OFFICIAL DEVELOPMENT ASSISTANCE AND ECONOMIC PERFORMANCE IN NIGERIA, 1970-2010

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Abstract

This paper examines the challenges, policies, principles, and impact of official development assistance (ODA) on economic performance in Nigeria from 1970-2010. It develops a small macro-econometric model to determine the impact of aid flows to key sectors like agriculture and manufacturing and their transmission effect(s) on the economy. Besides descriptive analysis, the paper utilizes three stage least squares (3SLS) estimation technique in a simultaneous equation model to analyse the results.

The result of the growth equation shows a positive but insignificant relationship between ODA and economic development in Nigeria. There is however, a significant relationship between capital expenditure and economic development. Fundamentally, we observed that the economy exhibited the case of Dutch Disease as oil revenue indicated a negative relationship with agricultural output.

Thus, aid will have to be scaled-up to have the desired impact on the Nigerian economy. Also, appropriate macroeconomic framework with emphasis on building a competent manpower base must be put in place to mitigate any adverse consequences from the expected inflows. This will ensure efficient and effective coordination and harmonization of various aid flows into the country and ultimately inform appropriate policy direction in the management of available resources.

JEL CLASSIFICATION: *C82, B41, O13*
Keywords: *Aid, Economic Growth, Agricultural Output*

INTRODUCTION

The value of net official development assistance received, in current US dollars, in Nigeria fluctuated between US$118.1million in 1988 and US$2.1billion in 2010 according to Development Assistance Committee (DAC) of the Organization of Economic Cooperation and Development (OECD). However, the figure rose

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astronomically to US$6.4billion and US$11.4billion respectively in 2005 and 2006, due, perhaps, to debt forgiveness by the Paris Club of creditors. Indeed, wide fluctuations have remained a regular feature in the trend of ODA to Nigeria especially during the period 2002-2010.

It is remarkable to observe that aid can be a vital source of financing development although in the case of Nigeria, opinions are divided. Some have argued that Nigeria, given her vast natural and human resources, does not have to rely on ODA as she derives huge revenues from the export of crude petroleum. It is worth observing that there is nothing fundamentally wrong in obtaining ODA provided it is properly managed to derive maximum benefits for growth and development and for the enhancement of peoples' welfare. It has also been asserted that Nigeria's low ODA receipts is due to widespread corruption and looting of national treasury and that if the stolen funds, estimated to be in billions of US dollars, are remitted back to the country, then there will be little or no need for ODA. Generally, aid can contribute to development in two ways: it can take a capital starved country to its ultimate steady-state potential growth rate faster and can equally improve a country's steady state growth rate because foreign capital comes with know-how and also encourages better governance or practices.

The need to achieve the millennium development goals (MDGs) by 2015 has also brought about the importance of using ODA to fast-track the process. The recent global economic crisis carried with it the inherent tendency to reduce aid commitments by developed countries and multilateral institutions and this also acted as a challenge to aid flows to Nigeria. As a low-income country, Nigeria qualifies for official development assistance. ODA comes mainly from Organisation for Economic Cooperation and Development (OECD) countries and consists of net disbursements of grants and loans on concessional terms (loans must have at least a 25% grant element). As a result of oil boom in early 1970s, Nigeria's per capita income rose from US$250 in 1973 to US$1000 in 1980 and this led to the country being classified as middle-income for most part of the 1970s with declining ODA. The end of the oil boom and the economic crisis of the early to mid-1980s resulted in drastic fall in per capita income and the country was further re-classified as a low-income country. The outcome was a further rise in ODA flows. In addition, the debt forgiveness agreement with the Paris Club of Creditors also affected ODA flows significantly in 2005 and 2006. In assessing the impact of aid on Nigeria's development, it is important to address certain issues such as the macroeconomic framework under which aid is effectively transmitted to the various sectors of the economy

Accordingly, the main objective of this paper is to examine the impact of official development assistance on macroeconomic performance in Nigeria particularly on agricultural and manufacturing sectors and also focus on the challenges, policies, and principles. A clear distinction is also made between ODA and oil revenue to clearly

identify the actual impact of aid on the economy. The expectation is that the results of the analysis would form the fulcrum for policy on the subject matter. The motivation for this paper is due to the fact that the bulk of empirical study on the relationship between aid and growth is based on cross-country studies with few cases being devoted to country specific study. This study therefore addresses this observed gap by focusing on Nigeria.

Following this introduction is section two which examines the growth-ODA literature. Section three presents the stylized facts of macroeconomic performance in Nigeria, ODA policy, aggregate aid flows, impact assessment and ODA effectiveness in Nigeria. Section four discusses the methodology and analytical framework on which the empirical work is based as well as data and estimation method. The results are presented and discussed in section five with policy implications. The paper is concluded in section six.

LITERATURE REVIEW

There is a huge and growing literature on the impact of aid and its effectiveness in macroeconomic management. For the purpose of this paper, we shall focus only on the most important and relevant ones. A seeming paradox in the aid effectiveness literature centres on the contradiction of the findings in the micro- and macro-levels studies. In the post evaluation studies reported by aid agencies, a large majority of donor-sponsored investment projects are successful, with high economic returns and sustainable benefits (see Cassen and Associates, 1994). This could not however be said of quantitative studies that rely on cross-country growth regressions as they do not often yield a robust relationship between aid and economic growth. This micro-macro paradox (Mosley, 1987) has helped to ignite a great deal of research interest among economists.

Earlier cross-country regression-based literature survey by Michalopoulos and Sukhatme (1989) and White (1992) attribute this seeming paradox to conceptual, data and technical econometric problems. They are also of the opinion that the cross-country evidence is ambiguous. Thus, the effect of aid on economic growth remains contentious as the empirical evidence is mixed.

The debate on aid effectiveness has remained in the front burner of public discourse. Boone (1996) based on a set of cross-country regression results has argued that aid is ineffective because it tends to finance consumption rather than investment. Further support to Boone was provided by Burnside and Dollar (1997) in a much publicized paper. They incorporated economic policies into the regression equation and explicitly introduce an aid-policy interaction term. They concluded that if aid is accompanied by good macroeconomic policies, it has a significant positive effect on growth.

Specifically, this conclusion strengthens the case for targeting aid to countries with improved economic policy. This study has received wide attention because it is plausible

and has the ability to provide a resolution of the micro-macro paradox. The major propositions of the study can be summarized as follows: (i) financial aid works in a good environment; (ii) effective aid complements private investment; and (iii) aid can nurture reform even in distorted environment, if it is focused on ideas and pursued with patience. Accordingly, three of the five policy reforms proposed are: (i) financial assistance must be targeted more effectively to low-income countries with sound economic management; (ii) policy-based aid should be provided to nurture policy reforms in credible reformers; and (iii) the mix of aid activities should be tailored to country and sector conditions. Other studies that supported this position include Collier and Hoeffler (2004), Collier and Dollar (2002) and World Bank (1998). These studies are of the opinion that without good policies and institutions, aid will be dissipated in unproductive, rent-seeking activities. In their opinion aid has been "ineffective" in Africa due to poor policies and inappropriate institutions. Consequently, the policy implication to be drawn is to get policies and institutions right for aid to be productive.

