

Foreign Financial Aid and Pseudo Role of Elites on Economic Development in Nigeria 2011-2015

Dr. Uchechukwu Anthony Nwobi

Post-Doctoral Fellow: Department of Public Administration and Local Government, University of Nigeria, Nsukka, Nigeria.

Corresponding Author: Dr. Uchechukwu Anthony Nwobi

Abstract: The analysis of global development indicates that the nation received a sizeable proportion of foreign assistance from diverse places which were originally meant for economic development. Sadly, the bulk of this foreign aid received was used for personal needs instead of improving the nation's economic development. This culminated into massive abject poverty, illiteracy, unemployment, dilapidated infrastructures, inequality and depreciation of naira. The aim of the study is to ascertain if the misappropriation of foreign financial aid is traceable to the pseudo role of elites on economic in Nigeria. The secondary source of data was used. Data was analyzed using qualitative approach. Leadership and governance explanatory tool was used. The paper recommends an information technology driven development corporation assistance management to get relevant data on the operation of development cooperation. The elites who slash away foreign aid should be sentenced to death and the citizens should be empowered to create value for themselves.

Keywords: Misappropriation, foreign financial aid, pseudo, elite, economic development, Nigeria

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I. INTRODUCTION

It is remarkable to note that, the economic challenges of Nigeria are traceable to its loan acquisition (foreign aid) by her past leaders which gave the economy a lead to the donor and recipients grips and manipulations (Obijiaku, 2015). In that vein, the nation's foreign aid was built on international activities of the Second World War and institutions to carter for the aftermath of the war. Sadly, the nation's foreign aid was a means of amassing wealth for personal aggrandizement at the detriment of the masses (Ojukwu and Shopeju, 2010). Given that, Nigeria became an embodiment of optimal corruption and fractionalized bourgeoisie whose personal interest holds sway. In that contexts,

foreign aid are all political, Social, economic resources transfer in both cash and kind from one country or multilateral donor agencies like IMF, World Bank, Non-Governmental Organization to Nigeria purportedly for her development (Tunde, 1991:5).

In the light of the above definition, foreign aid simply means to help, succor, and assistance geared towards defending an action.

Beyond this incidence, the floodgate of misappropriation of foreign aid stifled the economy and brought the nation to its knees. Amidst that, it skewed foreign financial aid expenditure away from needed sectors, such as economic, infrastructures, health and education, towards expenditure on personal investments. Incidentally, the improvement in the living standards of the citizenry, which perhaps is the basic expectation and reward for the citizens eluded the nation (Ojo, Aworawo and Elizabeth, 2014).

Unfortunately, it culminated into inequality, massive unemployment, abject poverty, dilapidated infrastructures, illiteracy, epileptic electricity and water supply, poor road networks, under-equipped hospitals and under-staffed schools which were at the centre of Nigeria's challenges with depreciation of naira. That gave rise to an impotent growth and development of the nation (Evansa and Alenoghenab, 2015).

Despite the enormous size of foreign assistance received, elites could not use it towards tackling the developmental challenges notwithstanding that foreign aid was seen as a vital source of income smoothening effect and a contribution to improved standard of living (Nnaemeka, 2007). On that premise, the study is an effort to ascertain if the misappropriation of foreign financial aid is traceable to the pseudo role of elites in Nigeria.

II. FOREIGN FINANCIAL AID

This concept is relative in nature. Foreign financial aid is the monetary transfer from the rich nations, donor agencies and institutions to underdeveloped nations geared towards development. Furthermore, it is the official government to government transfer of financial and technical resources for the programmes of social and economic development (Jallow, 2010). In the same vein, it comprises all types of resources such as grants as gifts, loans, skills and technical know-how that are given to recipients by donors at concessional rates (Ajayi, 2013). Similarly, foreign aid means:

A voluntary transfer of public resources from a government to another government, NGO, or an international organization with at least 25% grant element with the objective of improving the human conditions in the country receiving the aid (Rady, 2012).

