

THE ROLE OF FOREIGN AID IN SHAPING PAKISTAN'S ECONOMIC AND POLITICAL DEVELOPMENT

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Abstract

Foreign aid has profoundly shaped Pakistan's economic and political landscape. This study seeks to comprehensively examine its multifaceted impacts. Existing literature offers varied perspectives on foreign aid's role: it is credited with stimulating economic growth and poverty alleviation, yet criticized for fostering dependency and governance issues. Contextual factors and recipient dynamics play crucial roles in determining aid effectiveness. Drawing on theoretical frameworks like dependency theory, modernization theory, and political economy, this study explores how foreign aid influences Pakistan's development. It aims to: trace the historical evolution of foreign aid in Pakistan, evaluate its impact on key economic indicators such as GDP growth, poverty levels, and income inequality, and analyze its influence on political dynamics including governance, democracy, and geopolitical alignments. Despite substantial aid inflows, Pakistan grapples with persistent developmental and political challenges. This research aims to uncover the underlying reasons for this gap and suggest potential pathways for improvement. Employing qualitative and quantitative methods such as literature review, case studies, and statistical analysis of diverse data sources (official reports, academic journals, and policy documents), the study intends to provide

empirical evidence and theoretical insights. In conclusion, understanding the nuanced impacts of foreign aid on Pakistan is crucial for policymakers and scholars alike. By shedding light on both its successes and limitations, this study aims to contribute to informed decision-making and effective aid strategies in the future.

Keywords: *Foreign aid, Pakistan's challenges, economic issues, political landscape, policy-makers.*

INTRODUCTION

Foreign aid significantly aids social and economic development in nations like Pakistan by providing resources for poverty reduction, infrastructure, healthcare, education, and sustainable growth. It also supports emergency relief, reconstruction, humanitarian crises, and peace-building efforts, enhancing stability and security. Aid facilitates technology transfer, information exchange, and capacity building, bolstering governance, productivity, and resilience against external shocks. Since independence in 1947, Pakistan has relied on aid from international financial institutions, multilateral organizations, and bilateral donors to address development challenges and promote economic growth. In its early post-independence years, Pakistan relied heavily on foreign aid from countries like the United States and the United Kingdom to fuel economic growth and meet security needs. During the Cold War, Western aid, drawn by Pakistan's strategic location, countered Soviet influence. Alongside bilateral partners, international institutions such as the ADB, World Bank, and IMF have supported Pakistan in agriculture, education, healthcare, and infrastructure. Challenges like corruption and inefficiency have hindered aid effectiveness, yet it remains crucial for Pakistan's development goals, especially in disaster relief, infrastructure, and poverty alleviation efforts.¹

LITERATURE REVIEW

Das and Sethi (2019) analyzed "Effect of Foreign Direct Investment, Remittances, and Foreign Aid on Economic Growth: Evidence from Two Emerging South Asian Economies." Their study examines the impact of government aid, remittances, and FDI on Sri Lanka and India's economic growth using yearly data from 1980 to 2016. They employed Granger causality and vector error correction models to assess short- and long-term relationships. Impulse response and vector decomposition analyses were used to estimate forecast error variance and the impact of shocks. Findings indicate foreign aid and remittances significantly drive growth in Sri Lanka, while FDI and remittances are key to India's economic growth.

In their paper "Does Foreign Aid Hinder Economic Complexity in Developing Countries?" published on May 12, 2021, Brice Kamguia, Sosson Tadadjeu, Clovis Miamo, and Henri Njangang examine the impact of foreign aid on the economic complexity of 78 developing nations from 1990 to 2017. They find that foreign aid can reduce economic complexity, with varying effects depending on the recipient country's initial level of complexity and the type of aid received.

Specifically, aid negatively affects economic complexity in less complex economies but can have a positive impact in more complex ones, particularly in sectors like energy and education, while adversely affecting agricultural and humanitarian sectors. The study also identifies a U-shaped relationship between economic complexity

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and aid, highlighting that democracy mitigates aid's negative effects on economic complexity. These findings underscore the importance of democratic governance in maximizing the benefits of foreign aid for economic development in recipient countries.