A number of recent papers have emerged to examine the robustness of the Burnside and Dollar paper. Some of these papers are Hansen and Tarp (2000), Dalgaard and Hansen (2001), Lensink and White (2001), and Easterly et al (2004). Hansen and Tarp (2000 and 2001) find that aid has a positive but diminishing impact on economic growth. They however discovered that this estimated impact is highly sensitive to the choice of the estimator whether it is ordinary least squares (OLS) or generalized method of moments (GMM) regression, and the set of control variables. In controlling for investment and human capital, they find no positive effect of aid. Using the same model specification and data as Burnside and Dollar (1997), Dalgaard and Hansen (2001) discovered that their principal conclusion, that the impact of aid is contingent on macroeconomic environment, is not robust but that it critically depends on the choice of observations. They note the five influential observations excluded by Burnside and Dollar from their preferred regressions which according to them, have critical bearing on the results and with different choice of observations discovered that aid has a significant positive impact on economic growth. They also noted that Burnside and Dollar data suggest a nonlinear relation between growth and aid, implying diminishing returns to aid (Asra et al, 2005). On their part, Lensink and White (2001) also did not find any empirical corroboration in favour of the Burnside and Dollar proposition that aid is more effective in a good macroeconomic policy environment. Their results provide support for the notion of diminishing returns when the level of aid inflow is high. The key issue however is that these empirical results seem to be sensitive to the selection of countries as well as to model specification.

Despite the fact that the above studies raised questions about the robustness of the Burnside and Dollar findings, the most devastating critique came from Easterly et al., (2004). Their route to robustness was different but simple as they retained the model and methodology of Burnside and Dollar but added new data that were not available to

Burnside and Dollar. The results when the new data was added indicate that the significant relationship between "growth" and "aid and policy interaction" ceases to exist. Thus, when the model is applied to a larger dataset, they demonstrate that this much-touted proposition - that foreign aid will enhance economic growth only in countries with good policies - is empirically all too fragile (Asra et al, 2005).

Critiques of the impact of aid have become more vociferous as the global campaigns to increase aid have gained momentum, particularly since 2000. There are those who argue that aid is never effective. Most aid practitioners agree that aid has not always worked to its maximum potential, but that it has achieved significant impact when it has been properly directed and managed, particularly in areas such as health and basic education. The challenge of measuring aid effectiveness is based on a number of views.

Despite the above, one prevalent view is that aid has a positive effect on growth, but only if recipient countries exhibit certain characteristics, such as good policy, favourable macroeconomic and institutional environments. This "conditional" view of aid effectiveness has typically focused on the quality of recipient countries' policies, for instance, Burnside and Dollar (2000). Recent work that supports this view and focuses on other country characteristics includes: Collier and Dehn (2001), which finds that increasing aid to countries suffering from negative export price shocks raises growth; Collier and Hoeffler (2004), which concludes that aid is very effective in post-conflict situations where good policies are implemented.

A significant number of empirical studies identifies a positive and statistically significant impact of aid on economic growth (Gormanee and Morrisey, 2005, Karas, 2006, Mosley and Suleiman, 2007, Radalet, Clemens, and Bhavnani, 2005, Dalgaard, Hansen, and Tarp, 2004). Building on two-gap models and using modern econometric techniques these studies identify the causal relationship between aid and economic growth. The direct and indirect transmission mechanisms through savings and investment which aid affect growth were also investigated by some of these studies. In fact, a convincing and methodological rebuttal of studies claiming that aid had no significant growth impact was provided by Arndt, Jones and Tarp (2010).

An alternative view of this relationship is that aid does not raise growth, and may even hurt growth over the longer run. A number of studies such as Rajan and Subramanian (2005a and b) with varying approaches provide evidence for this view. They conclude that aid inflows have systematic adverse effects on a country's competitiveness (Dutch disease effects), as reflected in a decline in the share of labour-intensive and tradable industries in the manufacturing sector. Further, these effects appear to stem from the real exchange rate overvaluation caused by aid inflows and differ in this sense from private transfers such as remittances.

In the special case of Africa, many studies show positive and significant growth effect of aid (Levy, 1988, Gyimah-Brempong, 2002, Loxley and Sackey, 2008, Ndambenda and Njoupouognigni, 2010).

OVERVIEW AND CONCEPTUAL ISSUES

Stylized Facts of Macroeconomic Performance

The summary of macroeconomic performance of the Nigerian economy for the past decade is highlighted in tables 1a and b with a view to bringing to the fore the key drivers of the economy. The growth in GDP which was 5.4 per cent in 2000 rose to 9.6 per cent in 2003 and thereafter declined steadily to 6.4 per cent by 2008. It however rose to 7.9 per cent in 2010. This growth rate actually exceeded the 3 percent growth rate of the population. A key observation is that this growth appeared to be propelled by the non-oil sub-sector for the period 2005 to 2010. Agricultural sub-sector was remarkable as it maintained a steady and sustained positive growth during the period under consideration. The growth of the industrial sub-sector was negligible as it remained negative for a large part of the period except in 2003 – 2005 and 2009-2010. It must be noted that for the economy to be transformed, the industrial sector with manufacturing must play a more significant role in terms of its contribution to GDP. Marginal increase in GDP per capita from 2003 – 2010 in US$ terms observed except in 2009. Given the average nature of the measure, this did not reflect any robust income distribution pattern in the economy.

A high unemployment rate and average double-digit inflation rate result in high rate of discomfort index. For the period 2000 to 2010, the economy maintained a deficit/GDP ratio which reflects some evidence of fiscal dominance with great challenge for the conduct and effectiveness of monetary policy. The current account/GDP ratio remained positive while the external reserve position as at 2008 and 2009 which could finance 16 months of imports could only finance 7 months of imports by 2010. This could be explained by external pressure in 2010 as reflected in huge import bills, a drawdown on external reserves, and a declining foreign direct investment. The overall BOP deficit increased while the current account surplus narrowed in 2010 (CBN, 2010). Considering the selected economic indicators, it would appear that the economy performed satisfactorily during the period 2000 – 2010. However, it is not clear whether ODA has any effect on the average growth rate of 6.4 per cent for the period under analysis.

