

AFRICAN JOURNAL

OF SOCIAL & BEHAVIOURAL SCIENCES



VOLUME 10, NUMBER 1
MAY, 2020

**POLITICS OF FOREIGN AID AND DEVELOPMENT IN
AFRICA: FOCUS ON NIGERIA**

Eberechukwu Faith Obani

Department of Political Science, Federal College of Education Eha-Amufu, Enugu, Nigeria.

eberebeautiful@gmail.com

ABSTRACT: Africa occupies a worrisome position in the global development configuration. There are diverse opinions about factors responsible for the status of African nations in development ladder in the world. However, the interdependence of countries necessitates the granting of aid to African countries in order to enhance development and promote economic growth. This study examines the politics of foreign aid and development in Africa focusing on Nigeria. It interrogates the implication of foreign aid on development and the politics behind granting of aid by the developed nations to Nigeria. The study is a qualitative research which relies on secondary sources of data collection. The data collected are analyzed using content analysis. The study is anchored on dependency theory and argues that, foreign aid perpetuate western domination and interference in domestic affairs of Nigeria. It reveals that foreign aid has not enhanced development in Nigeria due to certain factors that are germane. It shows that foreign aid focus is often on macro-economic indicators which do not fairly represent the realities of poverty and suffering of citizens in Nigeria. The study concludes that development of nations is essentially but not exclusively, endogenous and therefore Nigerian leaders must do away with those factors that undermine development. Over-dependency on aid does not guarantee development rather continuous impoverishment and lack of independence on economic matters of the nation-state. The study recommends that Nigeria has the abundant resources both human and material, and therefore, should not rely on foreign aid for development and cushioning of poverty. Also, the leaders should be proactive and transparent in policy formulation and implementation geared towards development.

Keywords: Development, Foreign Aid, Rent-Seeking, Poverty, Dependency, Governance

Introduction

The growing gap between the developed and developing countries has dominated international relations and diplomacy for a long time. This gap has led to constant capital inflow from the developed countries to developing countries such as Nigeria. Modern concept of foreign aid or assistance from mainly rich industrialized countries to less economically developed countries has its roots in the post Second World War reconstruction era. Todaro (2011) cited in Ukpong (2017, P.274) also submitted that since the era of the Marshall Plan, the aid system has remained a subsisting phenomenon of the global economic arrangement and domination. This view has been corroborated by Tarp (2012) as quoted in Tolulope A. & et al (2016, P.203) posits that after the success of the Marshall Plan, the attention of industrialized nations turned to the developing countries, many of which became

independent during the 1960s; when the south acquired political and security importance, the north switched over to aid in developing countries in order to continue their domination.

According to Spero (1977, P.131), demands for economic change were finally considered by the North because the developed market economies began to perceive a threat to their traditional position of political dominance and security in the underdeveloped world. With regards to the need for foreign aid, rich countries of the world, especially members of the Organization for Economic Cooperation and Development (OECD), as noted by Zimmerman (2007) cited in Tolulope A. & et al (2016, P.203) recognized that, “more than half of the global citizens live on less than \$2.00 per day or less purchasing power parity, many of them do not have access to clean drinking water, good healthcare or schools for their children. Therefore, scholars opined that an attempt to assist poor countries to develop and end poverty has been the subsisting reason to initiate foreign aid policy.

Specifically on Nigeria, the first foreign aid of 13.1 million dollars, which was inform of loan was borrowed in 1964 from the Italian government for the construction of the Niger Dam, which its completion was intended to bring about development in the country. According to economic analysis, growth of developing countries was restrained primarily by insufficient capital investment, which was also constrained by insufficient saving and /or foreign exchange. External financial assistance, it was argued would fill this resources gap and thus makes growth possible. But, there is evidence that decades of foreign aid have done little in changing the destinies of many African states. For instance, Nigeria has received foreign aid from a wide array of agencies and countries between 1960 and today, making the country to remain heavily indebted to foreign countries which have increased the rate of poverty in Nigeria and currently experiencing low growth rates. This suggests, to some extent, that there is more to the African problem than just receiving money that is not likely to turn things positively around. Estimates suggest that the West has spent about \$600 billion on foreign aid to Africa so far (Akonor, 2008, P.11).

The foreign aid is aimed at promoting development, which mainly entails progress, be it economic, social or cultural, that serves the basic needs of both today and tomorrow. These needs include five interconnected freedoms; namely, economic opportunities, political freedoms, social freedoms, transparency and protective security. Hence, underdevelopment occurs when these basic needs and freedoms are denied or not equally accessible to all members of the populace. Underdevelopment is not the absence of development (Rodney, 1973) cited in Ukpong (2017, P.274). It results from the uneven nature of human social, political and economic development. Development to us means much more than economic growth as measured by improvement in GDP per capita. In like manner, a decline in GDP growth rate does not necessarily mean there is underdevelopment. Development today is hinged on several indicators which include education, health, infrastructure, trade, economic growth, agricultural and rural development, information and technology, transport, energy and mining, political stability and so on.

Thus, foreign aid assistance has been seen and described as a panacea to the plight of the developing world by the developed countries. That is why, the stated goal of foreign aid is a

rather large one: to end extreme world poverty and achieve development in poor countries. In spite of this, poverty, unemployment, high mortality rate, illiteracy, diseases, political instability, crisis/conflict and lack of industries are widespread in Africa especially Nigeria.

Statement of Problems

Nigeria has struggled with development since her independence in 1960 in spite of the high hopes for rapid development which were hinged on the availability of abundant natural and material resources in the country. Oshewolo(2011) cited in Chukwuemeka (2014, P.61) observed that the country is blessed with natural and human resources, but in the first four decades of its independence, the potentials remained largely untapped and even mismanaged.

In other words, despite the huge human and mineral resources that Nigeria is endowed with, the country still wallows in poverty and underdevelopment that warrant more penchants for foreign aid intervention. That is why the situation of the country as described by Oshewolo (2011) cited in Chukwuemeka (2014, P.53) is a ‘bewildering paradox. He noted that the pervasive poverty situation in Nigeria clearly betrays the high hopes at independence that the country would emerge as a major industrial haven in the world, yet the country is not among the G20 as there is high rate of poverty among the citizens.

Thus, Nigeria as a country has relied on and benefitted from various schemes of foreign aid but has remained backward while, some other countries that have benefited from foreign assistance at one time or the other have grown such that they have become aid donors (South Korea, and China etcetera). Various leaders in Nigeria have received foreign aid from advanced countries with conditions that cannot transform or better the lives of the people. Development must be indigenous; hence every condition ought to incorporate the people of whom the policies or programme is made for.