In "Foreign Aid Effectiveness and the Strategic Goals of Donor Governments" by David H. Bearce and Daniel C. Tirone, the study argues that foreign aid can foster economic development by facilitating reforms in recipient countries, but only when donor governments' strategic interests are minimal. The article shows that aid correlates positively with economic reform after 1990, when Western governments could credibly link aid to reform demands. During the Cold War and its aftermath, aid effectiveness was compromised by geopolitical motives of donors. The research concludes that aid has supported economic growth post-1990, reflecting reduced strategic considerations among Western donors.

Craig Burnside and David Dollar's seminal work finds that "Aid has a positive impact on growth in developing countries with good fiscal, monetary, and trade policies but has little effect in the presence of poor policies." This has profound policy implications, suggesting that aid can spur economic growth effectively only in countries with robust policies. This insight guides international assistance strategies, emphasizing the importance of targeting aid to nations with sound policies. The Burnside-Dollar findings have influenced public policy, international organizations, and media discourse.

Their study initially used data up to 1993, but subsequent research has expanded and updated the dataset through 1997, incorporating more countries and observations. This allows for a reevaluation of how aid affects growth under different policy conditions using the Burnside-Dollar methodology, building upon earlier literature constrained by data limitations and differing econometric approaches.

Boone's research suggests foreign aid increases government size but reduces investment and economic growth. Burnside and Dollar found aid positively impacts growth only when coupled with sound fiscal, trade, and monetary policies. Easterly, Levine, and Roodman's extensive analysis found no clear link between aid and economic progress across different policy environments. Rajan and Subramanian similarly concluded that neither aid type nor policy environment consistently benefits growth. Akramov's recent study shows aid to social sectors like health and education doesn't boost growth, but supports infrastructure and specific industries like mining and manufacturing. Wagner's research highlights aid's significant impact on exports during the 1990s. Lloyd et al. also found a correlation between aid and trade, though its strength and direction vary in scholarly findings.

*The article *Inclination or sway?*¹ an analysis of US foreign aid to Israel using empirical data by the author Wang Yun. Two opposing theoretical frameworks are frequently used as the driving forces behind research on the factors that influence US foreign assistance to Israel. Organski was the pioneer in this paradigm, which views aid as a win-win agreement that advances US interests in the Middle East. The pro-Israel interest organizations' tremendous effect on U.S. foreign policy decision-making is seen as a consequence of the influence paradigm, which is well shown by Mearsheimer and*

Waltz. By employing methodical data analysis, this paper aims to provide fresh insight into the controversy. Based on the data, the self-interest paradigm is consistently supported.

Jaber Hadi's study examines foreign aid's role in Iraq's economic and social development. Despite being a major oil producer in the Middle East, Iraq relies heavily on foreign aid due to internal challenges. The research compares Iraq to its oil-rich neighbors, highlighting factors like conflict, poor governance, and corruption that contribute to its dependence on international assistance. This reliance poses risks to Iraq's economic progress despite its natural resources.

In 2022, foreign aid in the Ukrainian conflict has evolved significantly compared to previous crises like Bosnia in 1992, as detailed by Igor Pellicciari. State-funded aid programs now emphasize quick Western responses, state donor leadership over NGOs, diverse aid types including food aid and legal assistance, extensive post-conflict planning, and aid as a strategic tool, shifting from sanctions against adversaries to support for allies. Pellicciari argues for an institutional-realist approach to understand how state donors' geopolitical strategies shape aid distribution, highlighting the alignment of aid with national interests and foreign policy goals.

Mp Madhusanka² wrote a paper titled "The Effect of Foreign Aids on Economic Growth of Sri Lanka."³ This essay examines how foreign aid has affected Sri Lanka's economic expansion. This study was carried out by concentrating on earlier studies that were carried out on the same subject for a number of Asian and emerging nations. For this study, World Bank data spanning from 1989 to 2017 were utilized. To examine the data, both econometric and descriptive approaches were employed. The OLS approach was used to examine how foreign aid affected economic expansion. The results showed that foreign aid has a direct effect on economic growth. Proper oversight of money usage and appropriate policy implications also contributed to the acceleration of economic growth.