Table 1(a): Nigeria: Selected Economic Indicators, 2000 – 2008 (in %)

Year	Yp	Yp oil	Yp non-oil	Agric	Industry	Services	GDP per capita (US$)
2000	5.4	11.3	2.9	3.8	5.5	5.1	388.1
2001	4.6	5.2	4.3	4.2	-3.8	20.2	390.3
2002	4.6	-5.7	8.3	4.2	-3.4	4.8	369.0
2003	9.6	23.7	5.2	6.6	20.6	2.8	620.9
2004	6.6	3.3	7.8	6.5	4.4	9.2	673.2
2005	6.5	0.5	8.6	7.1	2.2	10.5	847.4
2006	6.0	-4.2	9.4	7.4	-2.5	9.2	1030.3
2007	6.5	-4.5	9.5	7.2	-2.2	9.9	1223.5
2008	6.0	-6.2	9.0	6.3	-3.4	10.4	1286.3
2009	7.0	0.5	8.3	5.9	2.0	10.8	1106.8
2010	7.9	4.6	8.5	5.7	5.3	11.9	1235.9

Source: Central Bank of Nigeria. Annual Report and Statement of Accounts

Table 1b

Year	Capacity Utilization (%)	Fiscal balance GDP %	Rate of Inflation (%)	Credit to Private Sector GDP %	Rate of Unemployment (%)	Current A/C GDP %	External Reserves (US$m)
2000	36.1	-2.3	6.9	-	4.7	15.7	9910.4
2001	39.6	-4.3	18.9	-	4.2	5.2	10415.6
2002	54.9	-3.8	12.9	-	3.0	1.3	7681.1
2003	56.5	-2.0	14.0	-	2.9	4.9	7467.8
2004	55.7	-1.5	15.0	13.1	2.8	17.7	16955
2005	54.8	-1.1	17.9	13.6	17.2	27.2	28,279.1
2006	53.3	-0.5	8.2	14.3	14.6	25.3	42,298
2007	53.5	-0.6	5.4	24.1	14.0	16.8	513320
2008	54.7	-0.2	11.6	32.7	21.0	13.7	53000.4
2009	55.4	-3.3	12.5	40.5	19.7	7.9	42382.5
2010	55.5	-3.7	13.7	59.8	21.1	1.5	32339.3

Source: Central Bank of Nigeria. Annual Report and Statement of Accounts

Notes:
Yp = growth of real GDP;
Yp oil = growth of oil GDP;
Yp non-oil = growth of non-oil GDP

The Policy of Official Development Assistance in Nigeria: Goals and Principles

In Nigeria, the Federal Ministry of National Planning (formerly National Planning Commission (NPC)) and the Federal Ministry of Finance (FMF) are the two institutions saddled with coordinating ODA. While the former is responsible for coordinating all grants and technical assistance, the latter coordinates all concessionary loans. The practical reality is that foreign aid is found in most ministries, departments, agencies and

at sub-national governments. Therefore, ODA coordination remains a major challenge. It could be the case that ODA flows to a federal ministry and is never reflected in the ODA data bank of the NPC. These funds do come from some international organizations without the knowledge of both the NPC and the FMF.

Thus, at policy formulation level, Nigeria is faced with several challenges regarding official development assistance. These include inadequate involvement of Nigerians, high cost of technical assistance, donor-driven approach to aid delivery, proliferation of aid agencies, uneven spread of donors' activities, institutional weaknesses, improper coordination between donors and government, lack of coordination between Federal and sub-national governments, problem of counterpart funding.

Nigeria responded to these challenges in 1995 with a document on ODA policy which was launched on Technical Cooperation Policy. This document however focused purely on grant and technical assistance without any emphasis on concessionary loans. What is important is that the launching of the programme was at the period of military rule where development assistance was suspended to Nigeria. Thus, the document lacked the needed input from different stakeholders. Given this limitation, the current ODA policy was formulated in 2007 by the national planning commission with the general ODA goals of:

- Improving the standard of living of the citizens through poverty reduction programmes and growth enhancement initiatives;
- Encouraging coordinated inflow of assistance into the national priority sectors as defined in the National Development Framework;
- Improving national absorptive capacity and effective management of ODA resources;
- Promoting peace, stability and national unity

The specific goals to be achieved by ODA include:

- Ensuring the effective use of ODA resources through good governance and complementary public policies;
- Increasing the national absorptive capacity of ODA with a view to meeting the MDGs and other important global and regional initiatives;
- Strengthening the institutional capacity of national focal point and Non State Actors involved in the management and implementation of ODA;
- Integrating ODA into the medium and long term national development framework;
- Ensuring that ODA creates multiplier effects on the domestic economy;
- Technology transfer and development of indigenous technology;
- Promoting efficient and unified systems for the management of ODA; and
- Improvement in collaboration between Nigeria and its development partners.

The underlying principles of Nigeria's ODA policy are as follows:

- Involvement of suitably qualified Nigerian professionals and officials in the preparation, formulation and implementation of projects and programmes funded from ODA to ensure ownership and sustainability;
- Increasing utilization of ODA resources on Technical Assistance (TA) in favour of Nigerian experts;
- Integration of ODA flows into the national plans and annual budgets;
- Sensitivity to geopolitical spread of projects and programmes funded from ODA with 50% of the funding driven by performance criteria so as to stimulate competition between States;
- Consideration to be given to certain minimum development goals such as where considerable risks exist that some otherwise performing States may be adversely affected by non-performance by other States such as the fight against HIV/AIDS and immunization of children;
- Use of transparent and accountable procedures in the procurement of goods and services as may be mutually agreed with Nigeria's development partners; where Nigerian goods are equivalent standard with foreign ones' preference should be given to the made-in-Nigeria goods;
- Residency for expatriate utilized in the formulation and implementation of ODA programmes and projects shall be for a maximum of twenty-four months at a time. Allowance may be made for a longer time period in case of a complex programme/project;
- Adequate provision for counterpart funding in the annual budget;
- Prevention of fraud, corruption and improper diversion of ODA funds through regular Value-For-Money (VFM) audits, reviews, studies and investigations;
- Sanctions for violation of the rules, regulations, guidelines, procedures and elements of policies stated in this policy document;
- Evaluation of ODA implementation at all stages should involve Nigerian officials and experts;
- All project designs for ODA shall be environmentally friendly and indices for measuring such friendliness shall be clearly stated by the proponent; and
- Involvement of civil society organizations in the implementation and evaluation of ODA projects and programmes.

Aggregate ODA Flows to Nigeria

In Nigeria, the institutions within the United Nations (UN) have the biggest contribution amounting to 89 per cent of the total commitment. In fact, 52 per cent of the total grants received in the last decade came from the UN-based institutions. United Nations International Children Emergency Fund (UNICEF) is the largest contributor accounting for 41 per cent of the US$ 13.2 billion disbursed. The next institution is Department for

International Development (DFID) at 17%, followed by United States Agency for International Development (USAID) at 13%. This is followed by European Union (EU) and United Nations Development Programme (UNDP) at 12% and 8% respectively.

Two influential papers, the United Nations Millennium Project Report (the "Sachs Report") and the Commission for Africa Report (the "Blair Report"), have called for substantial increases in aid flows to poor countries, especially sub-Saharan African countries. Increase in aid is seen by international community along with improvements in recipient countries' policies and free trade as necessary factors for global prosperity and poverty reduction.