Foreign financial aid is the flow of monetary assistance such as outright grants and long term loans given to underdeveloped nations by the developed nations, international institutions and donor agencies with a motive of development.

2.1 TYPES OF FOREIGN AID

There are two types of financial aid. First, the soft loan goes with interest rate below the market rate repayable over a period of time. Thus, if the period of repayment is longer, the rate of interest becomes less. Secondly, hard loan goes with an interest rate proportional to the market rate over a period of time mostly repayable in convertible hard currency Aja-Akpuru (1998). For instance, Nigeria was given a grant of 1 billion dollar overdraft or standby facility by the IMF which represented 45% of her drawing right spanning over a period of three years not as a loan but as a technical overdraft agreement meant to access Nigeria's economy against foreign investment in trade and growth potentials without interest because Breton Wood granted it to nations involved in international investment Nwankpa (2000).

2.2 ECONOMIC DEVELOPMENT

Economic development could mean a process of influencing growth and restructuring of a nation's economy in order to improve the economic well-being of the nation through enhancement of quality of life, job creation among other necessities of life (Verizon Foundation, 2000). In the same context,

Economic development is the means to achieve sustained increases in prosperity and quality of life realized through innovation, lowered transaction costs and the utilization of capabilities toward the responsible production and diffusion of goods and services (Feldman, Hadjimichael, and Lanahan, 2016).

In a nut shell, development from the above summation focuses on general improvement of the well-being of people.

Again, economic development is the development of economic wealth of a nation for the wellbeing of their inhabitants. In other words, economic development is the prolonged and steady increase in national income which is the main indicator of economic development. This is realizable only when specific economic and social processes are at work (Kuper and Kuper, 1996). In another submission, economic development means an increase in gross domestic product of a nation in order to curtail poverty, unemployment, illiteracy, corruption among other things. In the course of trying to find a solution to the above mentioned challenges, it could translate to a reduction on them which becomes development (Abiola and Olofin, 2008).

2.3 REASONS FOR GIVING FOREIGN AID

There are several reasons why nations give foreign aid. The fundamental basis for government action beyond national boundaries is national self-interest or national security. It is on this criterion that the decision to grant or withhold aid ultimately rest. On that premise, nations give foreign aid for several reasons such as:

By selfish interest, it means the promotion of specific national interest and security. Furthermore, foreign aid could also be given to promote strategic interest across the border which could be economic, political, but the most interesting is security Roger (1997). Similarly, the opening of America's Secret Service Office in Nigeria was for strategic interest to track down advanced free fraudsters. Americas' outstanding intelligence outpost in South Africa is for strategic reasons Cudjoe and Canice (2000). In the same light, after the attack on the World Trade Centre, security related concerns provided one of the strongest rationales for United States Aid Pomerantz (2004).

There are natural, friendly, and situational or emergency allies. On natural allies, Britain extends foreign aid first to her ex-colonies and Commonwealth members. Britain gave this type of aid habitually to independent colonies as a golden handshake. Nigeria had the experience even Ghana and on the basis of this, the former president Tafawa Balewa insisted on taking foreign aid from friends and not self-interest friends.

Finally, for reasons of the increase in the number of newly independent nations in the United Nations General Assembly, the new independent nations always call for the developed nations to extend foreign aid and

economic assistance to them. The call will continue as long as the gap between the rich and the poor exist Guy (1985).

2.4 Foreign Assistance Trajectory in Nigeria 2011-2015

The extension of foreign assistance by donor nations and agencies to Nigeria is not new around the world. In the interest of this study, it was revealed that between the year 2000 to 2015, China released over 40 Chinese official development finance project in Nigeria. Lagos-Kano railway project received 1 billion dollar, Zungeru hydro electric power got \$984 million dollars, Abuja metro \$500 million. For modernization of airport terminals in Kano, Lagos, Port-Harcourt, and Abuja \$500 million was given. Abuja-Kaduna railway project attracted aid worth \$500 million. United Kingdom assistance for energy privatization in 2015 was £140. In support of health, education and poverty for 2013, £275 million was received from United Kingdom (Nasiru, 2016).

