International Journal of Innovative Finance and Economics Research 10(1):17-28, Jan.-Mar., 2022

© SEAHI PUBLICATIONS, 2022 www.seahipaj.org ISSN: 2360-896X

External Financing and Standard of Living of Average Nigerian Citizen: Disaggregated Analysis

Nwafor, Pius Kanayo Ph.D

Department of Banking and Finance, Faculty of Management Sciences Chukwuemeka Odumegwu Ojukwu University, Anambra, Nigeria
kanayonwafor@gmail.com

ABSTRACT
The main objective of the study is to examine the effect of eternal financing on standard of living of average Nigerian citizen. Other specific objectives include to: Examine the effect of official development assistance on of living of average Nigerian citizen; Investigate the effect of remittances on of living of average Nigerian citizen; Analyze the effect of foreign direct investment on of living of average Nigerian citizen and access the effect of external debt stock on of living of average Nigerian citizen. The study covers 32-year time frame with data generated from World Development Indicator (WDI) and CBN Statistical Bulletin 2019. The preliminary analysis from Augmented Dickey Fuller Test for Unit Root which revealed that all the variables assume stationarity at level 1(0). The econometric model was analyzed using the Ordinary Least Squire (OLS) Technique. The result of the study indicates that remittance, external debt stock, foreign direct investment and official development assistance have positive and significant effect on standard of living of average Nigeria citizen. The study concludes that external financing has positive effect on standard of living of average Nigeria citizen within the period under review. Amongst the recommendations is that policies makers should encourage ethnocentrism such as good value system and good remuneration to enhance standard of living of average Nigerian citizen. External debts should be contracted solely for economic reasons and not for social or political reasons. This is to avoid accumulation of external debt stock overtime and prevent an obscuring of the motive behind external debt. The authorities responsible for managing Nigeria's external debt should adequately keep track of the debt payment obligations and the debt should not be allowed to pass a maximum limit so as to improve standard of living of average Nigeria citizen. The government should attract foreign direct investment into Nigeria by creating the enabling environment for industries and commerce. An effective policy should be made based on the fiscal and monetary policies which should be aimed at achieving a realistic foreign direct investment to promote standard of living in Nigeria and since theories have supported that these capital channels should boost standard of living in Nigerian, it is pertinent that Nigeria government should investigate the spending pattern of the funds obtained through official development assistance
Keywords: External Financing, Economic Development, Nigeria

INTRODUCTION
One of the key macroeconomic objectives of most developing nations is the achievement of sustainable economic growth. To achieve this goal, every government requires a substantial amount of external finance for economic growth and development (Umaru, 2013). Consequently, a meaningful economic growth in terms of their gross domestic product (GDP), which if persistent should culminate in economic development, a status vigorously pursued by all less developed countries (LDCs), Nigeria inclusive. Ayadi and Ayadi (2008), noted that the amount of capital available in most developing countries treasury is grossly inadequate to meet their economic growth needs mainly due to their low productivity, low savings and high consumption pattern. Governments therefore resort to external financing to bridge the resource gap.

Countries source for external finance to promote economic growth and development, by creating conducive environment for investors to invest in various sectors of their economies (Umaru, 2013).

Developing countries are left with no option than to resort to external financing and foreign assistance to bridge the saving- investment gap with the intention of achieving economic growth and poverty reduction. Official Development Assistance (ODA), more commonly known as foreign aid consists of resource transfers from the public sector, in the form of grants and loans at concessional financial terms, to developing countries(Udoka & Ogege, 2012).

Similarly, Obudah and Tombofa (2013) argued that the specific reasons why countries may source for external finance include: to finance their reoccurring budget deficit, as a means of deepening their financial markets, to enable them fund the increasing government expenditures, to enhance their narrow revenue sources and low output productivity which results in poor economic growth. According to Chenery's (1966) Dual-gap theory, governments borrow to augment their limited resources so as to bridge the savings-investment gap.

The Keynesian economics school of thought posits that government sourcing for external finance can be used to promote economic growth, through the financing of government deficit expenditures which stimulates aggregate demand and thus encourage increase in private investments. However excessive public debt can create debt burden for the country. Okonjo-Iweala (2013) argues that once an initial stock of debt grows to a certain threshold, servicing them becomes a burden, and countries find themselves on the wrong side of the Debt Laffer Curve, with debt crowding out investment and growth. Conversely, Bakare, in (2011) asserted that a country's indebtedness does not necessarily slow growth, rather it is the nation's inability to optimally utilize these loans to foster economic growth and development and ensure effective servicing of such debt that hampers the benefits derivable from borrowed capital resources.

Bye and large, external finance remains one of the major economic challenges facing governments in low income countries due to their persistence budget deficit and this has continued to attract the attention of international financial institutions, and bilateral lenders. Udeh (2013) notes that this has brought about the adoption of several initiatives capable of alleviating the debt burden which continues to hinder the growth prospects of most highly indebted poor countries (HIPC). Hence, the study aims at investigating the effect of external financing on economic growth in Nigeria.