Objectives of Study

The broad objective aims at determining the politics of giving aid African leaders. Also, to show how aid has denied African leaders the opportunity of initiating economic policies that are indigenous in midst of abundant resources at their disposal that can revamp the economy and bring development to the region. Specifically, the study tends to determine the following stated objectives;

1. Whether there is undermining factors behind granting of foreign aid to Nigeria by the developed countries other than for development.
2. Again whether foreign aid has in any way denied Nigeria leaders from designing and formulating economic policies that are capable of revamping the economy.

Research Questions

The study is guided with the following research questions;

1. Are there undermining factors behind granting of foreign aid to Nigeria by the developed countries other than for development?
2. Has foreign aid denied Nigeria leaders from designing and formulating economic policies that are capable of revamping the economy?

Conceptual Clarifications

Foreign Aid

The establishment of aid was one of the principles of Breton Wood system in 1914. The system believes that there should be a free capital market which allows for an unrestricted inflow of foreign aid. Based on this thinking, a Marshal Aid Assistance of about \$17.5 billion was granted to European countries to resuscitate their ruined economies due to Second World War (Ukpong, 2017, P.274). Since then, foreign aid has remained a veritable economic phenomenon of the international economic system. Aid is used to represent financial or other form of transactions made or granted by one government to another for the purpose of surmounting some challenges.

Indeed, foreign aid has become a major issue and instrument of foreign policy by advanced economies to strengthen their economic ties with the developing countries.

Aid, according to Ajayi (2000) cited in Ukpong (2017, P.274), is a form of assistance by a government or financial institution to other needy countries, which could be in cash or kind. Foreign Aid according to Todaro and Smith (2009) is the international transfer of public funds in the form of loans or grants either directly from one government to another (bilateral assistance) or indirectly through the vehicle of a multilateral assistant agency such as World bank. Economist (Ukpong, 2017, P.274) have defined Foreign aid, therefore, as any capital flow to a developing country that meets two criteria: (1) Its objectives should be noncommercial from the point of view of the donor, and (2) Its should be characterized by non-concessional terms; that is, the interest rate and repayment period for borrowed capital should be softer (less stringent) than commercial terms. Foreign aid is very important for the acceleration of economic development and can be used by the recipient country in accordance with its development programmes. It can also be in the form of economic assistance like: investment in the economy of the needy country, loan and infrastructural development.

Furthermore, Foreign Aid can also come in form of military assistance such as supply of military hardware at subsidized rates, Military agreements: bilateral or multi-lateral, loose or solid or in defence pact, supply of military technical assistance such as military presence to a country in conflict or war with another and 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.

However, foreign aid is succinctly divided into three broad categories namely: Bilateral, Multilateral and Private. Bilateral foreign aid is a financial outflow from one country to another, that is, it involves capital outflow between two countries. It accounts for more than 60% of aid to developing countries. According to Ukpong (2017, P.274), bilateral aid can be in four forms: Development loan which is usually repayable within long term duration. It can also come in the form of grant. Grant, which is the least, is used by wealthy countries like USA, Canada, Switzerland, etc to give aid to less fortunate countries to carry out specific programmes usually for infrastructural and social service development. The donor countries often supervise the implementation of such projects and programmes in order to ensure accountability and compliance with set standards; Technological assistance involving the technological and managerial know-how and technology transfer for substitution. For instance the Nigerian Technical Aid Scheme (Technical Aid Corps) in which Nigerian professionals is sent to needy countries. The fourth one is military cooperation between a powerful nation and a relatively weak one. Armament and training of military personnel as well as supply of military hardware at subsidized rates are usually major components of such aid pact.

Multilateral aid in the other hand is seen as capital outflow from international financial bodies rather than from government to government. It accounts for about 40 % of the global aid assistance to developing countries. Private capital outflow covers; according to Todaro (2011) cited in (Ukpong 2017, P.274), all direct investment input credits and portfolio investment by transnational corporations and commercial banks. Private foreign capital outflow to the developing world grew tremendously from \$4.6m in the 1980s but declined through the late 1980s to the 1990 in input outflow due to endemic political instability occasioned in Africa, for instance by the political turmoil and civil wars which invariably triggered capital flight. Thus, multilateral aid is preferred to bilateral aid; the latter is more often than not, tied to specific conditions, which invariably result in dependent relationship by the receiving country. However, multilateral aid may not be in terms of meeting certain conditions by those recipient countries. For example, the IMF and World Bank have very stiff conditions which borrower countries must satisfy to be able to enjoy their credit facilities. The conditions which are, more often than not, stiff and uncompromising in nature include, privatization, devaluation of national currency, democratization, liberalization, etc

Rent- Seeking

The term rent-seeking was coined by the British 19th century economist David Ricardo, but only became the subject of durable interest among economists and political scientists more than a century. The word "rent" does not refer specifically to payment on a lease but rather to Adam Smith's division of incomes into profit, wage, and rent (*Investopedia*; 2003). The origin of the term refers to gaining control of land or other natural resources. Georgist economic theory describes rent-seeking in terms of land rent, where the value of land largely comes from government infrastructure and services (e.g. roads, public schools, maintenance of peace and order, etc.) and the community in general, rather than from the actions of any given landowner, in their role as mere titleholder. This role must be separated from the role of a property developer, which need not be the same person (*Tullock*; 1980, P. 72-112).

Rent-seeking is an attempt to obtain economic rent (i.e., the portion of income paid to a factor of production in excess of what is needed to keep it employed in its current use) by manipulating the social or political environment in which economic activities occur, rather than by creating new wealth. Rent-seeking implies extraction of uncompensated value from others without making any contribution to productivity. The classic example of rent-seeking is that of a feudal lord who installs a chain across a river that flows through his land and then hires a collector to charge passing boats a fee to lower the chain. There is nothing productive about the chain or the collector. The lord has made no improvements to the river and is not adding value in any way, directly or indirectly, except for himself. All he is doing is finding a way to make money from something that used to be free.

In many market-driven economies, much of the competition for rents is legal, regardless of harm it may do to an economy. However, some rent-seeking competition is illegal—such as bribery or corruption. Rent-seeking is distinguished in theory from profit-seeking, in which entities seek to extract value by engaging in mutually beneficial transactions (*Robert Schenk: 2006*). Profit-seeking in this sense is the creation of wealth, while rent-seeking is "profiteering" by using social institutions, such as the power of the state, to redistribute wealth among different groups without creating new wealth (*Conybeare; 1982, P.25-42*). In a practical context, income obtained through rent-seeking may contribute to profit in the standard, accounting sense of the word. But, on the other hand encourages corruption among public and private sectors.