In Sub-Saharan Africa, most of the economies are living on foreign aid flows. Almost two-thirds of net capital inflows come from Overseas Development Assistance. Any rapid and significant reduction in aid would force a further economic contraction in many aid-dependent countries. For these economies, the impact of aid is such that any shock as reflected in the recent global financial crisis is bound to negatively affect them. This actually was the experience by these countries during the recent crisis.

Nigeria is expected, given her rich resource base, not to depend heavily on foreign aid as the revenue accruable to her from petroleum sale is huge and worthy of transforming the country even without any external assistance. It has to be noted that aid provides opportunities as well as presents pitfalls. As much as we need more aid, we also need better ways of managing it. Aid requires careful macroeconomic management by recipients and supportive efforts by donors. It has to be recognized that aid flows that is volatile, unpredictable and sometimes pro-cyclical exacerbate macroeconomic stabilization difficulties. The impact of high aid flows on debt sustainability, institutions, and political economy of recipient country must not be lost. It must however not be lost that ultimately, increased aid presents an opportunity for major strides to be made in reducing poverty, expanding productive capacity and raising standard of living generally which require actions by both the donor and the recipients.

Fig. 1: Net ODA Received (% GNI) in SSA and Nigeria

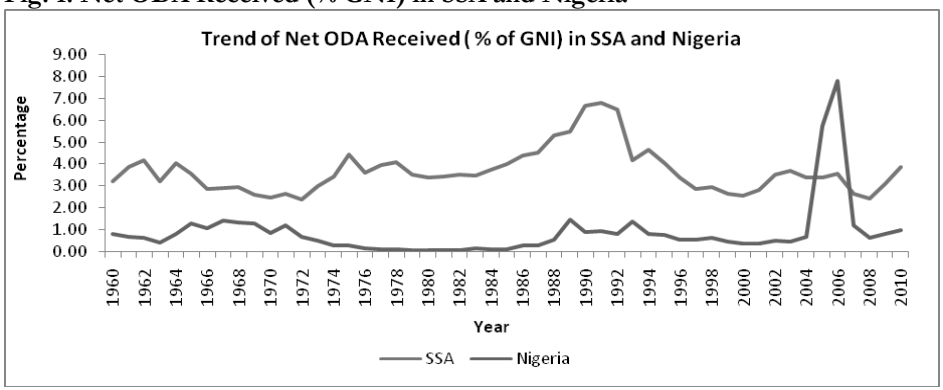


Figure 1 depicts the trend of net ODA received as percentage of gross national income in SSA and Nigeria. Apart from the divergence noticed from 1971 to 2004, SSA trend was consistently higher than that of Nigeria except in 2005 and 2006 where Nigeria's trend became higher than that of Africa. This was explained by the huge debt forgiveness granted Nigeria by the Paris Club of Creditors. Thus, Nigeria received, overall, decreasing volume of ODA from 1971-1982. Marginal increase was observed from 1983-2004 with pockets of volatility from 1988-1994. Overall, as a proportion of total net ODA received as percentage of gross national income in SSA, Nigeria's net ODA received exhibited high level in 1960s and 1970s where it rose to the peak of 62.1% in 1969 before declining significantly to its lowest rate of 1.75% in 1979. Thereafter, increase was gradual until 2005 and 2006 where it grew radically to 120.1% and 142.3% respectively due to the Paris club debt forgiveness as stated earlier.

Fig. 2: Net ODA received per capita (current US$) for Nigeria and SSA

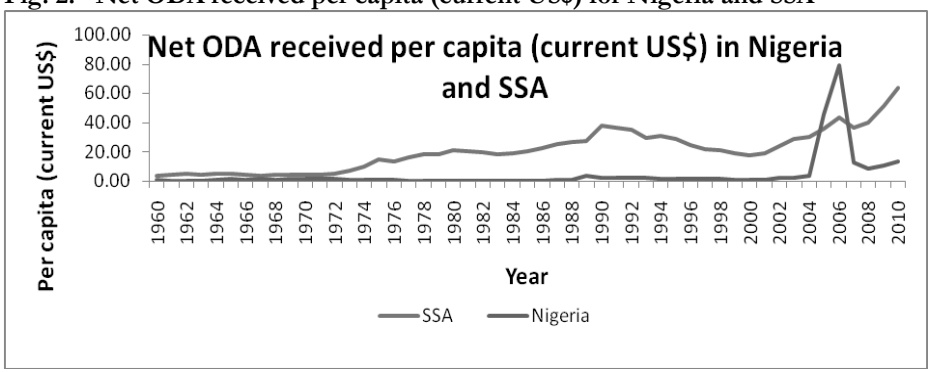
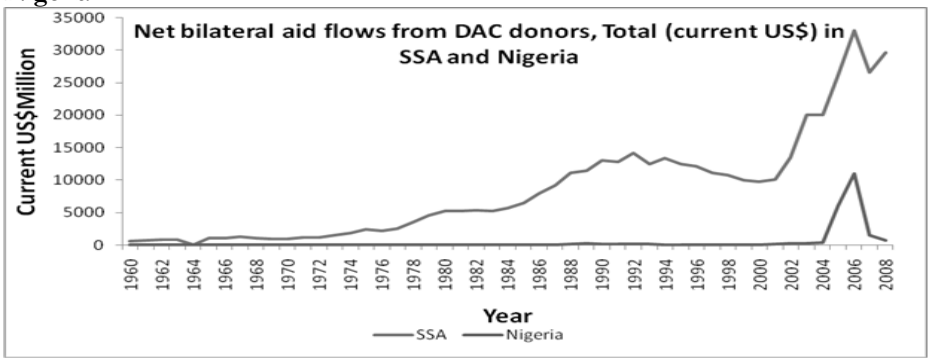


Figure 2 compares net ODA received per capita (current US$) for Nigeria and SSA. The figure shows that Nigeria's net ODA received per capita was close to the SSA's in the 1960s but the gap became widened from the early 1970s and remained so until 2005 and 2006 when the per capita value for Nigeria was higher than the one for SSA for the reasons earlier stated. This shows that Nigeria's net ODA received per capita did not keep pace with the SSA trend except in 2005 and 2006.

Fig. 3: Net bilateral aid flows from DAC donors, Total (current US$) in SSA and Nigeria



The net bilateral aid flows from DAC donors in total current US Dollar to SSA and Nigeria is shown in figure 3. The figure has shown once again that net bilateral aid flows to Nigeria did not keep pace with SSA from the early 1970s. While the trend for SSA was rising, the one for Nigeria exhibited a steady horizontal trend except in 2005 and 2006 when it reflected the debt forgiveness granted Nigeria by the Paris club of creditors.

Generally, it is observed that the trend of ODA in all its ramifications to Nigeria was below SSA average. From the analysis, it seems aid has been a much less important component of Nigeria's political

economy than has been the case in other African countries. There are reasons for this position: (i) the well-known bias of donors against countries with large populations tends to work heavily against Nigeria based on its status as the most populous country in Africa; (ii) the country's oil wealth caused many donors to assume that Nigeria does not need aid; (iii) the massive level of corruption and difficult working environment in Nigeria deterred many aid agencies; and (iv) the autocratic military regime particularly in the 1990s with human right abuses and the absence of democracy compounded the problem. However, with the enthronement of democratic rule from 1999, donor money further rose despite increase in oil revenues.

