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## Shifting Paradigms: Exploring the Tapestry of Global Assistance and Its Resonance within Nigeria's Fiscal Framework"

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**ABSTRACT:** This study critically explores the Tapestry of Global Assistance and Its Resonance within Nigeria's Fiscal Framework from 1981 to 2021, the study objectively explored the degree to which various forms of foreign aid—such as official development assistance, foreign grants, and technical aid—impact public expenditure growth within a shifting economic paradigm. Employing statistical measures such as the Coefficient of Determination ( $R^2$ ), F-statistics, and the Durbin-Watson statistic. Incorporating variables such as foreign technical cooperation (FTECH), foreign grants (FGRANT), official development assistance (FODA), multilateral foreign aids (MFAID), and exchange rates (EXR), the study employs time-series data from the World Bank Development Indicators and a modified regression approach. The analysis seeks to delineate the complex dynamics between external financial inputs and internal fiscal outcomes over the period from 1981 to 2021. The findings reveal a nuanced landscape where foreign aid, though impactful, does not singularly dictate fiscal changes, suggesting a need for broader, more inclusive economic strategies that leverage both external and internal resources. Augmented Dickey-Fuller (ADF) tests confirm the stationarity of these variables, validating their reliability in modeling economic impacts. The ARDL bound test results indicate no long-term sustainable relationship between foreign aid components and public expenditure growth, pointing to a more nuanced interaction between foreign aid inflows and Nigeria's fiscal strategies, whether expansive or restrictive.

**KEYWORDS:** Nigeria's Fiscal Framework, Foreign Technical Cooperation, Foreign Grants, Official Development Assistance, Multilateral Foreign Aids, Economic Strategy.

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### INTRODUCTION

The exploration of foreign aid within Nigeria's economic framework reveals a landscape where bilateral and multilateral assistance converges with the nation's fiscal policies and development objectives. This integration is pivotal in addressing the socio-economic challenges Nigeria faces, such as poverty, youth unemployment, and underdevelopment (Central Bank of Nigeria, 2013). The evolution of Nigeria's public expenditure reflects the country's efforts to combat these issues, with a significant rise in public spending observed over the years, influenced by both domestic policies and external financial support (Central Bank of Nigeria, 2013).

Foreign aid's role in Nigeria has been multifaceted, supporting various sectors and initiatives aimed at economic and social development. The assistance has come through diverse channels, including bilateral agreements with countries sharing strategic interests, and multilateral aids from global organizations, reflecting a mix of altruistic and strategic interests of the donor entities (Ram, 2018). This flow of aid has been crucial in times of emergency and for long-term developmental projects, highlighting the complex dynamics of aid effectiveness and dependency.

In analyzing the impact of foreign aid on Nigeria's fiscal dynamics, it's essential to consider the varied nature of aid received and its utilization in public spending. The growth in public expenditure in Nigeria, as documented by the Central Bank of Nigeria (2023), shows a trajectory influenced by both internal governance practices and external financial inflows. This trend underlines the significant role of foreign aid in shaping the country's budgetary allocations and spending patterns, necessitating a detailed examination of how these funds are integrated into the national development agenda.

The discourse on foreign aid in Nigeria must also address the broader implications for economic stability and growth. The relationship between aid inflows and public expenditure growth presents a nuanced picture of Nigeria's economic landscape, where foreign aid acts as a catalyst for development, yet poses challenges in ensuring sustainability and optimal utilization (Central Bank of Nigeria, 2013; Ram, 2018). The ongoing debate on the effectiveness of foreign aid in Nigeria calls for a comprehensive analysis that considers the socio-economic and political contexts within which this aid is operationalized.

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In conclusion, the narrative of foreign aid in Nigeria is intertwined with the country's quest for sustainable development and economic resilience. The examination of how foreign aid influences Nigeria's public expenditure offers insights into the broader dynamics of international assistance and its role in shaping the economic destinies of developing nations like Nigeria. The continuous assessment of foreign aid's impact on Nigeria's fiscal and developmental strategies is crucial for understanding its role in the nation's economic evolution and for crafting policies that enhance the benefits of such aid.