Foreign Aid and Economic Development

Publicly funded foreign aid is offered in two forms: direct grants-in-aid and loans. It is argued that loans through the IMF and World Bank should not be considered 'aid' since they have to be repaid, but this argument ignores the fact that these loans are offered at interest rates substantially below market – otherwise, governments would have no reason to accept them, given the policy strings attached (known as 'conditionality'). Grants-in-aid are largely conducted bilaterally, government-to-government, or through United Nations agencies. Grants typically address imminent humanitarian needs such as famine and disaster relief, public health, and housing. The IMF and World Bank, which are principally funded by the G-7 developed countries, theoretically have different functions – promoting international financial stability and economic development projects, respectively – but since the collapse of the Bretton-Woods international monetary system in 1973, the IMF has broadened its mandate to cover any kind of assistance for governments trying to reform their economies (what the IMF calls 'structural adjustment').

The evidence that foreign aid generally has not enhanced economic growth is well-known. Easterly (2003, P. 23-48) shows that in the vast majority of countries, development aid has not increased investment share of gross domestic product (GDP), and growth in investment share of GDP has not caused subsequent increases in GDP per capita. Thus, only one country (Israel) has development aid had the intended effects on growth. Defenders of aid, such as Jeffrey Sachs (2006) and Steve Radelet (2006) cited in Tolulope A. & et al (2017, P.203), point to specific successful projects in which aid was a component. However, it is

impossible to draw any general conclusions from these experiences, for two main reasons: 1) in case studies, it is impossible to control for other factors that may have been responsible for the success of the project, rather than aid: the counterfactual – how would the project have fared without aid – is unavailable; 2) even when an aid-funded project meets its own targets, we do not observe the opportunity costs of the project, all the other worthy endeavors foregone because taxpayer resources went elsewhere. Defenses of foreign aid typically run afoul of what Frédéric Bastiat (1850) cited in Burnside C. & et al (2000, P.847-868) called ‘the fallacy of the broken window,’ the mistaken idea that the economic activity we observe, even when occasioned by the destruction of wealth, is by definition a net gain to society.

Up-to-date, peer-reviewed, global studies of the effects of foreign aid on growth usually find either no general relationship or even a slight negative relationship. One of the main problems with aid is that a number of developing country governments have diverted aid to the private bank accounts of government officials. For instance, Alesina, A. and Weder, B. (2002, P. 1126-1137) find that more corrupt governments receive just as much foreign aid as less corrupt governments, that the United States government even gives more aid to more corrupt governments, and that the level of aid a country receives tends to increase corruption in the future. Boone, P. (1996, P.289-329) also finds that aid goes mostly toward wasteful public consumption. Svensson, J. (2000:437-461) finds that aid actually inhibits beneficial policy reforms and Karen Remmer (2004) cited in Svensson, J. (2000, P.437-461) finds that foreign aid not only increases government spending, but it also reduces revenues, presumably because aid-dependent governments feel less need to promote the kinds of economic growth that generate tax revenue. Burnside, C. and Dollar, D. (2000, P.847-868) find that aid has a slight positive effect on economic growth when the recipient country has good policies, but since the evidence overwhelmingly suggests that aid tends to undermine good policies, their finding does not have clear policy implications.

The evidence on the IMF is equally disheartening. Vreeland, J. (2003, P.321-343) has corrected for the fact that market-friendly governments tend to be the ones who seek IMF loans (and therefore would grow faster than other governments without IMF loans); once this correction is performed, he finds that IMF programs actually reduce economic growth by one and a half percentage points for each year the country remains under an IMF agreement. Vreeland (2003, P. 321-343) also finds that IMF programs redistribute income from labour to capital and therefore increase income inequality. Hence, foreign aid usually causes more harm than good. Although there might be specific instances in which aid programs have worked, it would be a mistake to draw general inferences for policy from the exceptions rather than from the rule. Critics of foreign aid programs do not necessarily argue that every single aid program ever conceived has failed, but that, since aid usually fails, maintaining current aid programs or creating new ones is probably a bad idea.

Methodology

The paper is a qualitative research which relies on secondary sources of data collections. In qualitative research, the variables are not easily amenable to empirical measurement.

Secondary sources of data include newspaper, magazine, books, journal, periodicals and internet material. The data collected were analyzed using content analysis. This method the use of documents of past events to interpret what might have happened and read meaning into phenomenon.

Theoretical Framework of Analysis

A plethora of approaches and theories have been developed to explain the reasons behind the granting of foreign aid to economically weak countries by developed countries. To arrive at a more scientifically and valid explanation for granting foreign aid to developing countries, this research adopts Dependency theory in explaining the nature of the relationship between the countries of the world and the factors that facilitated dependency of one group of countries on the other. 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 with experiences of political instability are referred to 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 was developed in late 1950s under the guidance of Raul Prebisch as the Director of the United Nations Economic Commission for Latin America. It 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.

Dependency theory explains global inequality in terms of the historical exploitation of poor societies by the rich and powerful ones. The major thrust of dependency theory is that backward parts of the World are experiencing absence of development due to internal factors ranging from lack of capital, adverse climatic condition, absence of motivation and inferior culture. Other scholars that furthered this theory are Karl Marx, V.I.Lenin, Frederick Engels and others. The theory rejects the basic assumption by Modernisation theorists that the unit of analysis in studying underdevelopment is the national society. The theory assumes that the development of a national or regional unit can only be understood in connection with its historical insertion into the world-wide political-economic system which emerged with the wave of European colonization of the world. This global system is thought to be characterized by the unequal but combined development of its component. Thus dependency analysis places primary responsibility for African woes on western imperialist powers. It holds that these powers have improvised Africa and the rest of the third world so that today poor countries are dependent on the rich ones.

According to Paul Baran (1957) in his work, "The Political Economy of Growth" cited in Ukpong (2017, P.274) argued that the industrialized societies of the West were hindering the economic development of the poor societies like Nigeria, thus making it difficult for them to break out of poverty but, depend on foreign aid and remain perpetually improvised. He contended that the modernizing elite who were supposed to be the catalysts for modernization were not helping the situation because they were allies of the bourgeoisie of

the industrialized societies, helping to exploit their homelands. Frantz Fanon (1966) cited in Ukpong (2017, P.274) refers to them as phantom bourgeoisie. They improvised the people while, enriching themselves. Nigerian bourgeoisie, according to Paul Baran(1957) cited in Ukpong (2017, P.274) ruled their country in complete alliance with the traditional landed aristocrat, lavishing their profit (loots) on ostentatious living rather than investing to accelerate growth. This theory therefore explains why Nigeria depends on foreign aid from the West for her development.