Within the context of sectoral arrangement, the distribution of ODA disbursement to Nigeria has evolved based on the changing needs of the country and changes in the overall aid regime. In the late 1960s and early 1970s when development planning was in vogue, basic infrastructure received the largest share of foreign aid; with the return to democracy in 1999, donors who had previously left Nigeria returned. The sectors/sub-sectors appealing to donors include: Emergency and relief assistance; Free – Standing

Technical cooperation; Investment – related technical cooperation; Investment Project assistance; Programme/Budgetary Aid or Balance of Payment support.
The sectoral breakdown of grants from donors according to the National Planning Commission, in Nigeria, indicates that the health sector received the largest share of 54 per cent followed by poverty alleviation with 18 per cent (Table 2).

Table 2. Nigeria: Sectoral Breakdown of Grants, 1997 - 2006

Sector	%
Health	54
Poverty Alleviation	18
Education	12
Governance	5
Population Control	5
Women's Empowerment	4
Agriculture	1
Energy And Environment	1

Source: *NPC, Abuja*

As shown in table 3, Nigeria receives ODA for several sectors. The social and economic infrastructure, health, population control, education and energy appear to have received substantial ODA during the period 2002 – 2007. The ODA to the health subsector has contributed significantly in the efforts to prevent malaria, reduce the HIV pandemic, among other health issues. The ODA towards budget support seems to have facilitated the introduction and implementation of both the medium term sector strategies (MTSS) and medium term fiscal framework (MTFF) as well as the enactment of the Fiscal Responsibility Act and the Public Procurement Act. It is clear that during the period of democratic experiment, ODA to various sectors of the economy showed increased trend. However, it is interesting to note that from 2006 to 2007, ODA to the agricultural, production, governance sectors declined while there was marginal increase for industry.

Table 3. Nigeria: ODA Sectoral Allocation, 2002 – 2007 (US$ million)

Year	Health	Poverty Alleviation	Education	Governance	Population Control
2002	45.3	4.1	12.6	33.9	-
2003	57.1	7.5	37.3	51.0	-
2004	110.8	6.8	31.2	60.3	139.8
2005	120.4	1.8	48.4	86.3	182.9
2006	181.1	-	39.3	147.5	221.5
2007	237.7	3.1	45.6	142.4	256.7

	Budget Support	Agriculture	Production	Energy and Environment
2002	7.9	3.1	5.1	10.9
2003	-	5.3	6.7	24.7
2004	0.052	8.6	11.3	26.5
2005	0.533	17.0	29.3	42.2
2006	4.3	45.2	66.8	43.6
2007	11.0	27.7	51.3	58.2

	Industry	Social Infrastructure & Services	EconomicInfrastructure
2002	0.906	153.4	15.6
2003	0.892	239.2	32.7
2004	1.2	418.1	52.2
2005	4.4	581.3	95.7
2006	10.1	772.0	99.0
2007	12.0	864.4	337.3

Source: *African Economic Indicators (2010).*

THEORETICAL FRAMEWORK

Following Dalgaard, et al (2004), we consider a two-period Diamond (1965) model with augmented influx of aid. In this model all markets are competitive and the economy is closed except for the transfer. The rate of growth of the population is $n > 0$ and we simplify that technological progress does not occur. We also bravely ignored capital depreciation. Perfect competition in factor markets imply that any standard neoclassical production function exhibits constant return to labour and capital in which case GDP per worker y_t, the real interest rate r_t and the real wage in efficiency units, w_t, are uniquely determined at any given point in time, by the capital/labour ratio, k_t. Accordingly, we have $y_t = y(k_t)$, $r_t = r(k_t)$, $w_t = w(k_t)$ respectively. Within a period, a fixed (in per capita terms) transfers of resources, x, enters the budget of consumers.

It is known that overlapping generation (OLG) framework inherently contains heterogenous agent and thus, it is necessary to specify how these transfers are shared between young and old citizens. At time t there are L_t^y young agents, and L_t^0 old agents (L_t^y = (1+n) L_t^0). Hence, if the transfer is distributed equally across all the agents simultaneously alive, each group should be allocated a fraction of x equal to their respective population share. This would imply that the young obtain the share π^y =

(1+n)/(2+n) whereas the remainder, π^0 = 1/(2+n), is allocated to the old citizens. In practice however, foreign aid inflows are typically managed by the government. As a result, it is not obvious that the aid inflow will be distributed in this 'neutral' fashion. Thus, in order to examine the implication of varying distributive rules, or the diversion of the transfer by the government, we assume the representative young household receives a transfer of the amount π_x^y while the representative gets π_x^0. With 'expropriation' this implies that$\pi^y + \pi^0 < 1$. Since 'sound' economic management manifests itself in the way foreign aid is distributed, we may think of both the allocation of the transfer (i.e. the ratio π^0/π^y) as well as the levels of π^0 and π^y as reflecting the 'policy environment' in aid receiving nations. In specifics though, 'bad policies' are associated with low levels of π^0 and π^y as well a disproportional allocation of resources to the non-investing citizens (the old).

In practice this allocation decision is likely to be endogenous, and could reflect the power-struggle between competing interest groups and /or the incentives of the government to expropriate funds.

For our purpose, we maintain the assumption that (π^0, π^y) are parameters to allow us see clearly how government policies are mapped into the investment decisions of the citizens, and ultimately influences 'the return to foreign aid'. There are various ways of parameterizing policies such as adding taxes to the model which will not change any of the basic insights gained in parameterizing policy by (π^0, π^y).

The structure of our model is a familiar one with people living only for two periods. The first period of life they supply one unit of labour inelastically, and receive a transfer of resources, consume and save. In the second period of life they consume the return on first period savings and a contemporaneous transfer. If we assume that utility from consumption in youth and during old-age is logarithmic, and that consumers discount the future at the rate ρ, it is straight forward to solve the problem of a representative young household. Since the capital stock in period $t+1$ derives solely from the savings of the young agents, it can subsequently be shown that the law of motion for capital per worker is:

$$k_{t+1} \equiv \frac{s(k_t, k_{t+1}; z)}{1+n} \quad (1)$$

Where z = {x,ρ, n, π^y, π^0}, and

$$s\left(k_t, k_{t+1}; z\right) \equiv \sigma\left\{w(k_t) + \left[1 - \left(\frac{\pi^0}{\pi^y}\right)\frac{1+\rho}{1+r(k_{t+1})}\right]\pi^y x\right\} \quad (2)$$