An illuminating exploration of Pakistani society, politics, and culture, Anatol Lieven's "Pakistan: A Hard Country" delves deep into the complexities of this enigmatic nation. Lieven paints Pakistan as a resilient "hard country," navigating through intricate geography, volatile politics, rich history, and diverse cultures. He portrays Pakistan as a land of paradoxes, balancing democracy with authoritarianism, tradition with modernity. Lieven argues that Pakistan's enduring societal structures contribute to its resilience amid economic disparity, political unpredictability, and religious fervor. He also analyzes external influences, particularly from the US, including military aid and geopolitical dynamics. Through meticulous fieldwork and interactions with Pakistanis, Lieven offers invaluable insights into the country's dynamics, inviting readers to understand its past, present, and future challenges and opportunities. His nuanced approach and compelling narrative illuminate the complexities and potential of Pakistan as a pivotal player in South Asia.

In "The Politics of Pakistan: A Comparative Analysis," Kiren Aziz Chaudhry offers a comprehensive study of Pakistan's political system, emphasizing its unique

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historical development and socio-political dynamics. She situates Pakistan within the context of comparative politics, examining its complexities and inconsistencies. Chaudhry explores the interaction of various factors shaping Pakistani politics, including socioeconomic realities, institutional frameworks, and historical legacies. Her analysis spans from Pakistan's colonial origins to post-independence challenges and the enduring influence of military rule. Chaudhry scrutinizes key actors such as the military, political parties, and civil society, unraveling the complexities of power dynamics and governance. By adopting a comparative perspective, she elucidates Pakistan's distinct challenges and potential reform paths. Chaudhry's rigorous approach challenges conventional wisdom, offering readers profound insights into the intricacies and paradoxes of Pakistani politics. Her work serves as an essential resource for anyone seeking a deeper understanding of Pakistan's political landscape and its future trajectories.

Matthew McCartney's "Pakistan: The Political Economy of Growth, Stagnation and the State, 1951-2009" offers a deep exploration of Pakistan's economic and political evolution spanning over six decades. The introduction sets the stage by examining the intricate interplay between politics and economics that has shaped Pakistan's developmental path. McCartney situates Pakistan's economic history within the broader context of political economy, emphasizing the state's pivotal role in economic outcomes and policy decisions. He critiques simplistic narratives, delving into historical patterns and structural factors influencing Pakistan's periods of growth, stagnation, and crises. McCartney discusses the state's role as a driver of economic growth and a locus of power, analyzing its evolution from import substitution to neoliberal reforms. He also considers geopolitical influences, interest group dynamics, and external actors' impact on Pakistan's economic policies. McCartney's multidisciplinary approach integrates perspectives from political science, economics, and history, providing a comprehensive analysis essential for understanding Pakistan's complex economic and political landscape.

Jamey Essex's "Development, Security, and Aid: Geo-politics and Geo-economics at the U.S. Agency for International Development" delves into the intricate relationship between development assistance, national security, and geopolitical factors within USAID's framework. The study begins by contextualizing USAID within broader American foreign policy, highlighting its dual mission of promoting national security goals and economic development. Essex examines how modern aid strategies have evolved to address geopolitical challenges, shifting from traditional poverty reduction efforts to more nuanced approaches that integrate security considerations. He explores how strategic imperatives influence aid distribution, from coalition-building to countering adversaries and promoting stability. Essex also analyzes the geo-economic dimensions of US foreign aid, exploring how economic interests shape policy goals and outcomes. His research underscores the complexities and trade-offs inherent in balancing humanitarian objectives with strategic aims, offering critical insights into the effectiveness of aid and global governance. Essex's multidisciplinary approach draws from development studies, international relations, and political science, making his analysis essential for understanding the geopolitics of international assistance in today's global context.

Mahbub ul Haq's edited book "Pakistan: Development in a Muslim Context" examines Pakistan's development journey, considering the influence of Islamic principles on its political, social, and economic spheres. The book likely explores how Pakistan can achieve development goals while maintaining its Islamic identity and evaluates development methods aligned with Islamic beliefs. Published in 1994, the book features contributions from prominent scholars and practitioners, offering a comprehensive analysis of Pakistan's socio-economic, political, and cultural landscape. It addresses critical issues such as gender dynamics, education, governance, and economic policies with scholarly rigor and practical insights. Haq and collaborators underscore the importance of understanding the interplay between faith, culture, and development policies in shaping Pakistan's future trajectory within its Muslim context.