### ISSUE EXPLORATION

Foreign aid serves as a crucial instrument for bolstering economies, propelling growth, and facilitating various developmental activities that enhance economic performance while addressing key challenges like job creation, income disparity reduction, poverty elimination, and fostering societal progress. As noted by Shahzad, Ahmed, Khilji, and Ahmed (2011), foreign aid plays a pivotal role in alleviating financial constraints, boosting trade, and navigating strategic difficulties due to limited local resources. The necessity for foreign aid is accentuated in the context of developing countries like Nigeria, which, as of November 2022, contends with a daunting youth unemployment rate of 41%. This alarming statistic, along with other issues like governmental mismanagement, embezzlement within the political elite, industrial sector inefficiencies, and inadequate agricultural productivity, underscores the country's dependence on Western aid for economic stability. Despite receiving substantial foreign aid through multilateral and bilateral agreements, Nigeria has yet to witness the sustained economic growth essential for mitigating these deep-rooted challenges. The paper, therefore aims to; investigate the influence of foreign grants on Nigeria's public spending dynamics, assess the role of foreign technical cooperation aid in shaping Nigeria's budgetary allocations and explore the effects of Official Development Assistance (ODA) on fiscal expenditure in Nigeria.

### LITERATURE REVIEW

#### Notion of Foreign Aid

The notion of foreign aid, also recognized as Official Development Assistance (ODA), has its roots in the Charter of the United Nations, ratified at the San Francisco Conference on June 26, 1945. Here, nations committed to advancing social progress and elevating living standards under a banner of liberty, employing global mechanisms to boost economic and social progress universally. Post-World War II, the international community prioritized rebuilding the global economy and championing global economic growth, a focus persisting among leaders since the 1950s. The concept of foreign aid is multifaceted and subject to scholarly debate.

Ukpong (2017) describes foreign aid as the transfer of monetary assets, goods, or services from one country to another, which can be for humanitarian purposes or influenced by the donor's national interests. This aid might be bilateral, involving two countries, or multilateral, engaging multiple countries or entities, and may include tied aid, where the recipient is obligated to purchase goods or services from the donor country.

Contrastingly, Prateek (2019) views foreign aid as a voluntary resource transfer between nations, primarily targeting the development of recipient countries with weaker industrial bases and lower Human Development Index (HDI) ratings. Ajayi (2013) and Oxfam America (2008) elaborate on this by categorizing foreign aid as the voluntary conveyance of funds, including gifts, grants, or loans, aimed at promoting economic growth, healthcare, disaster response, and supporting initiatives related to security, anti-corruption, and public transparency.

Easterly (2017) defines it as a purposeful resource allocation from one country to benefit another, whereas Riddell (2019) broadens the definition to include a variety of resources like goods, expertise, financial grants, and concessional loans provided by donors to aid recipients. The Development Assistance Committee (DAC) of the OECD delineates ODA based on three criteria: execution by official agencies, promotion of economic development and welfare, and a grant element of at least twenty-five percent. In essence, foreign aid encapsulates a spectrum of resources, including skills, expertise, and financial support, aimed at fostering development and facilitating international cooperation.

#### Dimensions of Aid Flows in Nigeria

Foreign aid manifests through various channels, distinguished as "private" and "official" sectors. The private sector includes contributions from faith-based organizations, individuals, and non-governmental organizations (NGOs), delivering aid that often directly reaches the grassroots level (Moss, 2011). In contrast, official aid, funded by government resources, represents formal international assistance and is meticulously organized into bilateral and multilateral forms.

**Bilateral aid** signifies financial support from a single country directly to another, with notable examples being the United Kingdom, the United States, and Australia. This form of aid is prominent among Organization for Economic Co-operation and Development (OECD) member countries, which are pivotal in directing resources to foster development in less affluent regions (Moss, 2011).