Statement of Problem

The need to balance the savings-investment gap and offset fiscal deficits in developing countries compels government to source for external finance outside taxation. Nigeria like most highly indebted poor countries of the world is characterized by low economic growth and low per capita income, with domestic savings insufficient to meet developmental and other national goals. Nigerian exports are primary commodities with export earnings too small to finance imports which are mostly capital intensive (Manufactured) goods which are comparably more expensive (Siddique, Selvanathan & Selvanathan, 2015). Compounding the problem is Nigeria's drift to mono economy with the discovery of oil. The oil sector generates about 95% of foreign exchange earnings and about 80 percent of budgetary revenue. The inability to diversify her revenue sources coupled with corruption and mismanagement compels Nigeria to source for external finance to carry out its developmental projects There are various empirical studies that have been conducted on the effect of external financing on economic growth in Nigeria.

Olanrewaju, Abubakar and Abu (2015) examined the effect of government debt on economic growth in Nigeria between 1986 and 2013 – using the ordinary least square method. The study reveals that the impact of government debt on economic growth over the period under review is insignificant – with external debt which has been enormous over the years contributing minimally to real gross domestic product.

Raheem and Adeniyi (2015) examined both the total effect and the individual effects of the sources of capital inflow-foreign direct investment (FDI), official development assistance (ODA), remittances and debt as well as capital outflows (capital flight) on economic growth for 33 countries in Sub-Saharan Africa (SSA) for the period spanning 1970 to 2010. Using system generalised method of moments (Sys GMM), the findings show that FDI and Remittances significantly contributed to growth

Elekwa, Aniebo and Ogu (2016) investigating the effects of foreign portfolio investment on employment growth in Nigeria employed the ordinary least square (OLS)regression technique to estimate a single equation model, employing data for the period 1980 to 2014. It was found that in the long term, portfolio investment impact on employment growth was positively significant.

However, these conflicting findings in respect of positive and negative results tend to suggest that there are still inconsistencies in empirical findings with regards to Nigeria on the effects of external financing on economic development in Nigeria which implies that there is need for further research to be carried out on the contributions of external financing in Nigeria. Again, most studies were done on external debt and could not incorporate order sources of external financing such as foreign direct investment, official development assistance, remittances and foreign portfolio investment in a single model and equation to determine the real contribution of external financing on economic development in Nigeria. These shortcomings no doubt exposes the existing literature to some gap in knowledge desiring a more comprehensive study of external financing on economic development in Nigeria.

REVIEW OF RELATED LITERATURE

External Debt Stock

Debt is derived from the Latin word *"Debere"* meaning to owe. Debt has been conceptualized as resources of money used in an organization which is not contributed by its owners and does not in any other way belong to the shareholders (Imimole, Imoughele & Okhuese, 2014). Borrowing by countries occurs as a result of their inability to generate enough domestic savings to carry out productive activities. Such external borrowings by countries are meant to supplement the domestic savings and allow such countries to carry out productive activities (Ezeabasili, 2006).

A country can also borrow, in the short-term, from external sources to finance current account deficits arising from external disturbances in order to shore up its external reserves and hence strengthen her external liquidity position.

The reason for opting for external finance, as a means of ensuring sustained development rather than utilizing only domestic resources is predicated on the *Dual Gap Theory*. The theory postulates that investment is a function of savings, and that in developing countries; the level of domestic savings is not sufficient to fund the needed investment to ensure economic growth and development. Thus, it is logical to seek the use of complementary external goods and services (Osuji, & Ozurumba, 2013).

The acquisition of external funds, however, depends on the relationship between domestic savings, foreign funds, available investment, and economic growth. A guiding principle on when to borrow is a simple one. Borrow abroad so far as the fund acquired generates a rate of return that is higher than the cost of borrowing the foreign funds (Okolie, & Romanus, 2014). In essence, by following this guiding principle, a borrowing country is increasing capacity and expanding output with the aid of foreign savings. External debt does not automatically transform into debt burden when funds are optimally utilized. In an optimal condition, the marginal return on investment is greater than or equal to the cost of borrowing. Huge debt in less developed countries has often led to debt burden, constituting a major obstacle to economic growth of these countries. This has resulted to debt restructuring of various kinds. Debt restructuring is the renegotiation of existing debt on new terms that are accepted by both the creditor and debtor. Restructured debt can be in three ways: rescheduling of debt, debt relief and conversion of debt. (Ibi, & Aganyi, (2015).

Foreign Direct Investment

From the point of view of Development Assistance Committee (DAC) of the Organization for Economic Co-operation and Development (OECD), FDI is conceptualized as net financing by an entity in a developed country, which has the objective of obtaining or retaining a lasting interest in an entity resident in a developing country. The notion of lasting interest connotes a long-term relationship where the direct investor has a significant influence on the management of the enterprise, reflected by ownership of at least 10 percent of the shares of the enterprises, or equivalent in voting power or other means of control.

Foreign direct investment (FDI) is a major component of international capital flows. According to Ebekozien, Ugochukwu. and Okoye (2015), FDI refers to investment by multinational companies with headquarters in developed countries. This investment involves not only a transfer of funds (including the reinvestment of profits) but also a whole package of physical capital, techniques of production, managerial and marketing expertise, products advertising and business practices for the maximization of global profits.