Foreign aid significantly influences Pakistan's scientific landscape by funding research and development initiatives, fostering new discoveries, and enabling collaboration with international experts. This support enhances the quality and impact of research addressing crucial social, economic, and environmental challenges such as poverty reduction, healthcare improvement, and environmental sustainability. By providing resources to research institutes and universities, foreign aid promotes capacity building and knowledge exchange, empowering Pakistani researchers with access to cutting-edge technology and professional expertise. Ultimately, foreign aid plays a crucial role in advancing scientific capabilities, fostering collaborations, and generating evidence-based policy recommendations to drive Pakistan's overall development forward.

THEORIES

The usefulness of foreign aid in fostering development in recipient nations has been the subject of several studies and ideas. Principal hypotheses and conclusions comprise:

1. THEORY OF MODERNIZATION

According to this hypothesis, industrialization, urbanization, and technical advancement may all be facilitated by foreign aid in the process of promoting economic growth in developing nations. Critics counter that modernization theory ignores the significance of political and social variables in the course of progress.²

2. RELIANCE THEORY

According to this idea, foreign aid can exacerbate power disparities between donor and recipient nations and prolong reliance and inequality in developing nations. According to dependency theory, achieving sustainable growth requires both structural changes and self-reliance.³

3. CONDITIONALITY THEORY

This theory contends that when conditions are imposed on foreign aid to guarantee recipient nations' accountability, transparency, and sound governance, the aid can effectively spur growth. In order to optimize the impact of aid, conditionality theory emphasizes the significance of institutional improvements and policy consistency.⁴

4. LITERATURE ON AID EFFECTIVENESS

Research on foreign aid's impact spans various development areas like infrastructure, healthcare, education, and poverty reduction. Studies show aid can

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*positively affect social and economic indicators, though issues like fragmentation, coordination, and sustainability persist. Scholars and policymakers debate the true effectiveness of aid in advancing development, influenced by recipient context, aid design, administration, and targeting. Further research is crucial to better understand aid effectiveness and to optimize strategies for achieving sustainable development goals in developing countries.*⁵

STATEMENT OF THE PROBLEM

Foreign aid has significantly shaped Pakistan's political and economic development by providing crucial resources. However, concerns persist about its impact on economic sovereignty and political autonomy. Dependence on aid may limit Pakistan's ability to pursue independent economic policies and lead to conditions that diverge from national interests. Disparities in aid distribution can create regional imbalances, hindering equitable development. Aid often comes with conditions that influence governance and policy decisions, raising questions about sovereignty and internal politics. Understanding foreign aid's impact is crucial for assessing its benefits, risks, and implications for Pakistan's future development and stability.

OBJECTIVES OF THE STUDY

- 1. To evaluate the effect of foreign aid on Pakistan's development and economic growth strategies.*
- 2. To examine the impact of various types of foreign aid on the nation's resilience and stability in terms of its economy.*
- 3. To assess how well foreign assistance is working to alleviate Pakistan's main socioeconomic issues, such as poverty, inequality, and the growth of the country's infrastructure.*
- 4. To assess how foreign aid might support productive capacity in important areas of the Pakistani economy and encourage sustainable economic growth.*
- 5. To look at any possible differences in how foreign aid is distributed and allocated inside Pakistan and how those differences can affect inequality and regional development.*
- 6. To investigate the connection between foreign assistance and Pakistan's political stability, as well as the effects of aid conditionality on the country's governance framework and policy-making procedures.*

RESEARCH QUESTIONS

- 1. What impact has foreign aid had on Pakistan's development and economic growth strategies?*
- 2. How has Pakistan's political stability and governance framework been affected by international aid?*
- 3. How do Pakistan's political and economic environments interact with various types of foreign aid: humanitarian, bilateral, multilateral, etc.?*
- 4. Are there any differences in how foreign aid is allocated and distributed inside Pakistan, especially with regard to the advantages to certain regions or industries?*
- 5. In what ways has Pakistan's dependence on foreign assistance impeded its capacity to achieve autonomous political and economic objectives?*
- 6. How do foreign donors influence Pakistan's policy-making and decision-making across different sectors?*