Where the savings rate of the young, $\sigma \equiv 1/(2+\rho)$, is independent of the real rate of interest due to the assumption of log-utility. Our focus is on the case where the economy approaches a unique steady state capital-labour ratio which is given by:

$$k^* = \frac{s(k^*, k^*; z)}{1+n} \tag{3}$$

Which follows that: a permanent increase in the level of foreign aid per capita affects steady state productivity. Whether the transfer increases or decreases steady state production per worker depends on: (i) Policies (π^y, π^0), (ii) The production technology. Thus, based on very mild assumption, a foreign aid transfer will have a long-run impact on productivity. This results in striking contrast to the one using Ramsey-Cass-Koopman by Obstfeldt (1999). However, using our present framework, although aid clearly 'matters' it does not follow that it will be productive. Indeed, near the steady state, there is a simple condition under which foreign aid will spur long-run productivity.

$$\frac{\partial k^*}{\partial x} \gtreqless 0 \; if \; \frac{1+r(k^*)}{1+\rho} \gtreqless \frac{\pi^0}{\pi^y}, \pi^0, \pi^y > 0 \tag{4}$$

Clearly $\frac{\partial k^*}{\partial x} > 0$ if the return to capital investment, r^*, is sufficiently high. Thus, factors which shift production technology upwards, and as a result, increase the return to investments for any k_t, will tend to make it more likely that aid stimulates long-run productivity. At the same time, however, sufficiently 'bad' policies (i.e. a counterproductive allocation of resources across agents) may render aid ineffective in raising long-run production.

As reflected in equation (3) above, the relationship between aid and long-run productivity is rather complicated. While policy and aid both have a direct impact on long-run productivity, they do so in highly nonlinear fashions, and are mutually intertwined. Thus, in a reduced form sense, we may think of long-run productivity y^*, as being a function, $\Theta(.)$, of foreign aid, x, policies π, and various other factors, δ, to which we have:

$$y^* = \Theta(x, \pi, \delta), \tag{5}$$

Having established a theoretical link between long-run productivity and aid, we replicate this model for the Nigerian economy in the next section by developing an empirical model to examine this link. Accordingly, the next section is devoted to ascertaining some precise relationships between ODA and economic development as well as its impact on agriculture and manufacturing sub-sectors in Nigeria.

METHODOLOGY

The estimated equation for this study is motivated by Hensen and Tarp (2000) and Dalgaard et al (2004) which indicate that growth is a function of aid, investment, and policy variables. Here aid is allowed to affect growth directly and indirectly through physical capital investment. In a way, we are looking at the impact of aid on growth and other sectors of the economy e.g. agriculture and manufacturing) in a simultaneous way.

The general form of the estimated equation is given as:

$$Y_t = \alpha ODA_t + \beta Z + \varepsilon_t (1)$$

Where Y_t is the GDP per capita at time t as a proxy for economic development, ODA is official development assistance, Z represent the control variables relevant for macroeconomic management, Ɛ is the stochastic error term and α and β are the coefficients to be estimated.

The a priori expectation is that both ODA and investment would have positive impact on GDP growth per capita, a measure of development and this will reflect some evidence of aid effectiveness. The sign for Z will depend on economic theory for the particular variable that is adopted. It should be noted that ODA and aid can be used interchangeably.

It is expected that ODA may affect development outcomes in Nigeria through many channels. It may augment domestic resource mobilization and thereby bring about higher rates of accumulation and also allow the import of critical inputs for increase productivity and utilization of existing capacity. For example, importing drugs in the health sector may improve the productivity of health professionals and thereby bring about improved health outcomes. It is possible for aid to be used to finance structural and institutional reforms. Although this type of aid may not increase the quantity of productive resource, it is expected to improve efficiency of resource allocation and total factor productivity. This is because most aid may be accompanied by market-friendly reforms which improve resource allocation. The general belief is that these mechanisms are likely to be beneficial to economic development that is urgently needed in the country.

However, it is also the case that aid can have detrimental impact on growth. This can be the case if increase aid is diverted to personal or non-productive uses as well as where there is increased consumption and decreased resource mobilization. It may also be the case that increasing amount of aid is used to increase the size of bureaucracy and this can discourage governments from making the necessary but painful reforms to adopt the right size of government. The foregoing implies that the growth effects of aid remains an empirical question which will have to be determined in the next sub-section for the case of Nigeria.

Data and Estimation Methods

It is important to briefly discuss the data used for the empirical analysis especially the measures adopted for ODA as well as the various definitions and justifications for all the variables used in the study. While there are various measures for ODA such as total aid inflow, aid commitment, and aid disbursement, this study adopts net ODA per capita in Current US Dollars based on its availability and the need to adopt a variable with direct impact on the people's welfare.

In addition to the descriptive analyses carried out in the previous section, we intend to develop a small macro-econometric framework to enable us ascertain the precise relationship between official development assistance and economic development in the course of macroeconomic management in Nigeria. The paper investigates the impact of ODA on the Nigerian economy by estimating a simultaneous equation relationship of agricultural output, manufacturing output and growth per capita using three stage least squares estimation techniques. This technique is adopted to overcome the problem of endogeneity bias often experienced when OLS estimation technique is used for a simultaneous equation model. The idea is to examine the mechanisms through which ODA affects the entire economy as well as other key sectors simultaneously. The approach is to focus our interest on the sign and significance of the coefficients of ODA. This is because our overriding interest is in the effects of ODA on the key sectors as well as on the entire economy.

Specifically, the dependent variables are the GDP per capita growth rate which represents economic development, agricultural and manufacturing outcomes measured by their output while investment is proxied by capital expenditure (CEXP) rather than gross fixed capital formation, LR is lending rate and UEM is unemployment rate. OILR is oil revenue. These data are obtained from World Development Indicators (WDI), African Development Indicators (ADI) and Central Bank of Nigeria (CBN) Statistical Bulletin, various issues.

The estimated simultaneous equation model is therefore presented as follows:

$$AGR_t = \alpha 0 ODA_t + \alpha 1 CEXP_t + \alpha 2 MAN_t + \alpha 3 OILR_t + \alpha 4 UEM_t + \varepsilon_t \quad (2)$$

$$MAN_t = \delta 0 ODA_t + \delta 1 AGR_t + \delta 2 RGDP_t + \delta 3 OILR_t + \mu_t \quad (3)$$

$$RGDP_t = \lambda 0 ODA_t + \lambda 1 CEXP_t + \lambda 2 OILR_t + \lambda 3 INF_t + \lambda 4 AGR_t + \nu_t \ldots\ldots\ldots (4)$$

Where AGR is agricultural output, MAN is manufacturing output, and RGDP is GDP per capita. Other variables are as defined above.

PRESENTATION AND DISCUSSION OF RESULTS

We begin with the unit root test (table 4) of the data to avoid spurious result based on the popular augmented dickey fuller (ADF) and Philips-perron (PP). We also show the summary statistics of the data (table 5). There are three equations in the system of equations. The period of analysis ranges from 1970-2010. The independent variables are made up of the log of official development assistance per capita and the variables in the Z vector earlier specified. The specification is as shown in equations 2 to 4 above. All the variables are log transformed where possible in order to interpret the coefficients as elasticities.