Data Presentations and Analysis

Politics of Foreign Aid and Development

Scholars have argued that foreign aid programmes have usually failed but still exist. According to Easterly (2003, P.23-48), he is of view that foreign aid programme can be reformed to work better while, Deepak Lal (2006) cited in Tolulope, A. & et al (2016, P.203) claimed that foreign aid is fundamentally un-reformable and should, apart from emergency humanitarian relief or perhaps targeted military assistance be scrapped. However, political scientists and economists have resoundingly rejected the view that foreign aid promotes economic development seems to have had little effect on policymakers, who pay lip service to 'good policies and institutions' but have done little to roll back funding. Bauer, P. (1959) cited in Easterly (2003, P.23-48) criticized the effects of U.S. aid on Indian development as far back as 1959. It is implausible to imagine that political leaders in donor countries simply do not know that their policies have been counterproductive. It seems much more likely that donor governments have their own interests in mind when lending or granting funds to developing country governments.

Two types of political considerations tend to foster the continuation of aid, even when it has failed at its stated objectives of promoting development and reducing poverty. The first is lobbying by those domestic interest groups in developed countries that stand to gain from aid programmes, what international relations scholars call 'low politics.' Frequently, donor governments will eschew cash aid and instead offer vouchers to governments in developing countries, with which those governments can buy products made by firms located in the donor government's country. According to UN Food and Agriculture Organization Director-General 'most food aid is donated on condition that it be purchased and processed in, and shipped from, donor countries, even when adequate supplies are available in the region where it is needed. 'The United States government, for instance, requires that all food aid be transported on U.S.-flagged ships. Additionally, food aid can sometimes harm those it is intended to help, as when UN food giveaways in Mogadishu, Somalia in 1993 went chiefly to the warlords and harmed the destitute and persecuted Rahanweyn farmers, who then could not sell their own produce (Alex De Waal: 1993) cited in Easterly (2003, P.23-48).

The second type of political consideration involved in aid lies in the realm of international diplomacy (high politics). The generosity of the U.S. government toward Israel and Egypt provides an example of this sort of aid, intended to bring other governments around to supporting the U.S. government view on international security issues. That the U.S.

government frequently supported anticommunist dictatorships in the Third World during the Cold War is well known. However, U.S. aid still seems to be motivated more by ‘state interest’ than altruism in the post-Cold War period. Alesina and Weder’s (2002, P.1126-1137), finding shows that U.S. aid goes more often to more corrupt governments than less corrupt ones has already been mentioned. He is of view that U.S. aid goes more often to democracies than dictatorships. It is implausible that in most cases the U.S. government is actually seeking to encourage corruption, but it is likely that the U.S. government uses other political criteria to distribute aid and is relatively unconcerned about the adverse effects for corruption and development.

Is there any evidence that the U.S government funnels aid to countries that pursue U.S.-friendly foreign policies? Yes. The most interesting work in this area has been done by Strom Thacker on IMF lending (Thacker 1999, P.38-75), the IMF itself claims that it makes loan decisions strictly on neutral economic criteria; indeed, its charter forbids the use of political criteria in IMF lending decisions. However, Thacker (1999, P.38-75) finds that the IMF not only fails to use sound market criteria in lending decisions (countries that have previously defaulted on IMF loans are *more* likely to receive loans than countries that have never defaulted), but also loans more often to countries that move toward the U.S. position in UN General Assembly roll-call votes. This political influence on IMF decisions is even more pronounced in the post-1989 than the pre-1989 period. It turns out that governments in developing countries seek out IMF loans precisely because they want the conditions attached to them. By blaming the IMF for unpopular economic reforms, these governments can evade the voters’ wrath while still implementing the reforms that they secretly want. Both statistical and case-study evidence supports the argument that reform-oriented governments seek out, and receive, IMF loans, even when they do not ‘need’ the loans on strict economic criteria, whereas anti-reform governments do not sign IMF agreements with strict conditionality, even when they are presiding over severe financial crises Vreeland, R.(2003, P.321-343) .

Hence, we should not focus the blame for the failure of foreign aid programmes on governments of developing countries or on governments of developed countries alone. In fact, both sets of governments are responsible. Foreign aid has proved to be a mutually enriching business for both donors and recipients; unfortunately, the impoverished populations of the developing world are the ones who suffer the most, (Easterly, 2003, P.23-48). Because foreign aid is politically profitable, despite its economic perversity, we should expect that it will continue. Reform proposals that remove political criteria from aid decisions are essentially dead on arrival, as there is little incentive for politicians to change a system from which they benefit. Abolishing the IMF and World Bank would probably on balance do some good, but if reform is unlikely due to entrenched interests, abolition is also unlikely, although the visibility and simplicity of a ‘clean sweep’ might make abolition better able than arcane, technical reforms to appeal to a grassroots, popular coalition.

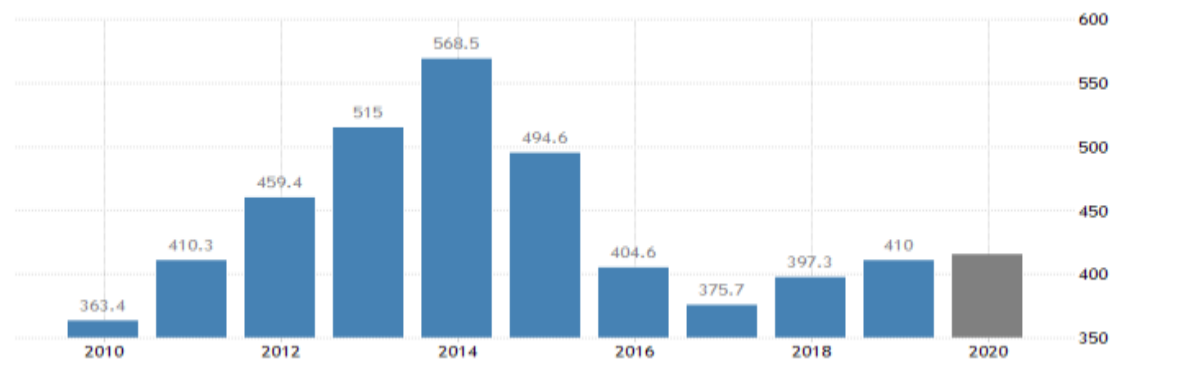
Foreign Aid and Poverty in Nigeria

The description of Nigeria as a paradox by the World Bank (1996) has continued to be confirmed by events and official statistics in the country. The paradox is that the poverty level in Nigeria contradicts the country's immense wealth. Among other things, the country is enormously endowed with human, agricultural, petroleum, gas, and large untapped solid mineral resources. Particularly worrisome is that the country earned over US\$300 billion from one resource –petroleum –during the last three decades of the twentieth century. But rather than record remarkable progress in national socio-economic development, Nigeria retrogressed to become one of the 25 poorest countries at the threshold of twenty-first century whereas she was among the richest 50 in the early-1970s (Offiong, 2001, P.115-118).