In the same context, USAID assisted in diverse ways. Fund was provided for building 400 non-traditional learning centers for girls to access better education which benefited 14,300 students get back to school shortly after being displaced by conflict in the north east zone. In 2015, over half a million young people gained the skill necessary for meaningful employment via USAID (Werft, 2017). It rose from £20 million in 2001/2002 Department for International Development (DFID) assistance to Nigeria between 2016 and 2017 was £266 million (House of Commons, 2016).

	Fy2013 Actual	Fy2014 Actual	Fy2015 Actual	Fy2016 Request	Fy2017 Request
Development Assistance	76,920	71,000	57,800	76,016	72,658
Economic Support Fund	0	0	4,600	0	0
Foreign Military Financing	949	1,000	600	600	500
Global Health Programmes-State	455,746	456,652	403,236	356,652	356,652
Global Health Programmes-Usaid	165,451	173,500	173,500	173,500	175,500
International Military Education and Training	712	730	817	730	800
Non Proliferation Antiterrorism, Demining and Related Programs	0	100	0	0	0
Total	699,778	703,031	640,533	607,498	606,110

Table 1: State Department and USAID Assistance to Nigeria

Source: Adapted from: Blanchard, L. P and Husted, T. F. (2016) Nigeria: Current Issues and US Policy. Congressional Research Service: Members of Committee of Congress Informing the Legislative Debate Since 1914

In 2015, USAID and DFID provided 868.8 millions of assistance was given to Nigeria to improve performance of election. Foreign assistance to educational sector in Nigeria received an average of below US\$ 0.5 billion net Official Development Assistance (ODA) annually (Fuady, 2014). It increased in 2012, to US\$ 1.916 billion and subsequently rose to US\$ 2.529 in 2013 (an increase of 32%). In 2013, 46% of net ODA was derived from OECD-DAC countries and 54% from multilateral sources. Per capita the figure has risen from US\$ 11.5 to US\$ 14.6 (2012–2013). In 2013, three development agencies (the World Bank IDA, USAID and the UK) provided 62% of net ODA (75% for 2011–2012 average). In 2012, less than half of foreign aid to Nigeria came from net ODA (Edoren, 2015).

Sub-Sector / Year	2011	2012	2013
Education Policy and Admin. Management	5.25	5.28	88.5
Education Facilities and Training	1.91	0.713	1.57
Teacher Training	1.04	1.68	2.10
Educational Research	0.00334	0.792	33.0
Primary Education	18.4	38.8	20.4
Basic Life Skills for Youth and Adults	0.914	0.756	0.355
Early Childhood Education	0.1	0.0617	0.324
Secondary Education	2.58	8.84	0.4
Vocational Training	0.101	47.7	39.1
Higher Education	10.9	11.4	11.2
Advanced Tech. and Managerial Training	0.69	2	9.12

Table 2: Commitments to Direct Aid to Education in Nigeria by Sub-sector

Source: Adapted from Edoren (2015) Aid to education in Nigeria. Education data, research and evaluation in Nigeria 1-9

The foreign assistance given to Nigeria by European Union was to the tune of 925m between 2012 – 2013, to promote democracy, DFID made valuable 810.9m, while CIDA expended 83m, UNDP 812.6m and LOLCA 8230,000, given a total of 864,230,000 spent on civil society activities geared towards promoting democracy in Nigeria (Bariledum, Godpower and Tambari, 2016).