- **Multilateral aid**, on the other hand, is pooled from multiple government sources and distributed through international organizations like the World Bank, IMF, and the African Development Bank (ADB), among others. These organizations are

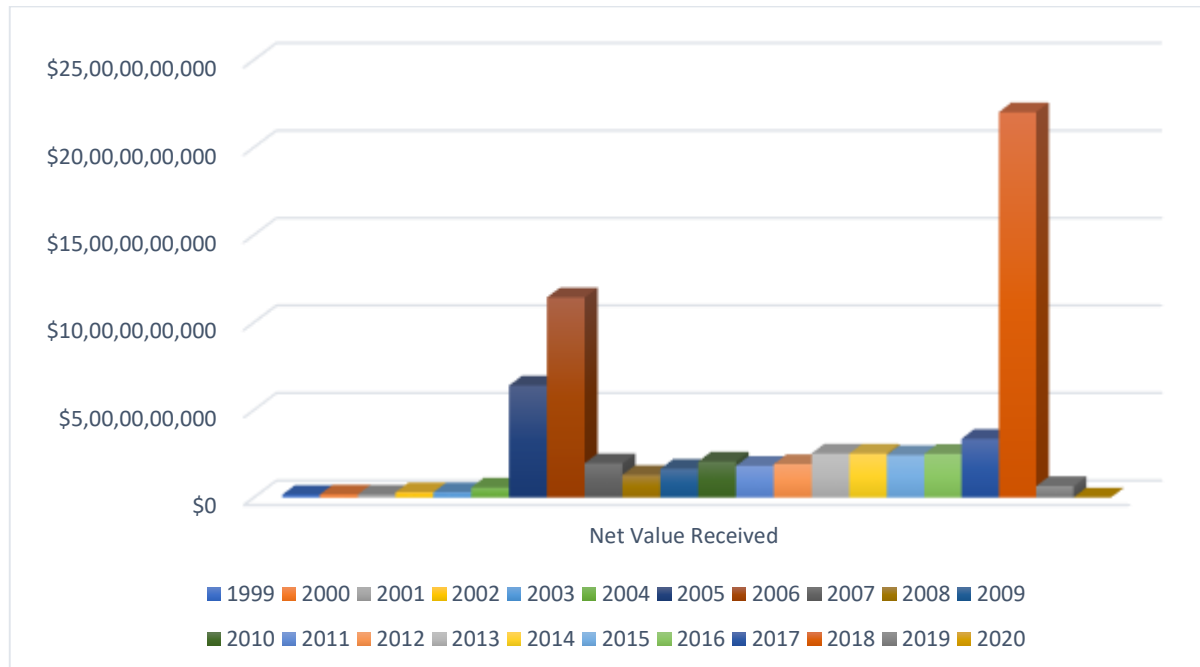
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instrumental in addressing poverty and supporting economic growth in the least developed countries, providing both loans and grants to facilitate development projects (Moss, 2011).

- **The International Monetary Fund (IMF)** emerged post-World War II, focusing on global monetary stability and offering guidance and financial resources to developing nations facing economic difficulties. During the 1970s, for instance, it was pivotal in providing loans to countries struggling with debt and economic crises.
- **The World Bank's origins** as the International Bank for Reconstruction and Development (IBRD) highlight its initial role in aiding European post-war reconstruction. Over time, its mission evolved to combat global poverty and improve living standards, especially in developing countries, a shift underlined by Stiglitz (2020).
- **The African Development Bank (ADB)**, established in 1964, initially headquartered in La Cote d'Ivoire, later moved to Tunisia due to civil unrest. With a broad membership base, including a majority of African countries, the ADB has become a significant player in promoting economic development and infrastructure growth across the continent (ADB, 2019; Moss, 2011).
- **United Nations Agencies** like the UNDP, UNFPA, UNECA, UNHCR, WFP, UNICEF, FAO, and WHO play crucial roles in supporting economic and social development in Africa. These agencies implement various programs aimed at improving living conditions and fostering economic progress, guided by the overarching development agenda of the United Nations (United Nations, 2010).