The increasing incidence of poverty, both within and among locations, was in spite of various resources and efforts exerted on poverty-related programmes and scheme in the country, thus suggesting that the programmes and schemes were ineffective and ineffectual. Until the inauguration of a Poverty Alleviation Programme Development Committee (PAPDC) by the Nigerian government in 1994, all efforts at poverty alleviation were essentially ad-Hoc. It can be observed from the Plan documents that “the primary goal of economic planning in Nigeria is the attainment of rapid increase in the nation's productive capacity with a view to improving the living standards of the people”. Also, increase in per capita income, more even distribution of income, reduction in the level of unemployment, and increase in the supply of high level man power.

In this view Obadan (2000) cited in (Offiong 2001, P.116) aptly posit that development is not just a matter of growth in per capita income. It is possible to record a high growth rate in per capita income while the masses of the people continue to be in abject poverty and lacking in the basic necessities of life, particularly in a situation as in Nigeria today, where the momentum of growth derives from a sector whose direct impact on the bulk of the population is small while the majority of Nigerians are living in abject poverty. And for this reason Nigeria has practiced various policies to eliminate poverty, most especially the policy of receiving aid from the foreign countries which have worsened our situation rather than solving the problem. The issue of poverty has for some time now been of great concern to many nations, rich and poor alike. Nigeria emerged from colonial status as a poor country.

For instance, the Gross Domestic Product (GDP) in Nigeria was worth 410 billion US dollars in 2019, according to official data from the World Bank and projections from Trading Economics. The GDP value of Nigeria represents 0.34 percent of the world economy.



Source: Trading Economics.com/World Bank (2019)

Poverty in Nigeria is multi-faceted, multi-dimensional and multi disciplinary. The Nigerian economy, until recently, has been characterized by the paradox of growth without development. Also, using the international parameter to measure developing countries economy has not encourage internal development rather the developing countries like Nigeria is trying to catch-up with the west. No wonder, accepting foreign aid/assistance in a bid to develop their economy in area of capital incentive project has derailed Nigeria government in policy formulation that cannot bring about development. The table below shows recurrent and constant aid inflow in Nigeria which has negative impact on poverty in Nigeria.

Table 1: Received Recurrent and Constant Aid from 2000-2015

Year	Amount	Category	Year	Amount	Category
2000	\$ 173,800,000	Current US \$	2000	\$257,640,000	Constant US \$
2001	\$ 167,820,000		2001	\$264,010,000	
2002	\$ 299,550,000		2002	\$442,290,000	
2003	\$ 309,850,000		2003	\$409,800,000	
2004	\$ 578,770,000		2004	\$700,750,000	
2005	\$6,401,790,000		2005	\$7,512,720,000	
2006	\$11,431,960,000		2006	\$12,852,180,000	
2007	\$1,958,600,000		2007	\$2,076,710,000	
2008	\$1,293,720,000		2008	\$1,339,600,000	
2009	\$1,639,000,000		2009	\$1,754,820,000	
2010	\$2,052,360,000		2010	\$2,183,650,000	
2011	\$1,767,690,000		2011	\$1,788,400,000	
2012	\$1,914,240,000		2012	\$1,956,450,000	
2013	\$2,515,760,000		2013	\$2,554,110,000	
2014	\$2,479,020,000		2014	\$2,479,020,000	
2015	\$2,431,600,000		2015	\$2,646,010,000	

Source:- Development Assistance Committee of the Organisation for Economic Co-operation and Development, <https://www.indexmundi.com> accessed 19th Feb. 2019

Despite all these foreign assistance, the poverty situation in Nigeria has become an issue of grave concern to everybody both adult and children. Statistics have shown that the level of poverty that exist in Nigeria is quite alarming, child mortality rate is on the increase, the life expectancy of the Nigeria is too low, children die of preventable diseases due to poor medical health care facilities. All the effort made by Nigeria to combat poverty through foreign aids has proven ineffective. Indeed, poverty has been increasing in an outstanding rate despite the various aids employed to avert poverty in Nigeria. Nigeria's relative measurement stood at 54.4%, but increase to 69% in 2010 (CBN/World Bank, 2010). This is further substantiated by Olawale (2018) who presented the picture of poverty ratio distributions in the six geo-political zones in Nigeria. According to him, the South-west of the country's poverty ration stood at 19.3%, South-south, 25.2%. The statistic also revealed that the poverty in the south-east is about 27.4% while the north-central, the level of poverty is 42.6%. Thus, North-East and the North-West are the regions of the country with the highest level of poverty. The level of poverty in the North-East is 76.8% while North-west is 81.1% respectively. Generally, in Nigeria, at least 86 million people live in extreme poverty despite the inflow of aid from western world.

On account of this, Vanguard 9th August as reported by Kalu (2018) has decried the culture of dependency on foreign aid by countries in Sub-Saharan Africa, saying it has done more harm than good to the people. The argument is that foreign aid or dependence on foreign aid has frustrated the development of local industries in Nigeria, in that most Nigerians even the government officials depended on imported goods and services for their survival. Nigeria has become a dumping ground which has strangulated the local industries and pushes local businessmen away from the markets. Nigeria, a country blessed with abundance resources both human and material, relies more on imported goods and services. For instance, almost all top governmental officials when sick travel outside the country for medical attention. Similarly, all their children are outside the country receiving quality education. But, what happens to our educational sector or health sector? Corruption is on the increase as well as inflation due to foreign aid and diversion of excess monies by government officials. According to Kalu (2018), aid from foreign governments and agencies to Africa in past fifty years have been successful only in soothing the pains of poverty but failed to eradicate or significantly reduce its level. In a chat with journalists in Abuja, the author of groundbreaking book *Foreign Aid and the Future of Africa*, Kalu (2018), noted that lack of financial or human resources was not the root cause of poverty and underdevelopment but the nature of political and economic institutions that exist in the country. He said: "During the past 50 years, Sub-Saharan Africa has received more foreign aid than has any other region of the world.

Despite this high level of intervention by foreign donors, poverty has remained endemic in the continent and the region occupies the unenviable position as the centre of global poverty. The observed abject poverty does not necessarily imply that foreign aids to Nigeria have been useless. Rather, the poverty and misery in the land shows that the current regime of foreign aid which focuses on sending money and other materials to the country does not have the capacity to procure development or eradicate poverty. Foreign aid can only soothe the pains of poverty but cannot eradicate or even reduce poverty levels significantly.