Foreign direct investment could come to the capital-importing country as a subsidiary of a foreign firm. It could also come by means of formation of a company in which a firm in the investing company has equity holding or the creation of fixed assets in the other country by the nationals of the investing country (Obadan 2004).

Official Development Assistance

According to (Development Assistance Committee) of the Organization for Economic co-operation and Development ODA represents all inputs and resources which are provided to developing countries, including the grants which are conditioned by the following criteria:

(i) ODA must be provided by government agencies, including state and local governments or organizations acting on behalf of public agencies.

(ii) ODA must have as objective the economic promotion and development as well as the improvement of the living standards in developing countries in mind.

ODA can be either bilateral (if they are intended directly to a developing country) or multilateral when they pass through an international organization, such as the World Bank or the European Commission. This ODA, comes entirely from DAC member countries through two channels:

The first is directly given by the Member States as part of their bilateral aid. The second is managed by the multilateral institutions

Bilateral ODA represents about two-thirds of ODA and multilateral assistance accounts for the rest. Official development assistance (ODA), more commonly known as foreign aid consists of resource transfers from the public sector, in the form of grants and loans at concessional financial terms, to developing countries. Recent years have seen a surge in calls for more ODA to developing countries in order to eliminate poverty. Developed countries, international organizations and other Philanthropists have all made renewed pleas for a massive infusion of development aid to developing countries including Nigeria. Experts who argued in favour of more aid are of the view that injecting more foreign aid would materially benefit the people of the recipient country (Okafor, Ugwuegbe & Ezeaku,2016).

Remittance

Remittance is the fraction of a migrant workers income sent from the country of employment to the home country (Orji, (2014). Olaleye, (2015), defined remittances as money-transfers, earned by workers abroad and sent to persons in their country of origin. Udah, (2011) saw remittances to be both monetary and physical resources that are earned and acquired by migrants as they ply their trade abroad. These are what make up what they send to their loved ones back home in their home countries. Chami et al (2008) are of the opinion that remittances are solitary and are not market-based individual exchanges between families across nations.

According to Englama (2007), the definition of remittances adopted by countries is that of the Balance of Payment Statistics Manual of the international Monetary Fund (IMF), where remittances are comprised of 3 components namely: migrant transfers, employee's compensation and remittances of workers. Remittances are the portion of international migrant workers' earnings sent back from the country of employment to the country of origin, and play a central role in the economies of many labour-sending countries. Workers' remittances consist of goods or financial instruments transferred by migrants living and working abroad to residents of the home economies of the migrants. It is limited to transfer made by workers who have stayed in foreign countries for at least one year, while workers who are self-employed are excluded (IMF,
1999). Remittance has been part of human activity and has always been connected to migration which has ever been a part of human history.

Migration and remittances have increased remarkably in recent years in a way that both have become essential and significant particularly for poor and developing countries of the world
(Piot-Lepetit and Nzongang 2014; Odozi et al. 2010; Kihangire & Katarikawe 2008). Recently, there has been an immense increase of literature on remittances as remittances became an external source of funding for many developing countries as well as the current attention and interest given to it by International Monetary Fund (IMF), the European Union Commission (EUC), World Bank (WB) and National financial institutions (Dercon 2009; Sergi et al. 2007). This work draws on the existing literature on migration and remittance to understand the socio-economic impact of remittances in developing countries of the world.

Economic Development

Economic development encompasses progress in providing livelihood on a sustainable basis, access to education and basic healthcare for the majority of the population (Belshaw & Livingstone, 2002). Economic development' is a process in which a nation is improving in the sector of the economic, political, and social well being of its people. The term has been used frequently by economists, politicians, and others in the 20th and 21st centuries. The concept, however, has been in existence in the West for centuries. "Modernization, westernization and especially industrialization, are other terms often used while discussing economic development. Economic development has a direct relationship with the environment and environmental issues Economic development is very often confused with industrial development, even in some academic sources. Whereas economic development is a policy intervention endeavor with aims of improving the economic and social well being of people, economic growth is a phenomenon of market productivity and rise in GDP. Consequently, economic growth is one aspect of the process of economic development.

Theoretical Framework

The study is anchored upon the theory of Harrod-Domar model which was developed independently by Sir Roy Harrod in 1939 and Evsey Domar in 1946. It is a growth model which states that the rate of economic growth in an economy is dependent on the level of savings and the capital output ratio. If there is a high level of savings in an economy, it provides funds for firms to borrow and invest. Investment can increase the capital stock of an economy and generate economic growth through the increase in production of goods and services. The capital output ratio measures the productivity of the investment that takes place. If capital output ratio decreases the economy will be more productive, so higher amounts of output is generated from fewer inputs. This again, leads to higher economic growth. The model suggests that if developing countries want to achieve economic growth, governments need to encourage saving, and support technological advancements to decrease the economy's capital output ratio.

Empirical Review

Peter and Mabel (2018) applied both descriptive and quantitative techniques to evaluate the macroeconomic impact of remittances on economic development in Nigeria. Specifically, the study used Autoregressive Distributed Lag (ARDL) model to estimate the model. Based on the results, the positive coefficient of remittances implies that increased levels of remittances inflow into the country will spur economic development.