United States gave Nigeria \$3 billion dollar grant between 2010 and 2015. For the struggle to deliver the 270 Chibok girls abducted by Boko Haram, US offered technical assistance and expanded intelligent sharing assistance. In 2015 China gave Nigeria £140 million in aid for the support of Nigerian energy privatization and £275million to support health, education and poverty reduction programmes in 2013 (Suleiman, 2016). Furthermore, infrastructure also received a boost as Japan assisted in the building of 317 Classrooms and 308 toilets with US\$14.8 million which accommodated 12,680 pupils in Kano state in 2013, built 325 classrooms in Oyo State estimated at \$8.5m. A bridge was built in December, 2015 across River Usman in Abuja. About 50,000 hectares were accessible & cultivated out of the 200,000 but now all are accessible (Suleiman, 2016).

It suffices to say that the cumulative foreign assistance from different donor nations and agencies was indicative of the fact that Nigeria has received a sizeable amount of fund in aid in diverse ways.

2.5 Theoretical Underpinning

Leadership and governance explanatory tool is the analytic tool for this research study. The major proponents are Thomas Carlyle a historian, Leo Telstoy Zeitgeist and Max Weber of 20th century. Interestingly, leadership is defined as a type of responsibility geared towards achieving particular ends through the application of available human, financial, information and material resources to ensure a cohesive and coherent organization on course. The leader influences a group of people in order to achieve a common objective (Amanchukwu, Stanley, and Ololube, 2015). In the same perspective, leadership is the relationship in which an individual in the person of the President or an elite influences others (masses) to work together willingly on related tasks to attain that which the leader desires. In other words, the leader influences the masses towards achieving group or personal objective (Wyk, 2008). In another submission, leadership connotes an expectation to influence an inter-related group or individuals geared towards evoking and using the strengths of resources of a nation in a purposive manner to achieve a set goal (Schalkwyk, 2011).

Governance implies a process of developing, implementing and reviewing policies of a nation in order to use the available resources in the institution to influence the behavior of individuals at national and international levels considering the allocation of resources and its accountability (Henard, and Mitterle, 2009). Similarly, governance means the way the leaders use their power and authority through the institutions in place in order to manage the resources available geared towards the growth and sustainable development of a nation (Aubut, 2004). In a nut shell, it is leadership that culminates into good or bad governance in a nation. In other words, the two concepts are like two sides of the same coin.

2.6 Tenets of Leadership and Governance Explanatory Tool

The belief or principles of leadership and governance tool are: {1} A leader should have a listening ear, {2} should be committed, {3} have the ability to build a community, {4} there has to be empathy, {5} the ability to heal: in case of emotional hurt, {6} there should be conceptualization: that is the ability to dream great dreams, {7} the spirit of stewardship has to be in a leader, {8} awareness has to be there, {9} a leader should have foresight and {10} above all, a leader should have the ability to instill good governance geared towards the development of the nation.

2.7 Application of the Theory to the Study

The application of leadership and governance explanatory tool to the study is premised on the fact that lack of responsiveness on the part of the Nigerian leadership is reflected in the monopolization of resources by the privileged class and the control of the society by small power elites. This political class has the capacity to exert influence on the machineries of government even from behind the scene (Ogbeide, 2012). Similarly, this attitude of the elite's does not augur well for good governance where public institutions conduct, manage public affairs and resources geared towards being sensitive and responsive to the needs of the people with kin emphasis on rule of law (Duke and Agbaji, 2017).

Based on that, foreign aid donor nations and agencies believe that through their assistance, they can influence Nigeria's actions towards corruption by conniving with the leadership to direct their effort, in order to make the fund earmarked as foreign aid available for personal goals instead of national goal. Such role of the elite's is inimical to good governance which led to limited government intervention and regulation on economic activities. The multiplier effect was less spending on the economy that needs an injection of capital to enhance growth and jettison poverty (Wilkie, 2008).

