

Foreign Aid and Socio-economic Development: An Analysis of International Grants in Promoting Stability in Post-Independent South Sudan

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Article History	Abstract
Original Research Article	<p><i>This study explores the role of foreign aid in fostering socio-economic development, with a specific focus on international grants for promoting stability in post-independent South Sudan. The study aimed to: assess the effectiveness of international grants in fostering stability and socio-economic growth; evaluate the impact of foreign aid on poverty reduction, education, healthcare, and infrastructure; examine the link between foreign assistance and socio-economic development in newly independent nations; and enhance understanding of both the challenges and opportunities associated with foreign aid in South Sudan. A mixed research design was adopted, and data were collected from a purposive sample of 50 respondents, primarily comprising staff from the International Monetary Fund (IMF) and the World Bank operating in South Sudan. Data were gathered through interviews and structured questionnaires, supplemented by secondary sources including relevant literature and library research. Responses were analyzed using Microsoft Excel for electronic data processing. Findings revealed that foreign aid has contributed to South Sudan's stability and socio-economic progress through interventions in healthcare, education, infrastructure, agricultural modernization, sanitation, and the construction of health facilities. Aid was found to have a notable impact on poverty alleviation and improving the standard of living, disaster response, and general public health and hygiene. The study concluded that foreign aid plays a multifaceted role in socio-economic development in post-conflict states by fostering diplomatic relations, enabling trade and cultural exchange, supporting employment, and enhancing human capital development. However, several challenges were also identified, including corruption, aid dependency, mismanagement of funds, and repatriation of profits. The study recommends the Government of South Sudan to reduce reliance on foreign aid by strengthening local production and fostering sustainable domestic development initiatives.</i></p> <p>Keywords: Foreign aid, economic development, international grants, poverty, health, infrastructure, corruption, education</p>
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<p>Copyright © 2025 The Author(s): This is an open-access article distributed under the terms of the Creative Commons Attribution 4.0 International License (CC BY-NC) which permits unrestricted use, distribution, and reproduction in any medium for non-commercial use provided the original author and source are credited.</p> <p>Citation: Riak, J.D.C and Yak, B.N.A (2025). Foreign Aid and Socio-economic Development: An Analysis of International Grants in Promoting Stability in Post-Independent South Sudan. <i>UKR Journal of Arts, Humanities and Social Sciences (UKRJAHSS)</i>. Vol 1(5): 163-187.</p>	

1.1 Background of the study

The argument of foreign aid and socio-economic development has remained a contentious matter in international development literature. Globally, foreign aid has been administrated through grants, development assistance and loans. At the regional level, foreign aid has been viewed from grants and loans perspective. However, at the national level, foreign aid has been discerned from

string-attached purview. Whatever the level, the international aid affects recipient economies in extremely complex ways and through multiple and changing channels. This is a two-way relationship aid agency influence policy, and the reality in the recipient country affects the actions of aid agencies. This relationship is so intricate and time-dependent that it is not amenable to being captured by cross-country or panel regressions. In fact, even sophisticated specifications with multiple breakpoints and

nonlinearities are unlikely to explain the inner workings of the aid performance connection. Bourguignon and Sundberg (2007) have pointed out that there is a need to go beyond econometrics, and to break open the 'black box' of development aid (Bourguignon and Sundberg, 2007).

South Sudan has long been one of the world's leading recipients of foreign aid. Between 2003 and 2014, the country received over \$17 billion in Official Development Assistance (ODA), positioning it as the 13th largest recipient globally during that period (Bergo, 2015). The aid-to-Gross Domestic Product (GDP) ratio peaked at 19% in 2005 and has since averaged around 10%, reflecting the country's sustained dependency on foreign assistance. In 2011, international donors financed approximately 42% of the national budget, a figure that has declined to 25% in recent years but still underscores the significant role that aid plays in the country's fiscal framework (Bergo, 2015). Despite its high aid inflows, South Sudan has demonstrated notable economic growth, averaging 7% GDP growth per year since 2020. This growth has contributed to a reduction in poverty rates from 96% in 2005 to 82% in 2012. The country is endowed with natural resources, including mineral deposits, fertile agricultural land, and vast, untapped oil reserves. Moreover, South Sudan has made progress on several Sustainable Development Goals (SDGs), particularly in areas such as HIV reduction, increased school enrollment, and improved infant mortality rates.