Udeh., Ugwu, and Onwuka, (2016) ascertained the impact of external debt on economic growth in Nigeria. Ex-post facto research design was adopted for the study. Data were analyzed using Ordinary Least Square. Diagnostic tests were conducted using Augmented Dick Fuller Unit Root Test, Co-integration and Error Correction Model. The independent variable was GDP, while the explanatory variables were external debt stock, external debt service payment and exchange rate. The study discovered that external debt had a positive relationship with Gross Domestic Product at short run, but a negative relationship at long run. While external debt service payment had negative relationship with gross domestic product

Rasheed and Olusola (2016) analyzed Nigeria's external debt management and economic growth from 1980-2012 using Ordinary Least Square Regression approach. The study shows that debt contribute significantly to real gross domestic product during the period under consideration in the same vein, they calculated for exchange rate (2.60) is also greater than critical t of 1.71. This indicates that exchange rate contribute significantly to the real gross domestic product during the period under consideration

Ezeabasili, Isu and Mojekwu (2011) in their study investigated the relationship between Nigeria's external debt and economic growth, between 1975 and 2006 using Johansen cointegration approach, error correction method and granger causality test. The result of error correction estimates revealed that external debt has negative relationship with economic growth in Nigeria. For example, a ten per cent increase in external debt resulted in a decrease of 0.027 per cent in Gross Domestic Product, while a 10 per cent increase in total debt service resulted to 0.034 per cent (decrease) in Gross Domestic Product. These relationships were both found to be significant at the 10 per cent level. In addition, the pairwise Granger Causality test revealed that uni-directional causality exists between external debt service payment and economic growth at the 10 percent level of significance.

Bashir (2016) examined the impact exacted by foreign assistance in the form of official development assistance (ODA) and foreign direct investment (FDI) on real growth in Nigeria over the period 1980 to 2011. Using the Two-Gap model and various econometric techniques which include Augmented Dickey Fuller (ADF) test, Granger causality test, Johansen co-integration test and Error Correction Method (ECM), empirical results reveal that there is Granger no-causality between any pair of the variables. Findings of the study also established a negative relationship between FDI and real growth as ODA exacts no impact on real growth in the country.

Iyabo and Taofik (2015) examined the effect of four different types of developmental aid on economic growth in Nigeria utilizing the Two-Stage Least Square (2SLS) estimation technique between 1970 and 2012. The empirical estimates show that multilateral aid had more impact on growth compared to bilateral aid from Nigerian's trading partners, top-five CDI ranked countries, and Nordic countries. Our findings support the need for stringent conditionalities and standard monitoring and evaluation framework by donors in order to promote meaningful impact of developmental aid on economic growth.

Minta and Nikoi (2015) analysed the impact of migrant remittances on socio economic development in Ghana, made use of regression analysis as well as annual time series data for the period 1992 to 2012 with emphasis or focus on growth and poverty. The variables of interest to the study were economic growth (measured by GDP), remittances, FDI, poverty and inflation. The study found remittances and FDI to be positively related to economic growth in Ghana while inflation negatively influenced it.

Bayar (2015) conducted a study on the impact of remittances on the economic growth in the transitional economies of the European Union. The main aim of the study was to appraise the causal relationship between variables like Real GDP per capita growth, personal remittances inflows and net Foreign Direct Investment, for the period 1996 to 2013. The study employed a panel regression and cointegration techniques in determining the causality among the variables. A unidirectional relationship was observed from remittances to economic growth at one period lag, and at two and three lags from FDI net inflow to economic growth. Consequently, the level of income growth in these countries can be hugely tied to the net inflows of remittances and FDI.

Beatrice and Samuel (2015) investigated the effect of remittances on economic growth in Kenya from 1993 to 2013, using the Granger causality test and the OLS estimation techniques. The variables included in the model include; population, investment, openness, enrolment, inflation, net export, government consumption and remittances.

Adarkwa (2015) examined the impact of remittances on economic growth in four West African countries namely: Cameroon, Cape Verde, Nigeria and Senegal over the period 2000-2010. Linear regression was used to estimate the relationship among the variables. The findings of the study demonstrated that the impact of remittances on the GDP of Senegal and Nigeria was positive while for Cameroon and Cape Verde was negative. According to the study, Nigeria benefitted the most.

METHODOLOGY

Research Design

The study adopted an ex-post facto research design because the data for the study are secondary data which were collected from the World Development Indicators, 2019 and Central Bank of Nigeria Statistical Bulletin, 2019. The model aims to regress a number of selected external financing variables on economic development in Nigeria. Economic developments were proxied by per capita income which is the dependent variable (Y) while External Debt Stock, Foreign Direct Investment, Official Development Assistance and Remittance are the independent or explanatory variables(X).

Model Specification

The model used for the study is the adaptation and modification from the work of James and Ikechukwu (2015) who examined eternal financing and economic development in Nigeria.