In that light, bad leadership and governance made foreign assistance inflow into the nation not to have enormous positive effects on the socio-economic development. This is because most government projects and

programmes were inflated and the contractors often connive with the elites to pay for unexecuted contracts because of the ten percent upfront the elites slash away. Sadly, the expatriates who are in charge of the projects take over the vacancies that exist with a Jumbo income higher than what would have been if local manpower had been employed which results to low standard of living and poverty. As donors extend aid, they control the key positions in the economy through the medium of technology, financial capacity, location of research and development units, appointment of leading technical personnel, and adoption of main decisions (Anyanwu, 2005).

In the course of mismanaging the nation's foreign assistance, the elites remit the stolen fund to foreign banks of donor nations, agencies, and institutions who gladly accept it. This led to zero development because the funds are not invested for regeneration (Iheriohanma and Oguoma, 2010). Given this situation, to pull out of the challenges, good governance must be enthroned. This is to ensure that leadership will be sensitive and responsive to the needs of the people and effective in coping with emerging challenges in the nation by framing and implementing appropriate laws and measures (Olufemi, 2014).

III. RESEARCH METHODOLOGY

3.1 Method of study

To ensure an effective research, the study adopted a documentary research method. In other words, the research was based on documents related to foreign aid and economic development.

3.2 Method of Data Collection

The secondary source was largely adopted from works of experts in the area of foreign aid and economic development especially those with relevance to Nigeria. The research made use of journals, textbooks, newspapers and internet resources that treated issues on foreign aid and economic development.

3.3 Method of Data Analysis

The documentary data adopted from the secondary source were analyzed using qualitative approach or descriptive method.

IV. FOREIGN FINANCIAL AID AND PSEUDO ROLE OF ELITES ON ECONOMIC DEVELOPMENT IN NIGERIA

It is so disheartening that the future cause of economic development of Nigeria has depended primarily on the nations leadership and decision making process. In the light of that, foreign assistance is given through the elites who are authoritarian and brutal thus putting the foreign aid into wrong use, and this result to underdevelopment Yommie (2000). It culminated into diverting of our economic resources from investment and productivity towards perpetuating poverty. Higher foreign aid level also erode the quality of governance because it is stolen by corrupt elites in government which make policies much more oriented towards who gets more aid (money) than it does towards meeting the needs of the people (Wikipedia Free Encyclopedia, 2010).

In the same vein, foreign assistance lacks the capacity to produce appropriate situation for specific programmes of assistance Friedrich (2002). In another submission, the effect of foreign assistance on direct project interventions undermined some of the most critical ingredient of socio-economic development, good governance and institutional development. It also made mutual accountability impossible since the Government could not account for funds it did not receive. The projects in aid are manned by expatriates hence depletes available resources as a result of high overhead cost and the maintenance of these expatriates personnel in Nigeria. The employment of these expatriates attracts real cost considerably higher than what it would have been if local manpower is hired (Philip, 2009).

Donor agencies base their foreign assistance on conditions such as availability of specific project that advance donor domestic development aspiration and the sourcing of relevant project materials from donor nations regardless of the type being provided. Most foreign assistance contains capital, technical components that tie recipient to donor market institution. Furthermore, Nigeria received a sizeable amount of foreign assistance from 2011-2015 the bulk of which was disbursed by the donor themselves (elites) through direct project intervention which was well intended but could not produce the desired results because of corruption and lack of accountability. Additionally, donors provide the foreign exchange component of approved projects while Nigeria provides the local components. This is completely unsuitable because where the local resources become fully stretched; it is then difficult and virtually impossible to provide the required local cost component hence the interest of the donor supersedes that of Nigeria which resulted to underdevelopment of Nigeria (Godwin, 2007). Such pseudo role of elites in the use of expatriates ended up increasing the unemployment rate in Nigeria as shown on the table below.