Because, the west prefers to finance physical capital installations that help their own firms and exporters, and they are quite unwilling to support the operating (recurrent) costs of aid funded projects. But, as we know, the bulk of the initiatives required for reducing poverty in the developing countries like Nigeria are in sectors such as health and education that make intensive use of recurrent resources.

The Nature and Character of Nigeria Leaders vis-a-vis Development

Nigeria is one of the few countries in the world that is abundantly blessed with both natural and human resources but the level of development lags behind those of many less endowed countries. After four decades of independence, it is difficult to mobilize domestic resources for sustained development because Nigeria's development problems are many which cut across different spheres. For any meaningful and concrete socio-political and economic development to take place in a multi-ethnic state like Nigeria, it is an incontrovertible fact that nation-building and economic development must be given special attention by the leaders and supported by the people. The abysmal state of affairs is engendered by the "Nigeria factors" militating against the quest for development. The Nigerian factors includes poor leadership, over politicization of national policies, wrong policies, mal-administration, political godfatherism, North and South struggle for the monopolization of power which provides the basis for suspicion, federal character and quota system, thereby entrenching mediocrity in the system, institutionalized corruption, lack of transparency and accountability, disorderliness and flagrant flaunting of laid down procedures, nepotism, favouritism, tribalism, selfishness, get rich quick syndrome, etc.

Nigeria is a conglomeration of diverse ethnic groups that possess distinctive social belief; where by ethnic interest takes precedence above national interest. The colonial masters fused the different ethnic groups for easy exploitation and appropriation of natural resources and engendered ethnic politics. But, the nationalist leaders that wrestled power from the colonial government transcended ethnic cleavages and worked towards national development of Nigeria. The nationalists fought for the liberation of the country from colonial power with national focus, good knowledge and background. Unfortunately, at independence the leaders that emerged inclined themselves a new value system that impaired socio-economic development in the country. Economic crimes are a fundamental problem in the society. These crimes contribute to the crippling of the national economy and the continuous decline of the welfare and security of the citizens. Serious political, socio-cultural and economic problems have been engendered and entrenched by economic crimes particularly by the executive or political office holders.

The importance of leadership and its bearing on development are understood within the context of the nature of political leadership of a country. Though there are structural factors which are important in explaining Nigeria's developmental challenges but poor leadership has worsened the nation's level of development. In as much as poor leadership is not limited to Nigeria, its impact has severe and devastating effect for the country. Unlike in many Western countries, the state in Africa, especially Nigeria, is often viewed as a source for private accumulation of wealth.

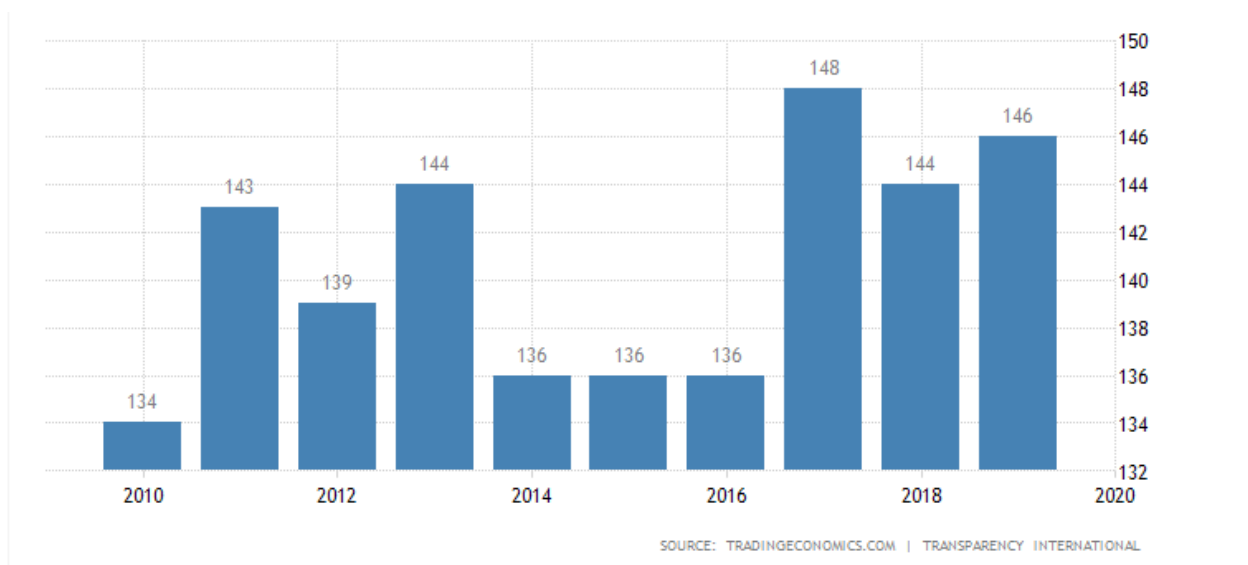
The term neo-patrimonialism generally used to describe the nature of political leadership in Nigeria; is derived from the concept of patrimonial authority. In patrimonial political systems, power is not necessarily exercised for the common good of society but is rather self-serving, with leaders being more concerned about their self-interest or the interest of their group than public welfare. Under this system, authority is shaped by the ruler's preferences rather than any codified system of laws (Kebonang 2012:14). This being the case, the ruler "ensures the political stability of the regime and personal political survival by providing a zone of security in an uncertain environment and by selectively distributing favors and material benefits to loyal followers" (Kebonang 2012, P.14). In return for material rewards, followers or "clients" are expected to mobilize political support for the incumbent leader and to refer all decisions upwards as a mark of deference to the leader or patron.

In other words, office holders almost systematically appropriate public resources for their own use; which is corruption. Political authority is maintained by the allocation of state resources through clientelist practices, including patronage, various forms of rent seeking and prebendalism (Kebonang 2005, P.6). Aid supports rent-seeking – that is, the use of governmental authority to take and make money without trade or production of wealth. At a very basic level, an example of this is where a government official with access to aid money set aside for public welfare takes the money for his own personal use. Obviously, there cannot be rent-seeking without a rent. And because foreign aid (the rent) is fungible, easily stolen, redirected or extracted, it then facilitates corruption. In a similar vein, foreign aid programmes, which tend to lack accountability and checks and balances, act as substitutes for tax revenues. The tax receipts of these releases are then diverted to unproductive and often wasteful purposes rather than productive public expenditure (education, health infrastructure) for which they were ostensibly intended. Those who occupy state offices, civilian or military, high or low, are inclined to treat them as possessions rather than position: to live off their rents- very luxuriously in some cases- and use them to reward persons and cliques who help them maintain their power. Because a number of politicians often conceive or equate public office with personal power and privilege their outlook of what is of national and what is of personal interest becomes blurry.