Table 4: Unit Root Result

VARIABLE		URIT ROOT TEST		CONCLUSION
		ADF	PP	
Lnoda	Level	-1.236310	-1.236310	I(1)
	1st Diff	-5.216067**	-4.598990**	
Lngdpg	Level	-5.778343**	-5.837437**	I(0)
Lninf	Level	-3.894010**	-3.770349**	I(0)
Lnlr	Level	-1.482847	-2.158991	I(1)
	1st Diff	-10.44787**	-10.67262**	
Lnnor	Level	-0.697163	-0.687806	I(1)
	1st Diff	-7.481968**	-7.748830**	
Lnoilr	Level	-1.206344	-1.305934	I(1)
	1st Diff	-6.872628**	-13.74373**	
Lnuem	Level	-0.935682	-1.365897	I(1)
	1st Diff	-9.179225**	-22.52568**	
Lnagr	Level	-1.628435	-2.695624	I(1)
	1st Diff	-5.869075**	-5.975996**	
Lnman	Level	-2.582952	-3.261761*	I(1)*
	1Diff	-5.035862**	-5.047965**	
Lncexp	Level	-1.270261	-1.264915	I(1)
	1st Diff	-6.548579**	-6.561316**	

***Source**: Calculated by the Authors.*

**(**) implies a rejection of the hull hypothesis of non-stationarity at 5% and 1% respectively*

Table 5: Summary Statistics of data

Variable	Mean	Std. Dev.	Maximum	Minimum
LNGDPG	2.748041	0.664878	3.641515	-0.75793
LNODA	0.501008	1.177265	4.372104	-1.03343
LNAGR	10.66296	1.590114	12.55642	7.500364
LNCEXP	10.07006	2.448573	13.93192	5.156754
LNINF	2.618935	0.905969	4.287853	0.500775
LNMAN	8.863223	1.327472	10.23656	5.729125
LNLR	2.728174	0.415049	3.440418	1.791759
LNOILR	10.9321	2.93206	15.69201	5.115596
LNUEM	2.021626	0.414115	2.844909	1.435085
N	39			

Source: Calculated by the Authors

The results for the three equations are presented in tables 6 to 8. Table 6 presents the result of the agricultural outcome equation. Basically the idea behind the equation is to look at the impact of ODA on the agricultural sub-sector of the economy. The result shows that ODA has no significant impact on agricultural subsector although the coefficient is positive. The same could be said of capital expenditure (proxy for investment) which, in addition to showing a negative relationship, is also insignificant. There is however, a significant positive relationship between manufacturing output and agricultural output. A significant but negative relationship between oil revenue and agricultural output in Nigeria is observed. This is a clear case of the manifestation of Dutch Disease and resource-curse hypothesis. This implies that the so-called oil wealth, instead of improving the living condition of average Nigerian, is worsening it through rent-seeking and low productivity.

Table 6: Estimates of Agricultural Output Equation

Variable	**3SLS**		
	Coefficient	t-statistics	Probability
Constant	0.0374	0.8289	0.4094
LnODA	0.0742	1.2481	0.2152
LnCEXP	-0.0474	-0.7113	0.4787
LnMAN	1.3227	13.2757	0.0000
LnOILR	-0.1933	-2.5017	0.0142
LnUEM	0.0096	0.1033	0.9180
R^2 0.6746 Adj R^2 0.6004 DW 2.1385			

Source: Calculated by the Authors

The manufacturing sub-sector equation (table 7) on its part shows a negative and insignificant relationship with ODA, implying that ODA has no impact on the sub-sector in Nigeria. However, agricultural output exhibited a robust positive relationship with manufacturing subsector. In fact, a unit change in agricultural output results in a corresponding 0.81 unit change in manufacturing output. Unlike its impact on agricultural sub-sector, the coefficient of oil revenue on the manufacturing sub-sector is positive and statistically significant. The estimate suggest that a 100% increase in oil revenue will bring about a 13.4 % increase in manufacturing output, all things remaining the same.

Table 9: Estimates of Manufacturing Output

Variable	**3SLS**		
	Coefficient	t-statistics	Probability
Constant	-0.2066	-1.7531	0.0830
LnODA	-0.0578	-1.3204	0.1901
LnAGR	0.8099	10.5488	0.0000
LnGDPg	0.0674	1.6971	0.0931
LnOILR	0.1336	2.3445	0.0213
R^2 0.6661 Adj R^2 0.6231 DW 2.0047			

Source: Calculated by the Authors

In the case of growth equation (table 8), the estimate shows a positive but insignificant relationship between ODA and economic development in Nigeria. There is however, in the growth equation, a positive relationship between capital expenditure and GDP per capita growth in Nigeria. The estimate shows that a unit change in capital expenditure brings about a 0.34 change in output growth per capita in the economy. This could be an indication of the fact that public provision of infrastructure has a salutary effect on economic development and should be encouraged. In addition, it is also observed that oil revenue has the same positive and significant relationship with economic development. In fact, a unit rise in oil revenue may bring about a 0.28 unit rise in GDP per capita. It could therefore be inferred that for the case of Nigeria, oil revenue rather than ODA, has impact on economic development.

It could be the case that oil revenue overwhelms the amount of ODA in the country or that there is inadequate framework to channel the various ODAs to productive uses. It is also interesting to observe in the same growth equation that policy variables like the rate of inflation and lending rate play important roles in economic development in Nigeria. Both variables satisfy the a priori criteria of showing negative relationship with economic development. The rate of inflation exhibited a negative and significant relationship with

GDP per capita. For a unit rise in inflation, GDP per capita decreased by about 0.14. The same negative relationship was observed for lending rate but with a stronger impact on GDP per capita growth rate which declines by 0.74 unit as a result of a unit rise in inflation. The important observation here is that appropriate fiscal and monetary policies have helped to strengthen and stabilize the macroeconomic environment for economic development in the country.

It is surprising to have agricultural output exhibiting negative but significant relationship with GDP per capita. This could only be explained by the now established case of Dutch Disease and resource curse, rent-seeking and low productivity hypothesis. It could also be the case of structural changes in the Nigerian economy. This is because as the structure of the economy changes from agriculture to manufacturing and services, agricultural contribution to growth declines. The question then is whether this is due to yield effect or interaction effect. Further studies may need to be carried out to fully determine the negative relationship between GDP per capita growth and agricultural output. However, this could also be a data problem as further analysis which utilized real GDP growth rate as dependent variable shows a positive and significant relationship between agricultural output and economic growth (see table 9). It could therefore be the case that what is observed in Nigeria is a case of agriculture contributing to economic growth but not economic development.