7. How do public opinions and attitudes toward foreign donors in Pakistan change as a result of views of foreign aid?

SOURCES AND METHODOLOGY

SOURCES

1. Official studies and publications examining the effects of foreign aid on Pakistan's political and economic growth, from international donors and institutions such as the Asian Growth Bank, USAID, World Bank, and IMF.
2. Academic publications and research studies on international relations, political science, and development economics with an emphasis on Pakistani foreign aid.
3. Procurement records and policy papers detailing Pakistan's foreign aid revenues, allotments, and tactics.
4. Interviews with decision-makers, specialists, and interested parties in Pakistan's administration and execution of foreign aid.
5. Research and surveys on Pakistani public opinions and perceptions of foreign assistance.
6. AI used for best writing skills and for information.

METHODOLOGY

1. Data analysis of government reports and statistics to monitor changes in Pakistan's foreign assistance inflows, allocations, and results.
2. Case studies of certain foreign aid initiatives or projects in Pakistan to comprehend their effects on political stability and economic prosperity.
3. In-depth interviews with significant players to learn about the difficulties and decision-making procedures around international assistance in Pakistan.
4. Comparative study to evaluate how well foreign aid shapes political and economic systems in other nations.
5. Focus groups and surveys to acquire factual information about Pakistani citizens' opinions and views of foreign aid.
6. Policy study to assess how Pakistan's long-term plans for political and economic growth are affected by foreign aid.

DISCUSSION/EXPLANATION

The Effectiveness of Various Forms of Foreign Aid, Including Bilateral, Multilateral, and Humanitarian Aid, In Advancing Pakistan's Development is discussed in the following:-

BILATERAL ASSISTANCE

Bilateral aid, directly exchanged between two nations without involving others, is pivotal for Pakistan's development. Nations like the United States, China, and the United Kingdom provide substantial assistance tailored to Pakistan's needs, spanning healthcare, education, and infrastructure. While successful in improving services and infrastructure, bilateral aid's impact on Pakistan's growth varies. Challenges include misuse of aid and political conditions that may compromise recipient sovereignty. These issues underscore the complexities of bilateral aid's role in fostering sustainable development and highlight the need for transparent and accountable aid management practices.⁶

MULTILATERAL ASSISTANCE

Multilateral assistance from institutions like the World Bank, IMF, and United

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Nations supports large-scale development projects globally, including in Pakistan, focusing on sectors such as health, education, and poverty reduction. While beneficial for funding infrastructure and economic reforms, multilateral aid can face delays and bureaucratic challenges. Criteria tied to aid disbursement, such as policy reforms, may not always align with recipient nations' priorities, raising questions about the aid's effectiveness and efficiency in achieving sustainable development goals.⁷

HUMANITARIAN AID

Humanitarian aid in Pakistan, vital during disasters like earthquakes and floods, provides immediate relief through food, shelter, and medical care from international donors, governments, and NGOs. While essential for short-term relief, it may hinder long-term growth by fostering dependency and undercutting local capacity for sustainable development. Conversely, multilateral aid from institutions like the World Bank and IMF supports broader development goals but can be bureaucratic and tied to specific policy reforms. Bilateral aid, such as from the US or China, offers targeted support but may come with political conditions. Balancing these approaches could optimize Pakistan's development, addressing immediate needs while advancing long-term growth.⁸

FOREIGN AID MIGHT HELP PAKISTAN SOLVE PARTICULAR ISSUES INCLUDING POVERTY, HEALTHCARE, EDUCATION, AND INFRASTRUCTURE DEVELOPMENT

Pakistan faces several issues, such as poverty, healthcare, education, and infrastructure development. Foreign aid is essential in tackling these issues. The function of foreign aid in each of these areas is examined as follows:

POVERTY

Providing funds for initiatives and programs that enhance lives, generate employment opportunities, and offer social safety nets to disadvantaged groups will help alleviate poverty in Pakistan.

