative impact on Nigeria's quest for development. The implication of this result is that most aid funds are channeled to unproductive use thereby limiting the great potentials of foreign aid in promoting growth by bridging the savings and foreign exchange gaps.

III. Conclusion

This study noted the importance of foreign aid to the development of Nigeria. It however, observed that the misuse of foreign loans has grievous effects on the economy of the country. Foreign aid is not and must not be seen as a mere demonstration of benevolence between two countries, rather, it should be considered a business affair in its intent and content. Its nature, dealings and manner must be business-like. Nigeria must design and structure a mechanism for coping with the conditional ties attached to aid rather than complaining of its aftermath which they were of course, aware of before taking such loans.

More so, foreign aid is not a free gift of nature. As the saying goes "there is no free food anywhere even in free town, or like late Thomas Sakara puts it, "he who feed you controls you". But as expected, it is interest-yielding, with a lot of ideological underpinnings intended to impose one country's ideology on the other in order to have dominion and external control on the recipient country. Obviously observable, is the absence of the culture of financial transparency and accountability in developing countries. Corruption has become a national virtue among government officials to the extent that public funds are diverted to private uses. In Nigeria, government officials transfer public funds to their private bank accounts. Corruption and official leakages are the major limitations to economic development in the developing world, a condition that retard national growth and economic development.

IV. Recommendations

- i. Sound macro-economic policies should be put in place to ensure that foreign aid flows are invested into developmental projects that will boost the nations GDP and reduce the level of poverty in the country. This is because without these political, economic and institutional reforms, the large inflow of foreign aid will be effort in futility. More so it is advisable for donor countries to monitor the implementation and effective use of foreign aid to avoid aid fungibility.
- ii. If foreign aid it to yield good results, the study suggest casts off the recourse to unfruitful conditionalities which was seen rather harmful. Other development entities such as nonprofit making organizations should help countries invest in long term projects in full workable public-private partnerships model while the state's role should avoid be investing in both infrastructure and human capital, embark on monetary and fiscal discipline and create enabling environment for business and institutional administrations for aid to produce good results.

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