### Foreign Aid and Fiscal Framework

Net Official Development Assistance (ODA), commonly referred to as foreign aid, encompasses the issuance of concessional loans and grants by the official agencies of Development Assistance Committee (DAC) members, alongside contributions from multilateral institutions and non-DAC countries. These financial aids aim to bolster economic development and welfare in the regions recognized under the DAC's ODA recipient list, featuring loans that include a minimum grant element of 25 percent, determined by a 10 percent discount rate (Index Mundi, 2021). Net official aid, distinct from ODA, signifies the flow of financial support, excluding repayments, directed towards more developed entities within Central and Eastern Europe, the nations of the erstwhile Soviet Union, and select developed territories and countries. This aid adheres to conditions akin to ODA. Notably, the DAC's Part II list, which catalogued these more developed recipients, was phased out in 2005, concluding the data compilation for official aid and related financial flows to these countries with the 2004 records, all denominated in current U.S. dollars (Index Mundi, 2021).



**Figure: Foreign Aid Received by Nigeria from 1999 to 2020**

*Source: Index Mundi (2012) and Adamu (2020)*

The table provided above clearly illustrates that Nigeria has received substantial financial support over the years from various sources, including the European Development Fund (EDF), the United Nations Development Systems (UNDS), China through a Bilateral Agreement signed in 1972, and Japan's contributions through the Japan International Cooperation Agency (JICA). Other significant donors include the Korean International Cooperation Agency (KOICA), the Department for International Development (DFID), the United States Agency for International Development (USAID), and the German International Cooperation (GIZ).

### Fiscal Framework in Nigeria

The nexus between public expenditure and societal welfare is underpinned by public revenue, signifying a symbiotic relationship between different expenditure types. Notably, capital outlays can segue into recurrent costs, primarily due to the upkeep and operational demands of infrastructural projects. Thus, the fiscal landscape is a complex interplay of revenue streams and government operational expenditures, where investment decisions are influenced by both immediate financial health and long-term fiscal strategies (Agbonkhese and Asekome, 2014).

In the realm of public spending, expenditures are categorized based on their contribution to economic productivity. Productive expenditures, such as those on education, healthcare, defense, and public infrastructure, are pivotal in driving economic growth and enhancing societal welfare. Conversely, non-productive expenditures, although essential for maintaining public order and social welfare, include costs associated with leisure and safety services. The strategic allocation towards productive sectors like health and education is not merely an expenditure but an investment in the nation's human capital, fostering a robust foundation for sustainable economic growth and development (Chu, Holscher, and McCarthy, 2018).

### Theoretical Framework: Dependency Theory of Underdevelopment

The Dependency Theory suggests that the economic stagnation of less developed countries (LDCs) is largely due to their reliance on more developed nations (DCs). Originating from the analytical works of Latin American economists like Frank, Sunkel, Furtado, Santos, Emmanuel, and Amin (Frank, A.G. 1976), the theory delves into the dynamics where the growth of LDCs is significantly influenced by their interactions with and dependencies on DCs. These economists collectively explored how such dependencies could hinder the autonomous development of LDCs, often leading to a perpetuation of their underdeveloped status.

Dos Santos (1964), Frank (1976), and Sunkel (1969) articulated that dependency manifests in an economic interplay where the progress of a dependent country is intricately linked to the prosperity and policies of a dominant nation. This interdependence often results in a scenario where the dependent states' growth trajectories mirror the fluctuations and growth patterns of the dominant economies, impacting their development positively or negatively.

**Turning to the theory posited by Adolph Wagner**, known as Wagner's Law of Increasing State Activity, it emerged from an in-depth study in the late 19th century by the German economist. Wagner (1890) observed a trend of expanding government activity and responsibilities as economies matured. He argued that with economic progression, both central and local governments inevitably enhance and broaden their roles, continuously adapting to meet the evolving economic demands of society. This evolution signifies a natural increase in state functions and expenditures, aiming to comprehensively address the societal needs within a growing economy.

### Analytical Survey of Practical Research

There have been several theoretical and empirical investigations on the relationship between foreign aid and Public Expenditure at cross-country and country-specific level. Afolabi and Olanipekun (2022). "An Examination of the Impact of Foreign Aid on Public Expenditure in Nigeria" the study aimed to establish the impact of foreign aid on public expenditure in Nigeria from 1970 to 2020 using panel data analysis. Method: Panel data analysis. Findings: Foreign aid has a positive and significant impact on public expenditure, suggesting that foreign aid can contribute to the improvement of public services and infrastructure in Nigeria. Conclusions: Foreign aid can be a valuable resource for Nigeria to finance essential public services and infrastructure development, enhancing economic growth and social welfare.