The model is stated thus:

PCI=f (ODA, FDI, EDS)

Where

PCI= Per Capita Income
ODA= Official Development Assistance

FDI= Foreign Direct Investment
EDS= External Debt Stock
b0 = the constant
b_1- b_3 = the coefficients of the explanatory variables
Ut = Error term

The model was adopted and modified by including remittance as one of the explanatory variables

PCI=f (ODA, FDI, EDS)

The Econometric Equation Form of the Model is:

$PCI=b_0 + b_1 ODA + b_2FDI+ b_3 EDS+ b_4 RMT + Ut$ - - - 1

Where

PCI= Per Capita Income
ODA= Official Development Assistance
FDI= Foreign Direct Investment
EDS= External Debt Stock
RMT= Remittance
b0 = the constant
b_1- b_3 = the coefficients of the explanatory variables
Ut = Error term

Method of Analyses

The data are analyzed with econometric techniques involving descriptive statistics, Augmented Dickey Fuller, Philip Perron Tests for Unit Roots and the Ordinary Least Square (OLS).

DATA ANALYSIS

Table 1: Descriptive Statistics

	PCI	EDS	FDI	ODA	RMT
Mean	4.394300	70.29614	3.194390	1.141101	3.814033
Maximum	33.73578	228.3717	10.83256	8.120039	13.04258
Minimum	10.75170	4.130980	0.652160	0.301180	0.010418
Std. Dev.	7.152333	63.33341	2.281805	1.674042	3.696812
Observations	32	32	32	32	32

Source: Eviews 9.0

The results of the mean shows that average per capita income in Nigeria are 4.3. This figure is high enough to insinuate that Nigeria is growing economy. The maximum and minimum values for the variables showed 33.73% and -10.75% for per capita income respectively. Also the standard deviation showed that there is a very wide variation in the standard of living in Nigeria. This signifies an unstable economy.

The mean of external debt stock (EDS) showed a 70% of PCI in Nigeria is affected by the external debt stock. This value is pegged at 3.19% for FDI, 1.14% for ODA, 3.81% for RMT and 0.006% for FPI. The maximum and minimum values for the variables showed 228% and 4.13% for EDS respectively; and the standard deviation is 63.33%. This values show that external debt stock is very high in Nigeria. This implies that Nigeria is heavily indebted.

Other external financing sources showed a maximum and minimum value are 10.83% and 0.065% for FDI, 8.12% and 0.30% for ODA, 13.04% and 0.01% and 0.09% respectively. These values showed a minimal contribution from these sources to Nigeria PCI.

Table 2: Summary Unit Root test for Stationarity

Variables	ADF Statistic	Order Of Integration	Level of Significance
PCI	-4.668720	1(0)	5%
FDI	-3.839292	1(0)	5%
EXDS	-6.000361	1(0)	5%
ODA	-3.888541	1(0)	5%
RMT	-4.037522	1(0)	5%

Source: Computed from E- view 9.0

The variables were tested for stationarity. The test aimed to understand the state at which the variables can be held stable for regression analyses. This test becomes pertinent because time series variables are often prone to non-stationarity which is capable of distorting the reliability of regression results. The variables used in the analysis were subjected to Augmented Dickey Fuller (ADF) Tests, to determine whether they are stationary series or non-stationary series. The variables were tested for stationarity. The results of the study indicate that all the variables were stationary at 5% level [1(0)].
From the analyses of stationarity of the variables, it was seen that all the variables have stationarity at level. Thus, the most suitable tool of analyses is the Ordinary Least Squire (OLS) which is capable of handling stationary at level I(0) were used for the data analysis.

Ordinary Least Squire Regression Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.301739	0.146105	2.065220	0.0055
RMT	3.041448	0.021113	2.963169	0.0023
EDS	4.013367	0.019159	2.697686	0.0424
FDI	1.051059	0.033448	2.526521	0.0364
ODA	5.028410	0.012804	2.218839	0.0013

R-squared	0.740802	Mean dependent var	0.433810
Adjusted R-squared	0.725303	S.D. dependent var	0.077941
S.E. of regression	0.058403	Akaike info criterion	-2.638627
Sum squared resid	0.054575	Schwarz criterion	-2.389931
Log likelihood	32.70559	Hannan-Quinn criter.	-2.584654
F-statistic	3.504723	Durbin-Watson stat	2.943816
Prob(F-statistic)	0.006761		

Source: Computation from E-view Version 9.0

From the results of the OLS, it is obvious that the constant parameter (Bo) is positive at 2.301739. This means that if all the independent variables are held constant, per capita income as the dependent variable will grow by 2.301739 units in annual-wide basis.
Remittance (RMT): The coefficient of remittance 3.041448 with a t-statistics value of 2.963169 and a probability value of 0.0023, which implies that a remittance has positive and significant effect on standard of living of average Nigerian citizen.
External Debt Stock (EDS): The coefficient of external debt stock is positive at 4.013367 with a t-statistics value of 2.697686 and a probability value of 0.0424, which means that external debt stock has positive and significant effect on standard of living of average Nigerian citizen
Foreign Direct Investment (FDI): The coefficient of foreign direct investment is positive at 1.051059 with a t-statistics value of 2.526521 and a probability value of 0.0364, which means that foreign direct investment, has positive and significant effect on standard of living of average Nigerian citizen
Official Development Assistance (ODA): The coefficient of official development assistance is positive at 5.028410 with a t-statistics value of 2.218839 and a probability value of 0.0013, which means that foreign direct investment, has positive and significant effect on standard of living of average Nigeria citizen
The coefficient of determination (R^2) = 0.725303 showed that about 73% of changes in the standard of living of average Nigerian citizen is accounted for by the level of external financing in Nigeria. This implies that external financing is one major contributor on standard of living of average Nigerian citizen
The F-statistic value of 3.504723 and probability value of 0.006761 shows that there is significant effect between the dependent and independent variables in the model
The Durbin-Watson Statistics value of 2.943816 shows that the variables in the model are not autocorrelated