Table 8: Estimates of Effects of ODA on Growth of GDP per capita

Variable	3SLS		
	Coefficient	t-statistics	Probability
Constant	3.1179	16.6991	0.0000
LnODA	0.0796	0.8652	0.3892
LnCEXP	0.3411	2.0249	0.0458
LnOILR	0.2805	1.9532	0.0539
LnINF	-0.1385	-2.1458	0.0346
LnLR	-0.7409	-2.5807	0.0115
LnAGR	-1.2263	-8.5735	0.0000
R^2 0.7610 Adj R^2 0.7115 DW 1.6410			

Source: Calculated by the Authors

Table 9: Estimates of Effects of ODA on Growth Rate of Real GDP

Variable	3SLS		
	Coefficient	t-statistics	Probability
Constant	1.5347	3.7501	0.0003
LnODA	0.0479	0.2390	0.8118
LnCEXP	-0.1700	-0.4610	0.6459
LnOILR	0.7465	2.3794	0.0195
LnINF	-0.0945	-0.6673	0.5063
LnLR	-1.5205	-2.4123	0.0217
LnAGR	0.7278	2.3363	0.0217
R^2 0.2515 Adj R^2 0.0966 DW 1.8111			

Source: Calculated by the Authors

Policy Implications

The absence of a framework to coordinate the various ODAs in the country remains a daunting challenge in the management and performance of the economy. It is difficult to track the outcome of aid on many specific projects because of the absence of a framework for carrying out such exercise. Knowing the amount of aid flows into the country is not possible and the consequence is that aid effectiveness remains weak. Accordingly, there is need to properly coordinate ODA inflows into the country by the supervisory ministry and parastatal.

Although the National Planning Commission is to coordinate all grants and the Federal Ministry of Finance is responsible for loans on concessionary terms, in reality aid (grants, loans, etc) are scattered over ministries and agencies. Without proper coordination, agencies may even lose donor money particularly in vital sectors such as health, water and sanitation as well as poverty alleviation programmes.

A huge amount of ODA flows poses a challenge for prudent fiscal management; increased donor money could result in increased expenditure with inflationary implications. Consequently, any macroeconomic model for managing the economy must consider the volatility of ODA flows and put appropriate framework in place in terms of capacity building to mitigate adverse consequences.

Nigeria runs a federal system; sub-national governments such as states do obtain aid and in most cases there is no coordination between National Planning Commission and those states receiving donor funds.

Aid dependence is not healthy for the long term economic growth and development of any country. The volatile nature of ODA suggests the need to find innovative domestic resources for financing development. During the recent global economic crisis, developed economies were unable to meet their aid commitments. It is the accumulated foreign reserves that reduced Nigeria's vulnerability to the global economic crisis. In the final analysis trade rather than aid is preferred for sustained growth and development.

It is important to align ODA to national priorities and it must be implemented to complement the nation's growth and development process.

CONCLUSION

Despite the potential of ODA as a catalyst for economic growth and development, the growing concern among development partners, donors, and recipient countries about its effectiveness has been proven by this study for the case of Nigeria. A fundamental observation from this study is that ODA has no impact on economic development but on economic growth in Nigeria. It may be the case that the non-involvement of Nigerians in the formulation and implementation of projects and programmes funded by ODA has made it possible for the funds to be applied in non-productive ventures that do not impact on the welfare of the people. The paper has clearly demonstrated a case of Dutch Disease which is predicated on resource curse, rent-seeking, low productivity hypothesis in Nigeria. There is therefore the urgent need for Nigeria to diversify her economy away from oil-based foundation and into other employment creating sectors like manufacturing and others.

Nigeria has attempted to encourage increased aid delivery by fighting corruption and rent seeking, improving transparency and accountability and nurturing democracy. The establishment of the Economic and Financial Crimes Commission (EFCC) and Independent Corrupt Practices and Other Related Offences Commission (ICPC), the passage of both the Fiscal Responsibility and Public Procurement Acts show that government is committed to better management of the economy. It is therefore, not surprising that ODA flows to the country surged during the period 2004 – 2009.

Available data show that ODA went to various sectors of the economy – health, budget support, education, energy, and population control as well as poverty alleviation programmes. These various sectors and policies benefited from substantial ODA flows during the period 2002 – 2009. In terms of ODA per capita, there was no appreciable increase for a very long period until 2005 and 2006 when the bulk of aid was part of the Paris Club debt relief for Nigeria.

Due to poor coordination of ODA flows in Nigeria, it is extremely difficult to ascertain the effectiveness of aid in terms of economic development in the country. This was clearly confirmed by the regression results which indicate that ODA was not significantly related to growth in real per capita GDP (economic development) while investment and oil revenue indicated positive relationships. Because ODA remains a veritable source for short and medium term financing gaps, government must effectively and efficiently coordinate all donor funds which must also be scaled-up for the particular case of Nigeria to ensure not only economic growth but also development. Additionally, innovative ways, given the volatility of aid must be developed by policy-makers to mobilize domestic resources to finance sustained growth and development

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ANNEXES

Table 3: Top Ten Donors of Gross ODA To Nigeria (2008 – 09 Average, US$ million)

1	IDA	425
2	USA	359
3	UK	202
4	Global Fund	178
5	EU Institutions	87
6	Denmark	56
7	UNICEF	46
8	Germany	30
9	Japan	29
10	GAVI	29

Table 4. ODA from All Donors to Nigeria And its share in Africa, 1999 - 2009

Year	Amount (US$ million)	Share in Africa %
1999	151.8	0.9
2000	173.7	1.1
2001	167.8	1.0
2002	294.0	1.4
2003	308.1	1.2
2004	578.1	2.0
2005	6415.8	18.2
2006	11433.9	28.3
2007	1056.0	3.0
2008	1290.0	3.3
2009	1659	3.9

Source: OECD Statistical Tables.

TABLE5. NET ODA AND OTHER INDICATORS

Year	Net ODA, Total (current US$)	Net ODA, Total (current Naira)	Oil Revenue (Naira million)	Oil Exports(Naira Million)	Grants and others	Net ODA per capita (current US$)	Net ODA per capita (current US$)
1999	45700000	6763600000	724422.5	1169476.9	6551.7	1.245935627	1.245935627
2000	76250000	11285000000	1591675.8	1920900.4	33289.3	1.391354543	1.391354543
2001	118880000	17594240000	1707562.8	1839945.3	58064.4	1.37721082	1.37721082
2002	222950000	32996600000	1230851.2	1649445.8	129714.4	2.24674365	2.24674365
2003	218300000	32308400000	2074280.6	2993110	134178.3	2.295301505	2.295301505
2004	390690000	57822120000	3354800	4489472.2	104344.8	4.194088305	4.194088305
2005	6069440000	8.98277E+11	4762400	7140578.9	137445.3	45.49116145	45.49116145
2006	10969630000	1.62351E+12	5287566.9	7191085.6	125323.1	79.21014732	79.21014732
2007	1463730000	2.16632E+11	4462910	7950438.3	209378.8	13.24232057	13.24232057
2008	727510000	1.07671E+11	6530630.1	9680194.2	205626.2	8.529599724	8.529599724

Sources: *WDI, 2010 and Statistical Bulletin of CBN, Golden Jubilee Edition.*
Note: *Column 3 is column 2 multiplied by 148 to convert current US dollar to Naira*