Ejelonu et al. (2022) examined the implications of foreign capital inflows on the manufacturing sector in third-world countries, focusing on Nigeria from 1981 to 2019. The study employed statistical tests to analyze the data, including the Augmented Dickey-Fuller test for stationarity and the Johansen test for cointegration. The findings indicated a short-run relationship among the variables and that foreign direct investment (FDI) and exchange rate (EXCHR) were additively related to manufacturing sector productivity in Nigeria. The study recommended the adoption of an endogenous growth model in Nigeria, emphasizing the role of domestic factors in driving economic growth.

In summary, these studies collectively enhance our understanding of the multifaceted effects of foreign aid on the economies of developing nations. Tagem (2022) found a positive relationship between aid and government spending across a broad spectrum of countries, highlighting the nuanced role of taxes in fiscal dynamics. Javid and Qayyum (2021) uncovered the complex interactions between aid, policy, and economic growth in Zimbabwe, noting a negative correlation between aid and GDP but a positive effect when considering policy interactions. Swaroop, Shikha, and Rajkumar (2021) observed that in India, foreign aid often replaced domestic government spending, shifting resources away from intended developmental activities. Tracy (2021) provided insights into the long-term benefits of aid on investment in Nigeria, tempered by the challenges of aid volatility and policy inefficiencies. These findings underscore the critical need for careful integration of foreign aid into national development strategies, ensuring that aid complements rather than supplants domestic fiscal efforts, and is aligned with sound, sustainable economic policies to foster meaningful growth.

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### Empirical Research Design

Moreover, this research employs the analytical framework devised by Swaroop, Shikha, and Rajkumar (2021), who investigated the impact of foreign aid on the expenditure patterns of India's central government from 1981 to 1999. They utilized time-series data and linear regression to model India's public spending as influenced by foreign aid inflows, represented as  $PUBEXP = F(FAID, EXCHR)$ . This model serves as the foundation for the current study, which aligns with the overarching aim of assessing foreign aid's impact on public expenditure. The adopted model has been significantly modified to include various forms of foreign assistance such as foreign official developmental assistance, foreign grants, foreign technical cooperation, and multilateral aids. Additionally, factors like inflation and exchange rates have been integrated into the analysis, expanding the temporal scope from 1981 to 2021. The enhanced model is articulated as  $PUBEXGR = F(FTECH, FGRANT, FODA, MFAID, EXR)$ , where  $PUBEXGR$  denotes the growth in public expenditure, informed by data from the World Bank Development Indicators for the respective economies. This model aims to quantify the influence of foreign aid inflows on the fiscal strategy, whether expansive or restrictive, employed by Nigeria and Ghana from 1981 to 2022. In this refined empirical model, variables such as foreign technical cooperation aids (FTECH), foreign grants (FGRANT), official development assistance (FODA), multilateral foreign aids (MFAID), and the exchange rate (EXR) serve as regressors, elucidating the variances in public expenditure growth attributed to shifts in these independent factors over the studied period

### ANALYSIS OF RESULTS ADF Unit Root {Nigeria}

NIGERIA				
VARIABLES	ADF		Prob**	Decision
	Trace Statistics	Critical Val@ 5%		
LOGEXR	-9.355803	-4.859812	<0.01	1(0)
LOGFGRANT	-10.22470	-4.859812	<0.01	1(0)
LOGFODA	-7.189666	-4.859812	0.0003	1(0)
LOGMFAID	-4.864963	-4.443649	0.0144	1(0)
LOGPUBEXGR	-3.912188	-3.529758	0.0209	1(0)
LOGFTECH	-5.776574	-4.859812	0.0000	1(0)

In the context of Nigeria, the study engaged a structural break unit root test to analyse the economic variables' statistical characteristics. The Augmented Dickey-Fuller (ADF) test results are as follows, showing the influence of foreign aid on Nigeria's economic parameters:

- ✚ LOGEXR: -9.355803 (Prob: <0.01), indicating that the exchange rate variable is stationary, reflecting its impact on foreign aid.
- ✚ LOGFGRANT: -10.22470 (Prob: <0.01), showing the foreign grant variable is stable and lacks a unit root, denoting consistency over time.
- ✚ LOGFODA: -7.189666 (Prob: 0.0003), suggesting that official development assistance also presents stable characteristics.
- ✚ LOGMFAID: -4.864963 (Prob: 0.0144), indicating the multilateral aid's influence on Nigeria's fiscal dynamics is significant and stable.
- ✚ LOGPUBEXGR: -3.912188 (Prob: 0.0209), pointing to public expenditure growth's responsiveness to foreign aid.
- ✚ LOGFTECH: -5.776574 (Prob: 0.0000), confirming the stability and significance of foreign technical cooperation in Nigeria.

These findings underscore the stability and impact of foreign aid on Nigeria's exchange rates and public expenditure growth. The data reveals a stationary trend in the examined variables, affirming their significant role in Nigeria's economic development. The study recommends employing the Auto Regressive Distributive Lag (ARDL) model for a more nuanced analysis, underlining the crucial role of well-informed, data-driven economic strategies for Nigeria's development.

ARDL Bound Test

ARDL Bounds Test

Date: 05/28/23 Time: 16:38

Sample: 1983 2021

Included observations: 39

Null Hypothesis: No long-run relationships exist

Test Statistic	Value	k
F-statistic	1.811655	5

Critical Value Bounds

Significance	I0 Bound	I1 Bound
10%	2.75	3.79
5%	3.12	4.25
2.5%	3.49	4.67
1%	3.93	5.23

The findings from the ARDL bound test indicate that the F-statistics, with a value of 1.811655 and 5 degrees of freedom, lies within the lower bound thresholds of 10%, 5%, 2.5%, and 1% specific to Nigeria for the duration of the study. Consequently, these results substantiate the absence of a long-term sustainable relationship between foreign official development assistance, foreign grants, multilateral aids, foreign technical assistance, and the growth of public expenditure in Nigeria throughout the study period.

ARDL Short Run for Nigeria

Variable	Coefficient	Std. Error	T. Statistics	Probability
LOGPUBEXGR(-1)	-0.247173	0.255674	-0.966748	0.3409
LOGEXR	0.082758	0.191299	0.432613	0.6682
LOGFRANT	-3.72E-08	3.61E-08	-1.030693	0.3104
LOGFODA	78.82422	83.50757	0.943917	0.3523
LOGFTECH	4.00E-07	3.07E-07	1.303936	0.2016
LOGMFAID	-5.73E-08	3.84E-08	-1.493567	0.1451
C	-54.28142	77.86526	-0.697120	0.4908
@TREND	0.195129	3.007400	0.064883	0.9487

R-squared 0.125272 F-statistic 0.654685 Prob(F-statistic) 0.70785 Durbin-Watson stat 1.959674

Coefficient of Determination (R<sup>2</sup>): While the model accounts for 12.5% of the variance in public expenditure, this modest contribution points to a paradigm where foreign aid, though present, is not the dominant influence on fiscal changes. This aligns with a shifting understanding of aid's role within the fiscal policy landscape, suggesting a need for broader and more inclusive fiscal strategies.

F-statistics: The low F-statistic value underscores a critical reassessment in the paradigm of foreign aid effectiveness. It prompts a dialogue on refining economic models to capture a more comprehensive array of variables influencing Nigeria's fiscal health, beyond the conventional scopes of external financial inputs.

Durbin-Watson (DW) Statistic: The statistic's proximity to 2 supports the model's reliability and suggests that the fiscal response to aid is not heavily autocorrelated over time. This stability is crucial for adopting new fiscal strategies that might better harness both foreign aid and domestic financial resources.

Public Expenditure Growth in Nigeria (LOGPUBEXGR): The non-significant impact of foreign aid on fiscal growth during the study period reflects a paradigm shift from dependence on external financial inflows to a more autonomous fiscal policy approach that might leverage internal resources and capacities. Exchange Rate (LOGEXR): The positive impact of a stable exchange rate on public expenditure growth suggests a strategic pivot towards economic policies that stabilize macroeconomic variables. This approach would not only optimize the use of foreign aid but also enhance overall economic stability.