DISCUSSIONS OF FINDINGS

The result of the ordinary least square (OLS) indicates that:

Remittance (RMT): has positive and significant effect on standard of living of average Nigerian citizen. The results of our findings are consistent with the work of Kanu (2015), in terms of foreign portfolio investment, it was discovered that foreign portfolio investment has positive relationship with Nigerian economy

External Debt Stock (EDS): has positive and significant effect on human standard of living of average Nigerian citizen. The result of our findings are consistent with the work c of Edu and Bassey (2015), who posit that external debt stock has positive effect on economic development in Nigeria.

Foreign Direct Investment (FDI): has positive and significant effect on standard of living of average Nigerian citizen. The result of our findings is consistent with the work of Nwosa (2014), it was discovered that foreign direct investment has positive effect on average Nigerian citizen

Official Development Assistance (ODA): has positive and significant effect on standard of living of average Nigerian citizen. The results of our findings are consistent with the work of Olaleye (2015), who posit that official development assistance has positive effect on economic development in Nigeria.

CONCLUSION

The result of the study indicates that remittance, external debt stock, foreign direct investment and official development assistance have positive and significant effect on standard of living of average Nigeria citizen

The study concludes that external financing has positive effect on standard of living of average Nigeria citizen within the period under review

RECOMMENDATIONS

1. Policies makers should encourage ethnocentrism such as good value system and good remuneration to enhance standard of living of average Nigerian citizen
2. External debts should be contracted solely for economic reasons and not for social or political reasons. This is to avoid accumulation of external debt stock overtime and prevent an obscuring of the motive behind external debt. The authorities responsible for managing Nigeria's external debt should adequately keep track of the debt payment obligations and the debt should not be allowed to pass a maximum limit so as to improve standard of living of average Nigeria citizen
3. The government should attract foreign direct investment into Nigeria by creating the enabling environment for industries and commerce. An effective policy should be made based on the fiscal and monetary policies which should be aimed at achieving a realistic foreign direct investment to promote standard of living in Nigeria
4. Since theories have supported that these capital channels should boost standard of living in Nigerian, it is pertinent that Nigeria government should investigate the spending pattern of the funds obtained through official development assistance

REFERENCES

Abdullahi YZ, Aliero H.M, & Abdullahi M., (2013). Analysis of the relationship between external debt and economic growth in Nigeria. *Interdisciplinary Rev of Eco & Mgt (2),5,7*

Abud, E. E., Abdullah, H. & Jaffar, A. S. (2014). Analysis on the long run relationship between the economic growth and its determinants of selected North African Countries: *International Review of Management and Business Research, 3(2),* 1026 – 1037.

Abula M., & Ben D. M., (2016).The impact of public debt on economic development of Nigeria: *Asian research journal of arts & social sciences (1),7,5*

Adarkwa , M. (2015). Impact of remittances on economic growth: Evidence from selected West African Countries (Cameroon, Cape Verde, Nigeria and Senegal),*African humane mobility review* , (1),2,5

Adeagbo, O. & Ayansola, O. A. (2014). Impact of remittances on development in Nigeria:

Adegboye, C. A., Ogbebor, A. O & Egharvba, M. I. (2014). External capital flows and economic growth in Nigeria .*JORIND,* 12 (2), 91 – 98.

Ajayi, E. O., Adedeji, O. A., Giwa B. A., & Araoye F. E. (2017). Dynamic impact of remittance on economic growth in Nigeria: *Journal of Accounting and Financial Management (3),3,7*

Ajayi, L. B. & Oke, M. O. (2012). Effect of external debt on economic growth and Development of Nigeria: *International Journal of Business and Social Science,* 3(12*),* 297 – 304.

Ayadi, F. S. & Ayadi, F. O. (2008). The impact of external debt on economic growth: A Comparative study of Nigeria and South Africa: *Journal of Sustainable Development in Africa, 10(3),* 234-264.

Ayanwale, A.B. (2014). Foreign direct investment and economic growth: evidence from Nigeria foreign private investment and economic growth: evidence from Nigeria, *African Economic research consortium, Kenya-Nairobi, Modern lithographic (K) Ltd.*

Bada, O.T.,(2016).Empirical evaluation of the effect of foreign portfolio investment on nigerian economic growth: *International Journal of Comparative Studies in International Relations and Development Hard Print: (4),1,7*

Baghebo, M & Apere, T. O (2014). Foreign portfolio investment and economic growth in Nigeria (1986-2011): *International Journal of Business and Social Science (5),7,9*

Bashir O. K., (2016). Foreign assistance and economic growth in Nigeria: The Two-Gap Model

Bayar Y. (2015). Impact of remittances on the economic growth in the transitional economies of the European Union: *Journal of Economics and Finance* (3),7,5

Chigbu, E. E., Ubah, C. P. & Chigbu, U. S. (2015). Impact of capital inflows on economic growth of developing countries: *International Journal of Management Science and Business Administration,* 1(7), 7-21.