The former president of the country, Olusegun Obasanjo, while speaking at the first Akintola Williams Annual Lecture in Lagos on November 24, 2016, reacted negatively to the level of corruption going on among the members of the House of Assembly and House of Representatives. Quoting from the writings of Jola Sotubo "Former President, Olusegun Obasanjo described the National Assembly as a den of corruption (Jola 2016)". Part of the speech delivered by the ex-president, which hammered on the level of corruption among the members of the house, states: *"Members of the National Assembly pay themselves allowances for staff and offices they do not have or maintain. Once you are a member, you are co-opted and your mouth is stuffed with rot and corruption that you cannot opt out as you go home with not less than N15 million a month for a senator and N10 million a month for a member of the House of Representatives"*.

According to Obi cited in Uzochukwu Mike (2019), the National Assembly is nothing but a business enterprise, and the primary objective of the members is to make money for themselves. He further explained that the country's National Assembly is the highest-paid legislature in the world. The Chamber earns more than that of United States of America and yet American economy is far much better than that of Nigeria. According to the documentation, United States senators make an approximate annual income of \$174,000.00, while that of Nigerian senators is \$2,183,685.00 (reported via Authoritative Economist Magazine). One cannot imagine the degree of disparity between the two.

Nigeria, which is the most populated country in Africa, has consistently been ranked high in corruption by Transparency International and other notable organizations that monitor corrupt practices around the world. Nigeria is the 146 least corrupt nations out of 180 countries, according to the 2019 Corruption Perceptions Index reported by Transparency International, the table below speaks for itself.



Source: Trading Economic.com/Transparency International (2019)

Funso and Dare (2012) cited in Tolulope (2016, P.203) opined that the misuse of foreign loan has grievous effect on the economy of the recipient countries. Therefore leadership becomes critical both in terms of political will and ability to mobilise resources for the attainment of national objectives. Hence, leaders in the third world countries should transit from ineptitude to competence; moral corruption to moral decency; parochialism to purposeful leadership that serves and not to oppress the people. Alesina and Weder (2002, P.1126-1137) found that while Scandinavian donors do reward less corrupt countries, the United States appears to favour democratic nations but seems to pay no attention to the quality of government of recipient countries. They concluded that corrupt countries do not receive less aid.

Conclusion

Nigeria cannot retain her sovereignty and dignity while almost depending on foreign aid (donor nations) for survival. A nation blessed with abundant resources but her citizens and nation in world report is poor compared to other countries due to the character and nature of leaders occupying political positions and who are in the main-stream of decision making. The paper is guided by two research questions; (i) Are there undermining factors behind granting of foreign aid to Nigeria by the developed countries other than for development? ii) Has foreign aid denied Nigeria leaders from designing and formulating economic policies that are capable of revamping the economy? It is a qualitative research that depended on secondary source of data. The data collected were analyzed using content analysis. The study adopted dependency theory to show how Nigeria's development is tied to dictates of foreign donors.

Foreign aid as discussed in the paper does not promote economic development because it has made developing countries in Africa especially Nigeria to become more dependent on aid. This aid when received is diverted to government consumption instead of productive ventures. Also, donor countries have tied foreign aid to domestic interest group objectives and to international power politics with no intention of holding recipient countries accountable for achieving anything productive with aid received.

More so, the character of Nigeria leaders has made the issue of development more complicated than ever. Due to fact that aid induced rent seeking Nigeria is rated as one of most corrupt country in World according to Transparency International. Also, poverty is on increase despite huge amount of aid received from 2001 to 2015; the gap between the affluence and the poor is so much. Hence, the West's agenda for Nigeria and Africa as a whole, that is, one that views the country as the principal source of supply for its production and a market for its goods, cannot assist Nigeria to overcome its economic woes. Based on these, the following recommendations are suggested.

Recommendations

Good governance is perhaps the most important factor in development of any society. Without good governance, every other thing about development is in disarray. It is a multi-dimensional concept that involves transparency, accountability, respect to law and public service ethics. Thus all these factors will contribute to the well-being of the people within a state. If a state practices good democracy then issues of ethnicity, inequality and post-election crisis will be averted. A stable state characterized with good governance attracts foreign direct investment, increases savings and capital stock from revenues collected thus improving its development.

Good Governance also involves respect to the rule of law. The rule of law protects and punishes such corrupt vices, nepotism, favoritism and political patronage from private interest groups, (Daily Nation, April, 2016). Therefore for good governance to be achieved there is need to build stronger institutions in Nigeria that will promote democracy and

enhance economic development (Offiong, 2001, P.215). Institutions such as parliament, the judiciary and civil service should be strong enough and have the integrity of not being undermined by politicians. Thus, when quality and innovative leaders are in position of authority, they initiate policies that are development oriented. Hence, the west is not well-placed to advise Nigerian leaders in prospective and desirable changes to be made. Nigeria leaders are desperate for aid and additional concessional resources and may accept changes which in reality they cannot or will not implement and which if implemented, will prove highly unsustainable and generate further political and economic instability.

Secondly, good infrastructure is crucial to development. It is stated that neglected infrastructure, such as poorly maintained roads, inefficient ports, unreliable utilities, and the like, greatly increased the cost of business. The situation has not changed in any significant way today. Most African countries encounter this problem but for some “the situation is chronic like Nigeria”; and the way to tackle it is for government to give priority to rehabilitating infrastructure over investing in new facilities (Offiong 2001, P.218). They could reduce cost by patronizing small local contractors and revenues increase by raising charges, especially for utilities. It has been identified that, determined reforms in parastatal management could yield significant improvement. Recently, I spoke to a senior officer of a major foreign construction firm about the why roads in Nigeria tear off within a year to two. His explanation was that in order to get the contract they have to spend a lot of money to bribe those concerned. By the time the contract is won, a significant portion of the contract money has already been spent. What happens is that in order to make “a modicum of profit” they may have to use substandard material or economize the material to the point that an adequate job is not done.

Improved infrastructure by the government will open up businesses and create jobs opportunities for teaming youths in Nigeria. In order to strengthen accountability and responsiveness, Nigeria must systematically consult with organized interest groups, such as chambers of commerce and industry. Businesses willingly pay the full cost of reliable services but without them, they fail. In order to accommodate competitive business, Nigeria must have “efficient cities”, where the roads networks are well designed for easy connection; which will result to higher productivity, thereby improving the standard of living in the country (Offiong 2001, P.218).