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**Foreign Grant (LOGFGRANT):** The negative correlation with fiscal growth challenges the traditional view that external grants unilaterally foster expansion. It illustrates the complex conditions often attached to these grants, highlighting the necessity for more nuanced engagement strategies with donor entities. **Foreign Official Development Assistance (LOGFODA):** The strong positive correlation here aligns with a paradigm where targeted developmental assistance can significantly propel fiscal expansions. It suggests a nuanced tapestry of aid where strategic alignments with development objectives can yield substantial fiscal dividends.

**Logistical Foreign Technical Assistance (LOGFTECH):** The correlation underscores the evolving paradigm where technical assistance enhances economic capacities directly, supporting a transition towards a more technologically integrated and productivity-oriented fiscal framework.

**Foreign Multilateral Aid (LOGMFAID):** The negative impact reflects the shifting understanding of the complexities of multilateral aid, which, despite its potential, often comes with stringent conditionalities that may inhibit rather than promote fiscal growth. This observation is pivotal for rethinking how such aids are negotiated and implemented within fiscal policies.

In summary, this discussion encapsulates a reevaluation of how global assistance resonates within Nigeria's evolving fiscal framework, illustrating both the challenges and opportunities presented by foreign aid in the context of shifting economic paradigms. This nuanced examination advocates for a more strategic and less dependent approach to integrating global assistance into Nigeria's broader economic strategy.

### CONCLUSION

The intricate relationship between global assistance and Nigeria's fiscal growth, as delineated in this study, challenges the traditional paradigms of dependency and prompts a reevaluation of economic frameworks. The analysis unveils a modest yet significant influence of foreign aid on Nigeria's fiscal dynamics, emphasizing the limited yet strategic role it plays within the broader economic context. The findings suggest that while foreign aid contributes to fiscal outcomes, it is neither a panacea nor a standalone driver of economic expansion. Instead, it forms part of a broader tapestry that includes internal policy initiatives, macroeconomic stability, and strategic engagements with donor entities.

The implications of these findings are profound, urging policymakers to pivot towards a more autonomous fiscal strategy that not only utilizes foreign aid more effectively but also strengthens domestic economic foundations. Such a strategy would not only harness the potential of external assistance but also promote sustainable economic growth and stability by mitigating over-reliance on external financial inflows. In conclusion, this study advocates for a paradigm shift towards a more integrated and self-reliant fiscal policy approach, where global assistance complements rather than defines Nigeria's journey towards fiscal robustness and economic sovereignty. This reimagined approach promises a more balanced and resilient economic future, where foreign aid acts as a catalyst rather than a crutch in the nation's fiscal narrative.

### POLICY RECOMMENDATIONS

**Strengthen Domestic Economic Foundations:** The study highlights the limited yet strategic role foreign aid plays in Nigeria's fiscal dynamics. To achieve sustainable economic growth and stability, policymakers should focus on strengthening domestic economic foundations by promoting internal policy initiatives, macroeconomic stability, and strategic engagements with donor entities. This approach would help reduce over-reliance on external financial inflows and foster a more autonomous fiscal strategy.

**Optimize Use of Foreign Aid:** The study suggests that foreign aid can significantly propel fiscal expansions when strategically aligned with development objectives. To optimize the use of foreign aid, policymakers should focus on targeted developmental assistance that complements Nigeria's broader economic strategy. This approach would ensure that foreign aid is used effectively to enhance economic capacities and promote fiscal growth.

**Foster a More Technologically Integrated Fiscal Framework:** The study underscores the evolving paradigm where technical assistance enhances economic capacities directly, supporting a transition towards a more technologically integrated and productivity-oriented fiscal framework. To foster this shift, policymakers should prioritize logistical foreign technical assistance that promotes technological integration and productivity growth. This approach would help Nigeria leverage foreign aid to enhance its economic competitiveness and promote sustainable economic growth.

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