Cholifihani, M. (2008). A cointegration analysis of public debt service and GDP in Indonesia. *Journal of Management and Social Sciences,* 4 (2), 68-81.

Ekperiware & Oladeji (2012). External debt relief and economic growth in Nigeria: *American Journal of Economics,* 2(7), 195-205.

Ekwe, M. C.& Inyiama, O. I. (2014). Foreign capital flows and growth of the Nigeria economy: An empirical review. *International Journal of Economics and Finance*, 6(4), 103 – 109. doi:10.5539/ijef.v6n4p103.

Elekwa, A. & Ogu, D. (2016). The effects of foreign portfolio investment on employment growth in Nigeria: *International Journal of Business Finance and Development*. (7),3,5

Englama, A. (2007). The impact of remittances on economic development. Publication of the Central Bank of Nigeria, 31(4), 5-17.

Ezeabasili, V. N., Isu, H. O., & Mojekwu, J. N. (2011). Nigeria's External Debt and Economic Growth: An error Correction Approach. *International Journal of Business and Management, 6(5),* 156 – 170.

Ferdaous, J. (2016). Impact of remittances and FDI on economic growth: A panel data analysis. *Journal of Business Studies Quarterly,* 8(2),58 – 77.

Girma, H. (2015). The impact of foreign aid on economic growth: Empirical evidence from Ethiopia (1974-2011)using ARDL approach. *Journal of Research in Economics and International Finance,* 4(1), 1 – 12.

Glytsos N (1993). Measuring the income effects of migrants remittances: A methodological approach applied to Greece. *Economic Development and Cultural Change*, 42(1): 131-168

Ibenta, S. O. N. (2005). *Investment analysis and financial management strategy.* Enugu: Institute for Development Studies.

Iyabo A. O., & Taofik M. I., (2015). Does Developmental Aid Impact or Impede on Growth: Evidence from Nigeria: *International Journal of Economics and Financial Issues*

Jhingan, M.L. (2005). The Economics of Development and Planning.Vrinda Publications Limited, Delhi.

Jones, C. (2002). *Introduction to Economic Growth*.2nd Ed. www.norton co. New York

Kanu, S. I. (2015). Foreign capital inflows and economic growth in Sub-Saharan Africa: A study of selected countries. *Research Journal of Finance and Accounting,* 6(1), 52 – 64.

Kasidi, F. & Said, A. M. (2013). Impact of external debt on economic growth: A Case Study of Tanzania. *Advances in Management & Applied Economics,3(4),* 59-82.

Lipsey, R. E., (1999). The role of foreign direct investment in international capital flows, *NBER Working Paper No. 7094.*

Makori, A. M., Kagiri, A.&Ombui, K. (2015).Effects of external capital inflows on the economic growth in Kenya. *Prime Journal of Social Science*4(11), 1140-1149.

Malik, S. Hayat M.K & .Hayat M.U. (2010). External debt and economic growth". retrieved

Maphosa F (2005). The Impact of Remittances from Zimbabweans Working in South Africa on Rural Livelihoods in Southern Districts of Zimbabwe. *Forced Migration Working Paper* Series #14. University of the Witwatersrand, South Africa.

Mbah S. and Amassoma D. (2014). The Linkage between Foreign Aid and Economic Growth in Nigeria: *International Journal of Economic Practices and Theories, (4),6,9*

McKinnon, R.I. (1964). Foreign exchange constraints in economic development and efficient aid allocation. *Economic Journal*, 74, 388-409.

Mintah, I. S. & Nikoi, A. N. (2015).Impact of migrant remittance on socio-economic development of Ghana. Developing Country Studies, 5(14), 104-111

Mintah, I. S. & Nikoi, A. N. (2015). Impact of migrant remittance on socio-economic development of Ghana.Developing Country Studies, 5(14), 104-111.

Nweke, J, E. C. (2015). Impact of foreign capital inflows on economic growth and self-employment in Ethiopia. Masters programme in Economic History, School of Economics and Management, Lund University.

Nwosa P. & Amassoma D. (2014). Capital inflows and exchange rate in Nigeria: *Mediterranean Journal of Social Sciences (5) 7*

Nyeadi, J. D., Yidana, N. & Imoro, M (2014).Remittances and economic growth nexus: Empirical evidence from Nigeria, Senegal and Togo. International Journal of Academic Research in Business and Social Sciences, 4(10), 158-172.

Nyeadi, J. D., Yidana, N. & Imoro, M (2014).Remittances and economic growth nexus: Empirical evidence from Nigeria, Senegal and Togo. International Journal of Academic Research in Business and Social Sciences, 4(10), 158-172.

Nyeadi, J.D., & Atiga, O. (2014). Remittances and economic growth: Empirical evidence from Ghana. European Journal of Business and Management 6(25), pp. 142-149.