Thirdly, curbing corruption is a mean in which Africa countries especially Nigeria can improve in their developmental stride. Vilfredo Pareto (1848-1923) once said of his native Italy, “To live in this country, one must be either a thief or a friend of thieves” cited in (Offiong 2001, P. 222). What Pareto said of Italy many years ago is true of most of Africa countries including Nigeria. In Nigeria, it is generally taken for granted that elections are fixed and that government officials expect their clients to pay for services rendered. Nigeria cannot continue with this outrageous practice and still hope to get out of its economic problems. Nigeria cannot continue to depend on borrowed foreign money and foreign aid which their leaders steal at will and then continue to deceive the masses that they are working to ameliorate their poverty in midst of abundance natural resources. Government

must be made to benefit the generality of the people instead of using it as an opportunity to intimidate opponents and embezzle billions of dollars that are stock-piled in foreign account.

Corruption is a cankerworm, indeed a cancer that must be tackled. This phenomenon can be countered by the elimination of unnecessary controls which can greatly reduce the scope for “rent seeking” (Offiong 2001, P. 222). Transparent procurement procedures, scrupulous and prompt accounting, the publication of audits, and the vigorous prosecution of those misusing public funds all contribute to financial propriety. In fact, in some if not many cases, the audit report is not worth the very paper on which it is written. This is because once the auditors are “settled”, that is given their own share of the booty, and the report is “cooked” to agree with the books (Offiong 2001, P. 222). Curbing corruption among public figures especially political office holders must be a priority. Eradicating corruption is impossibility, but reducing the extent of that phenomenon is something achievable.

Fourthly, human capital development is the bedrock of development of any country in the world; because people are the ends and the means of development. Although improved health, nutrition, and education are ends in themselves, healthy and educated human beings are also the principal means of achieving development. Measuring development in terms of access to facilities such as health services, education, and food is more satisfactory than using most other yardsticks. Social indicators such as life expectancy, indicates more accurately the condition of most of the population than per capita incomes because of their broader distribution across house-holds (Offiong 2001, P. 223). Nigeria government must contract a new partnership with the people. The government should be responsive, accountable and all inclusive, where by men, women and youth become agents of positive change. Human centered development is contingent upon the creativity and enthusiasm of the majority of the people. The point is this; any economic and social policies prepared without taking people into consideration are doomed to failure.

Presently, Nigeria requires a completely new compact between governments and the people that can reorient the whole basis of development focusing on the educational system. Educational system in Nigeria must be re-structured to extent it must produce creative mind gear towards technological advancement that is indigenous. Nigerian educational system must produce “job-creators” instead of “job-seekers” (Offiong 2001, P. 223). To achieve this, Nigerian institutions of learning at every level must be revamped to take cognizance of the computer age and information revolution.

Finally, the growth of the industrial sector depends on the growth of the agricultural sector. The agricultural sector needs to generate sufficient surplus to feed the industrial sector with a view to generating sustainable growth. A situation whereby the industrial sector gets its materials from outside the economy may not be appropriate for a consumer oriented economy like Nigeria. In fact, that may impair domestic production including food supply. The way forward would be to carry out selective support towards production of food items with an effective monitoring and evaluation system. This will entails an intensive process of thorough assessment of existing problems, an analysis of their causes and an assessment of resources to improve the situation. The success story from the cassava initiative needs to be

replicated for other food items. If as much as N800billion is pumped into rice production Nigeria will in no distant future become an exporter of the commodity.

References

- Akonor K (2008). Foreign Aid to Africa: A Hollow Hope? *International Law and Politics* 40:10-71
- Alesina, A. & Weder, B (2002). Do Corrupt Governments Receive Less Foreign Aid? *American Economic Review* 92(4):1126-1137
- Boone, P. (1996), Politics and the Effectiveness of Foreign Aid; *European Economic Review* 40(2):289-329
- Burnside C. & Dollar, D. (2000). Aid, Policies, and Growth,' *American Economic Review* 90(4):847-868
- Chukwuemeka, E.O. (2014). Foreign Aid to Nigeria and Domestic Obstacles: A Review of Anambra State Education Sector, *ResearchGate* 52-81
- Conybeare, A.C. (1982). *The Rent-Seeking State and Revenue Diversification, World Politics; 35 (1) 25–42.*
- Easterly, W. (2003), Can Foreign Aid Buy Growth? *Journal of Economics Perspective*, 17(3) 23 – 48.
- Funso, A. & Dare, A. (2010). Foreign Aid, the Third World's Debt Crisis and the Implication for Economic Development: The Nigerian Experience. *African Journal of Political Science and International Relations*, 4(4), 120-127.
- Kalu K. (2018). Poverty: Foreign aid doing Nigeria more harm than good, *Vanguard* 9th August
- Kebonang, Z (2012). Politics and Anarchy: Zimbabwe's 2008 run-off Presidential Elections in Context; *African Journal of History and Culture*, 4 (2), 9-16
- Offiong D.A. (2001). *Globalisation, Post-Neodependency and Poverty in Africa*, Nigeria; Fourth Dimension Publishers
- Selected Case Studies,' *International Political Science Review* 24(3):321-343.
- Spero, J.E. (1977). *The Politics of International Economic Relations*, New York: St. Martin's Press

- Svensson, J. (2000). Foreign Aid and Rent-Seeking, *Journal of International Economics* 51(2):437-461
- Thacker, S.C. (1999), The High Politics of IMF Lending, *World Politics* 52(1):38-75.
- Thomas B. Andersen, Henrik Hansen, & Thomas Markussen (2006), 'US Politics and World Bank IDA-Lending,' *Journal of Development Studies* 42(5):772-94
- Thomas B. Andersen, Thomas Harr, & Finn Tarp (2006), 'On US Politics and IMF Lending,' *European Economic Review* 50(7):1843-1862.
- Tolulope Adetayo F., Olatujoye Olawale O. & Adebuseyi A. (2016). Foreign Aid Intervention and National Development in Nigeria: A Study of Akure South Local Government Area of Ondo State; *Journal of Arts and Social Science* (7) 203
- Tullock, Gordon (1980). *Efficient Rent-Seeking In Buchanan, J., Tollison, R., Tullock, G. (eds.). Toward a Theory of the Rent-Seeking Society, College Station: Texas A & M Press; 97- 112*
- Ukpong U.A. (2017). Foreign Aid and African Development: Lessons from Nigeria; *Journal of Political Sciences & Public Affairs* 5(3) 274
- Uzochukw M. (2019), Corruption in Nigeria, Causes, Effects and Solution: *World Politics* February 2nd
- Vreeland, J.R. (2003), 'Why Do Governments and the IMF Enter into Agreements: Statistically.
- World Bank (1994): Adjustment in Africa; Reforms, Results and the Road Ahead: Washington DC World Bank.
- World Bank (1996). *Nigeria, Poverty in the midst of plenty: the Challenge of Growth with Inclusion*, Washington, D.C.
- World Bank Group (2013). Poverty and Equity, World Bank documentation