- *Through programs like cash transfer services, microfinance, and vocational training, aid from bilateral and multilateral donors may help with efforts to reduce poverty.*
- *Responding to catastrophes and offering prompt relief to victims of natural disasters or armed conflicts is another important function of humanitarian aid, which helps save people and communities from sinking further into poverty.⁹*

EDUCATION

Increasing access to high-quality education in Pakistan, especially for underprivileged and disadvantaged groups, requires foreign assistance.

- *The building of schools, teacher preparation programs, the supply of educational resources, and the execution of educational reforms can all be aided by bilateral aid.*
- *Large-scale education initiatives, such as infrastructure development and education sector reforms, can be funded by multilateral aid from institutions like the United Nations and the World Bank.*
- *By supporting the creation of makeshift classrooms and supplying educational materials, humanitarian aid may help guarantee that children impacted by disasters have access to an education.¹⁰*

HEALTH CARE

Foreign assistance plays a critical role in enhancing Pakistan's infrastructure and healthcare facilities, particularly in rural and isolated areas.

- *Construction and outfitting of healthcare facilities, medical staff training, and the provision of medical supplies and equipment can all be covered by bilateral aid.*
- *The improvement of healthcare systems, illness preventive initiatives, and healthcare reforms can all be aided by multilateral aid.*
- *During health emergencies and natural catastrophes, humanitarian aid can offer emergency medical help, including vaccinations, medications, and medical professionals.¹¹*

FACILITIES DEVELOPMENT

Foreign aid is essential to tackling Pakistan's lack of electricity, telecommunications, water and sanitation, and transportation facilities.

- *Construction and maintenance of public buildings, roads, and bridges, as well as the supply of essential utilities like power and water, can all be aided by bilateral aid.*
- *Large infrastructure projects, such telecommunications networks, power production facilities, and urban development efforts, can be funded by multilateral aid.*
- *When displaced people need basic services, humanitarian aid can assist in restoring infrastructure that was harmed during calamities.¹²*

EVALUATION OF HOW WELL FOREIGN AID PLANS MESH WITH PAKISTAN'S TOP DEVELOPMENT GOALS

The degree to which various forms of foreign aid are aligned with Pakistan's national development goals is one of the many elements influencing how effective they are in fostering growth in that country. An evaluation of the efficacy of humanitarian, multilateral, and bilateral aid in Pakistan is provided below:

BILATERAL AID

Aid that is directly sent from one nation to another is referred to as bilateral aid. If bilateral assistance is in line with Pakistan's national development goals, it can effectively advance the nation's growth. For instance, if a donor nation funds Pakistan's infrastructure development, it can enhance connectivity and spur economic growth.

Bilateral aid may be linked to the political objectives of the donor nation and may not always address Pakistan's most urgent development needs, which raises questions about its efficacy in that country.¹³

MULTILATERAL ASSISTANCE

Assistance given by global institutions like the United Nations or the World Bank is referred to as multilateral assistance. Since multilateral aid is frequently predicated on a thorough assessment of Pakistan's development requirements, it can be helpful in fostering the nation's growth. Access to knowledge and resources that may not be available through bilateral help can also be obtained through multilateral aid.¹⁴

HUMANITARIAN HELP

Humanitarian aid is crucial in Pakistan during crises like natural disasters or conflicts, providing immediate relief but sometimes not aligning with long-term

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development goals. While essential for saving lives, it may inadvertently hinder sustainable growth. Coordination between donor nations, organizations, and Pakistan's government is key to ensuring aid aligns with national development priorities. Openness, accountability, and collaboration are crucial for maximizing the effectiveness of foreign aid in supporting Pakistan's sustainable development.¹⁵

ASSESSING THE POSSIBLE DANGERS AND DIFFICULTIES LINKED TO A HEAVY RELIANCE ON FOREIGN ASSISTANCE FOR POLITICAL AND ECONOMIC STABILITY

A nation's economic and political stability may be jeopardized by an excessive reliance on foreign help, among other issues. The possible dangers and difficulties linked to a large reliance on foreign help are assessed as follows:

INCONSISTENCY AND VOLATILITY

Foreign assistance flows are susceptible to shifts in political, economic, and donor agendas. Budgets for the government, development initiatives, and vital services can all be affected by an abrupt cutoff or removal of help, which might cause social unrest and economic instability. Countries may find it challenging to create and carry out long-term development policies if they are dependent on erratic assistance supplies.¹⁶