Year	Unemployment Rate	Under Employment Rate
2010	5.1	16.3
2011	6	17.9
2012	10.6	16.8
2013	10	14.8
2014 Q1	7.8	17.5
2014 Q2	7.4	17.7
2014 Q3	9.7	15.4
2014 Q4	6.4	17.9
2015 Q1	7.5	16.6
2015 Q2	8.2	18.3
2015 Q3	9.9	17.4
2015 Q4	10.4	18.7

Table 3: Percentage Increases in Unemployment/ Underemployment Rates in Nigeria 2010 – 2015.
Source: Research team (2016). Nigeria’s Unemployment and Underemployment Rates 2010- 2015 Q4
 Retrieved on 7/5/2018, 11:26am from <http://www.nairametrics.com>

Making reference to the above table, it was evident that unemployment rate has never had a significant reduction. Even in 2015, it was on 10.4. The underemployed experienced a remarkable increase throughout the period of study. In the same vein, there was an upsurge of unemployment in the past two years, within the age bracket of 15 to 64 seeking for employment presently but all to no avail. The figure has doubled from 6.4% in Q4 2014 to 13.3% in Q2 2016. About 15.5% are women while 11.5% are men. Surprisingly, in the urban area unemployment was at 17.8% while it was 11.3% in rural areas. The unemployed in post-secondary education are 23.2%, primary education 9.4%, secondary education 11.4% and those without education 13.4% (Barungi, Odhiambo and Asogwa, 2017).

Sadly, efforts made to bring inflation to a single digit under erstwhile dispensation of Goodluck Ebele Jonathan proved abortive. The lacuna was mainly traceable to foreign financial aid carted away by the elites. Similarly, there was an upsurge of inflation by 53.5% point to an average of 16.55% in 2017 from 10.9% in 2011. Exchange rate also experienced depreciation from an average of ₦161.63 per dollar in 2011, to an average of ₦403.30 per dollar in 2017 (Chima, 2018). The table below is an exposition of inflationary trend within the period of study.

Date	Value	Change, %
2015	9.0	11.95 %
2014	8.0	-5.26 %
2013	8.5	-30.51 %
2012	12.2	12.93 %
2011	10.8	-21.23 %

Table 4: Changes and Values of Inflationary Trend in Nigeria 2011-2015

Source: (World Data Atlas, 2018) Nigeria-average consumer prices, inflation rate. Retrieved on 27/4/2018 from <http://www.knoema.com>

In the light of the above table, the percentage increase in inflation revealed that in 2011, it was -21.23% which represented a value of 10.8, 12.93% in 2012 with a value of 12.2, 2013 it showed -30.51% and value of 8.5, 2014 was -5.26% at a value of 8.0 and 11.95% in 2015 with a value of 9.0. Suffice to say that there was a significant increase from 2012 to 2014 and rose to its climax in 2015. Furthermore, the table below is the record of the gross domestic product in Nigeria within the period of study.

	2011	2012	2013	2014	2015
GDP Growth	5.3	4.2	5.5	7.4	-
Inflation CPI Dec/Dec %	10.3	12.0	8.0	7.5	9.40
Nominal Exchange Rate ₦/US\$	158	157	158.0	159.0	199-250

Table 5: Selected Economic Indicators in Nigeria 2011-2014

Source: Adapted from World Bank, (2014) Nigeria economic report. Lagos Business School Breakfast Club No 2. Updated by the author

The table above showed that the nations GDP was on the increase until it got to 7.4 in 2014. The high inflationary rate was almost stagnant such that there was no significant change. Exchange rate had a marginal increase from 2011 to 2014 and increased significantly in 2015. Similarly, in 2014, the highest economic growth of about 7.4% came from Nigeria. Even at that, poverty still enveloped the nation at 33.1%. Gross Domestic Product declined significantly from 2011-2015. This was linked to misappropriation of foreign aid (Onwubiko, 2017). In terms of rating, the table below compared six nations.