Obudah, B.C. & Tombofa, S.S. (2013). Effects of interest rate and debt on equity investment". *American Journal of Humanities and Social Sciences. Vol. 1.*

Odhiambo, N.M. (2011).Financial deepening, capital inflows and economic growth nexus in Tanzania: A Multivariate Model: *Journal of Social Sciences,(28),1,7.*

Ogunlana, A. (2005). Nigeria and the Burden of external debt: The Need for Debt Relief. Central Bank of Nigeria. Retrieved from http://www.g24.org/TGM/ongu0905.pdf.

Ogunmuyiwa, M.S. (2011). Does external debt promote economic growth?, *Current Research Journal of Economic Theory* 3(1), 29 – 35.

Okafor, E. I., Ezeaku, H. C. & Eje, G. E. (2015). Foreign investment and its effect on the economic growth in Nigeria: A triangulation analysis. *IOSR Journal of Economics and Finance (IOSR-JEF),* 6(4), 01-07.

Okafor, E. I., Hillary C.,& Grace C., (2015). Foreign investment and its effect on the economic growth in Nigeria: *IOSR Journal of Economics and Finance (6) 4 01-07*

Olanrewaju, M. H., Abubakar,S. & Abu, J. (2015). Implications of external debt on the Nigerian Economy: Analysis of the Dual Gap Theory: *Journal of Economics and Sustainable Development, 6(13),* 238 – 248.

Olubiyi, E.A. (2014). Trade, remittances and economic growth in Nigeria: Any causal relationship? African Development Review 26(2), pp. 274-286.

Olusanya, A. (2013). The impact of foreign direct investment inflow on economic growth in pre and post deregulated Nigerian economy: *International Journal of Economics and Business (3),7,5*

Orji, Uche&Ilori (2014). Foreign capital inflows and growth: An empirical analysis of WAMZ experience. *International Journal of Economics and Financial Issues,* 4(4), 971-983.

Osuji, C. C. & Ozurumba, B. A. (2013). Impact of external debt financing on economic development in Nigeria: *Research Journal of Finance and Accounting,* 4(4*)*, 92 – 98.

Paul E, Chibueze A & Callistus O. (2016). Does foreign portfolio investment affect employment growth in Nigeria: *Journal of Economics and Sustainable Development* (7)12

Peter Ubi (2018). Remittances and economic development in Nigeria: A macroeconomic approach: *International Journal of Economics, Commerce and Management United Kingdom (6),5,3*

Pradhan, K. C. (2015). Does remittance drive economic growth in emerging economies: Evidence from FMOLS and Panel VECM. Theoretical and Applied Economics (3),6,8

Puapan, P. (2014). Assessment of FDI Impact on Thailand's Production sectors: implications for Investment Promotion Activities. Institute of Developing Economies (IDE) Discussion Paper No. 443.

Raheem, I. D.& Adeniyi, O. A. (2015). Capital inflows and outflow and economic growth in Sub-Saharan Africa. *International Journal of Economics and Business Research*, 10(1),66 – 80.

Rajan, R. G. & Subramanian, A. (2007). Does Aid Affect Governance? American Economic Review, 97(2): 322-327.52.

Ratha D (2003). *Workers' Remittances: An Important and Stable Source of External Finance.* World Bank, Global Development Finance, Washington DC.

Ratha D (2003). *Workers' Remittances: An Important and Stable Source of External Finance*. World Bank, Global Development Finance, Washington DC. World Bank 2013. Migration and Remittance Flows: Recent Trends and Outlook, 2013-2016. *Migration and Development Brief,* 21.

Shiro, A.A (2010). The impact of foreign direct investment on the Nigerian Economy: *department of finance, University of Lagos, Nigeria.*

Siddique, A., Selvanathan,E.A. & Selvanathan, S. (2015). The impact of external debt on economic growth: Empirical evidence from highly indebted poor countries. Discussion Paper 15.10. University of Western Australia Department of Economics

Sulaiman, L. A. & Azeez, B. A. (2012). Effect of external debt on economic growth of Nigeria: *Journal of Economic Sustainable Development,* 3, 8 - 17.

Udeh S. N., Ugwu J. I., & Onwuka I. O., (2016). External debt and economic growth: the Nigeria experience: *European Journal of Accounting Auditing and Finance Research (4),2,7*

Udoka, O.C., & Ogege, S. (2012). Public debt and the crisis of development in Nigeria: Econometric investigation. *Asian Journal of Finance & Accounting*,4(2), 231 – 243.

Umaru, A. Hamidu, A.A, & Musa, S., (2013). External debt and domestic impact on the growth of the Nigerian Economy: *International Journal of Educational Research (7),4,6.*

World Bank (2011). *Migration and Remittances Factbook.* 2nd Edition. Washington D.C.: The International Bank for Reconstruction and Development/ the World Bank.

World Bank (2014). world development indicators Washington D.C, U.S

Zoch B (2007). Developmental Potential of Migrant Remittances Focus on Development Policy. Policy Papers. From <http://www.kfw-entwicklungsbank.de.> (Retrieved on 5 April 2014).