AID CONDITIONALITY

Conditions, such as trade agreements, improved governance, or policy reforms, are sometimes linked to foreign aid. National sovereignty can be compromised by aid conditionality, which also restricts decision-makers' capacity to act in the best interests of their nation. Aid conditionality has the potential to produce societal unrest and political instability in some situations by forcing policies that conflict with the nation's development goals.¹⁷

CORRUPTION AND FINANCIAL MISMANAGEMENT

There may be more room for corruption and financial mismanagement in areas with high reliance on foreign help. The misappropriation of assistance funds for non-development goals or the siphoning off of funds for personal benefit can be made simple by lax accountability procedures, weak governance frameworks, and low transparency. The efficacy of aid programs is weakened, public confidence in the government is eroded, and attempts to reduce poverty and promote economic growth are impeded by corruption and poor administration.¹⁸

DEPENDENCY MINDSET

A culture of dependency among institutions, governments, and people can be fostered by a strong reliance on foreign help. Dependence on outside help to finance development initiatives and satisfy basic necessities can result in a lack of responsibility, self-reliance, and ownership. Overly dependent nations may not make investments in domestic resource mobilization, innovation, and capacity building, which would impede long-term sustainable development.¹⁹

PRIORITY DISTORTION

Foreign aid availability can distort national priorities and decision-making, prioritizing projects and policies to align more with donor preferences than national development needs. This can lead to neglect of critical areas like infrastructure, education, and health, causing uneven development outcomes. While aid can support

development, overreliance poses risks to political and economic stability. To mitigate these risks, countries should diversify funding sources, enhance domestic resource mobilization, strengthen governance institutions, and prioritize national development goals over donor interests.²⁰

CONCLUSION

If foreign aid is seen as bringing tangible benefits to the country, such as infrastructure development, improvement in healthcare and education, or economic growth, public opinion towards foreign donors may become more positive. People may view foreign aid as a helpful and necessary source of support for the country's development. On the other hand, if foreign aid is perceived as creating dependency, or if it is accompanied by conditions or strings attached that are seen as harming the country's sovereignty or undermining local interests, public attitudes towards foreign donors may become more negative. In such cases, people may view foreign aid as a form of interference or exploitation. Another factor that can influence public opinion towards foreign donors is the transparency and accountability of aid distribution. If foreign aid is perceived as being mismanaged or misappropriated, leading to corruption or ineffective implementation of aid projects, public trust in foreign donors may erode and attitudes may become more critical. Public opinions towards foreign donors may also be influenced by cultural and political factors. For example, if foreign aid is seen as promoting Western values or interests that are perceived as conflicting with local traditions or beliefs, public attitudes may become more skeptical or even hostile towards foreign donors. Overall, the perception of foreign aid and the way it is implemented can greatly affect public opinions and attitudes towards foreign donors in Pakistan. It is important for both the donors and the recipient country to ensure transparency, accountability, and mutual respect in their relationships in order to maintain positive public support for foreign aid efforts.

RECOMMENDATIONS

Suggestions on how to use foreign aid to influence Pakistan's political and economic development:

Make certain that foreign aid is allocated to areas like infrastructure, healthcare, education, and agriculture that are vital to Pakistan's economic and social growth.

Take steps to improve accountability and transparency in the allocation and utilization of foreign aid monies in order to thwart corruption and poor management.

Make an investment to enable government agencies to plan, coordinate, and carry out international assistance programs in an efficient manner that yields measurable outcomes. For the purpose of tackling development issues and advancing Pakistan's economic progress, forge solid alliances with international organizations and donor nations in order to take use of their knowledge, resources, and technical support.

Make sure that foreign assistance initiatives are formulated to encourage inclusive growth, benefit all facets of society, especially disadvantaged groups, and prioritize long-term sustainable development above immediate profits.

To supplement foreign aid and spur economic growth, job creation, and innovation in Pakistan, facilitate public-private partnerships and promote private sector investment.

Fund initiatives increase the employability and competence of the local labor force, hence lowering long-term reliance on foreign aid.



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