Rank	Country	% Population Below Poverty Line
1	Chad	80
2	Haiti	80
3	Liberia	80
4	D. R. Congo	71
5	Sierra Leone	70.2
6	Nigeria	70

Table 6: Comparative Analysis of Six Countries with a Population below Poverty Benchmark

Source: Adapted from Igwe, S. (2016) Millennium development goals: An appraisal of poverty eradication in Nigeria 2000-2015. *Canadian Social Science*, 12, (11), 31-41

In the light of the above table, Chad came first in terms of ranking while Nigeria was the last. It signified that Nigeria fell below the poverty benchmark by 70% worst than the other nations. This is also indicative of the fact that the elites, who receive financial aid in pretence that is for the nation’s development, slash away the fund into personal use while the masses are left in penury. Furthermore, the Gross Domestic Product of Nigeria on the following table buttressed the analysis.

	2011	2012	2013	2014	2015
GDP Growth Annual	4.9	4.3	5.4	6.3	2.7
GDP Per Capita Annual	2.1	1.5	2.6	3.5	0.0
GDP Constant LCU	58,180,351,900,000.0	60,670,050,500,000.0	63,542,845,600,000.0	67,977,459,219,749.8	69,780,692,718,348.3
GDP Per Capita Constant LCU	357,204.1	326,648.1	372,130.0	385,227.6	385,142.0
GDP LCU Current	63,713,359,400,000.0	72,599,630,000,000.0	81,009,964,600,000.0	90,136,984,651,820.7	95,177,735,683,725.1
GDP Current US\$	411,743,801,711.6	460,953,836,444.4	514,966,287,206.5	568,498,937,588.0	481,066,152,889.1
GDP Per Capita Current US \$	2,527.9	2,755.3	2,997.0	3,221.7	2,655.2
GDP, PPP Current Int'l	856,618	909,730,361,538.2	974,289,773,333.2	1,052,265,741,082.9	1,094,059,133,381.3

Table 7: Statistics on the Gross Domestic Product of Nigeria (2011-2015)

Source: Adapted from Gusay, M. (2018) GDP by Country Statistics from the World Bank, 1960-2016. <http://www.nigeria.opendataforafrica.org>. Retrieved on 28/4/2018; 6:01pm.

In the light of the dashboard of the above table, annual GDP increased from 2011 to 2014 and experienced a drop in 2015. Per capita GDP had the same effect. GDP per capita increased from 2011 to 2015 and GDP per capita \$US rose from 2011 to 2014 and dropped in 2015.

There was an alleged misappropriation of public funds to the tune of ₦628 million (5 million USD). It was purportedly meant for the purchase of twelve official cars and the renovation of official residence by the erstwhile first female speaker of the House of Representatives Mrs. Patricia Etteh. There was also a claim by Dr. Ezekwesili that \$6.8 billion was drained from Nigeria between 2009 and 2012 in the fuel subsidy scam) the stealing of ₦32.8 billion (\$210 million) Police Pension Fund. Some of them were the resources received as foreign assistance (Duke and Agbaji, 2017). Sadly, if a public officer uses an official position to steal or receive bribes which are equivalent in value to his/her one year wages, it simply means that the corrupt recipient is materially a year ahead of his or her colleagues and peers. Single theft and bribe of an equivalent of 20 years to a life time means that honest colleagues and peers are left behind eternally. The most expensive houses abroad are owned by the elites who have corruptly taken advantage of their privileged positions in government while their badly positioned or honest colleagues are constantly marginalized, left to suffer in their penury and most of the funds looted were part of the foreign assistance received by these leaders inform of aid (Olatunji, 2006).

The activities of corrupt elites promote none or low profit making enterprises tend to discourage indigenous entrepreneurs whose source of income are legitimate. This metamorphosed into frustration of the indigenous entrepreneurs who eventually move out of the market leaving the economy of the nation into the

hands of the elites. The multiplier effect would be that the economy will depend on the perpetrators of financial aid misuse (the elites), thereby jeopardizing the economic stability of the nation (Oluwadayisi and Mimiko, 2016). Beyond this incident, about 70% of Nigerians live below poverty threshold. The suffering could be attributed to “resource curse” linked to misappropriation of foreign assistance. Furthermore, an estimated \$380 billion (£245 billion) of government fund was stolen by the elites since independence. Almost the total amount Nigeria received in foreign assistance (Burleigh, 2013).

This situation led to the control of most sensitive areas of the economy by the elites in government. That culminated into the decline in government revenue and poor performance (Eke, 2016). In the light of this, about 20% of the increases in government capital expenditure were slashed away by government officials and contractors into their private coffers. Unfortunately, it has a direct effect on economic growth via government capital expenditure and human capital development which led to reduction on economic growth by lowering productivity and restricting investments in physical and human capital. In addition, bad policy environment, corruption and bad governance also aided the challenge etc Mustapha, Kilishi, and Akanbi, (2015). Misappropriation of fund has impeded economic and social conditions which are the major determinants of inflow of Foreign Direct Investment and foreign aid Olufemi, Olatunbosun, Olasode, and Adeniran, (2013). The foregoing implies that misappropriation of foreign aid has been the norm in Nigeria because of the failure of leadership and accountability in government (Gberevbie, Oyeyemi and Excellence-Oluye, 2014).

V. SUMMARY

The study has made an effort to explore misappropriation of foreign financial aid and pseudo role of elites on economic development. The study employed documentary research method. The secondary source of data, such as journals, text books, newspapers, internet resources was used. Data was analyzed using descriptive technique. The leadership and governance analytical tool was the theoretical umbrella for this discourse.

Despite the huge amount of money received in aid for economic development, the underemployed experienced a remarkable increase throughout the period of study with depreciation of naira. The projects in aid are manned by expatriates. These culminated into poverty which was above the stipulated benchmark.

5.1 Recommendations

- ♣ Since there is no mutual accountability as a result of mismanagement by the elites, there is need for an Information Technology (IT) driven Development Corporation Assistance Management where the stakeholders can log into the system and get any relevant information concerning the operation of development cooperation in Nigeria. All foreign assistance transfer, expenditure, areas of focus and possible benefits should be discussed openly to know which is necessary or not by liaising with the National Planning Commission and donors. Additionally, all foreign assistance should be paid into the federation account so as to make aid part of government revenue with direct impact on government expenditure.
- ♣ There should be empowerment of the citizens to create value for themselves and for others which means satisfying of needs and wants of individuals and organizations. This could be made possible if every individual is given an opportunity by the Federal Government of Nigeria to have the five primary sources of motivation Job, Knowledge, enterprise, health, and security. Jobs created by setting up industries both private and public through making fund available to the masses. This will discourage the acceptance of foreign assistance and its negative impact.
- ♣ The elites who are the perpetrators of slashing foreign aid into foreign accounts should be exposed in order to prosecute the defaulters. Again, policies should be put in place to help in retrieving stolen aid geared towards using them for economic development of the nation.
- ♣ There should be death penalty for pseudo role of elites on economic development. Policy makers should be the campaigners of that.
- ♣ There should be display of transparency, honesty, purposefulness and commitment to the ideals of the nation by the elites (leaders). This will be in an effort to showcase accountability, discipline and morality in their dealings with the resources of the nation.

5.2 Concluding Remarks

The misappropriation of foreign financial aid and pseudo role of elites on economic development in Nigeria revealed that, the effect of foreign assistance on direct project interventions undermined some of the most critical ingredient of economic development, good governance and institutional development. Higher foreign aid level also erode the quality of governance because it is stolen by corrupt elites in government which make policies much more oriented towards who gets more aid (money) than it does towards meeting the needs of the people.

The resultant effect was unemployment, inflation, poverty and underdevelopment of the nation as a whole. It suffices to say that, the misappropriation of foreign aid was hinged on incompetent leadership and bad governance. Amidst that, the recommendations above will serve as a soothing balm geared towards effective utilization of foreign aid for economic development.

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