However, significant developmental challenges remain. South Sudan's global competitiveness is weak and declining, with the private sector hindered by poor infrastructure, limited access to quality education and financial services, and pervasive corruption. Although modest improvements have occurred in some areas, setbacks in human development indicators persist. Economic benefits from growth have also been unevenly distributed, with regions such as Bhar el-Ghazal and the Upper Nile continuing to experience high levels of poverty. Interestingly, contrary to concerns that foreign aid discourages domestic revenue generation, evidence from UNU-WIDER (2016) suggests otherwise. In South Sudan, foreign aid has not led to fiscal complacency; instead, it has spurred efforts to improve tax collection, largely because donor support is often contingent upon fiscal discipline and reform. South Sudan was also a pioneer among aid-recipient countries in commissioning an independent evaluation of how foreign aid has contributed to its developmental progress. The findings by UNU-WIDER (2013) indicated that international aid had significantly helped reduce poverty, though these gains were not evenly spread, with northern and eastern regions largely excluded from the improvements. At the sub-national level, the

capital Juba and its governing body, Juba City Council (JCC)—comprising Juba Town, Munuki, and Kator blocks—have benefited from several donor- and government-funded infrastructure projects. These include initiatives in climate change adaptation, water supply, road construction, sanitation, waste management, and ongoing drainage works. Despite these developments, there is limited documentation and empirical analysis on the impact of foreign aid-funded projects on local economic development in Juba. This gap highlights the need for further research to assess the effectiveness and sustainability of such interventions.

1.2. Purpose of the study

The purpose of the study on foreign aid and socio-economic development in post-independent South Sudan is to analyze the role of international grants in promoting stability and driving economic growth in the country. The study aims to critically examine the effectiveness of foreign aid in South Sudan's post-independent period, identifying the key factors that contribute to successful outcomes or hinder progress. Specifically, the study seeks to achieve the following objectives. Evaluate the impact of international grants on socio-economic development in post-independent South Sudan; assess the extent to which foreign aid has contributed to poverty reduction, improved infrastructure, healthcare, education, and other socio-economic development indicators in South Sudan; analyze the effectiveness and efficiency of foreign aid programs: this includes examining the mechanisms through which international grants are delivered and managed, as well as assessing the alignment of aid programs with the development priorities and needs of South Sudan.

The study focuses on how international grants in promoting stability and socio-economic development in post-independent South Sudan. How does international grants promotes stability and socio-economic development in post-independent South Sudan? How can foreign aid to South Sudan provide appropriate mechanisms that contribute to socio-economic development in South Sudan? The international grants in promoting stability and socio-economic development in post-independent provides short and medium-term loans to help South Sudan balance the payments problems and difficulty meeting international payment obligations.

1.3. Statement of the problem

Since gaining independence in 2011, South Sudan has remained heavily reliant on foreign aid. This aid has

primarily taken the form of financial inflows from international donors, deployment of foreign personnel and expatriates for project implementation, and externally driven programs tied to strict conditionalities. While intended to support development and stability, the cumulative impact of these interventions has raised significant concerns regarding their long-term effectiveness. One of the central issues lies in the conditional nature of aid, which often limits the country's ability to align foreign assistance with its actual development priorities. The rigid requirements attached to donor funding reduce flexibility, stifle innovation, and constrain the government's autonomy in addressing its most pressing socio-economic needs. Additionally, the focus on emergency response rather than the promotion of locally driven, self-reliant development strategies has weakened national capacities for disaster preparedness and resilience.

The continuous flow of donor funds has also contributed to a culture of dependence, undermining the development of sustainable domestic revenue generation mechanisms. Moreover, the reliance on foreign experts to implement key projects raises serious questions about local ownership and the sustainability of such initiatives beyond the project life cycle. As a result, South Sudan's development trajectory remains externally influenced, with limited opportunities for building indigenous systems and institutions. The prevailing assumption that aid inherently alleviates systemic poverty has come under increasing scrutiny. Critics argue that aid has, in many cases, exacerbated poverty and economic stagnation. According to Dambisa (2019), instead of fostering development, aid has often led to entrenched corruption, market distortions, and increased dependency, thereby perpetuating the need for further assistance. In South Sudan, this cycle is evidenced by persistent socio-economic challenges despite significant aid inflows.

Furthermore, the imposition of external agendas and donor-driven solutions often misrepresent the complexity of local contexts. Aid, in many instances, promotes the illusion of ready-made solutions to deep-rooted structural problems, ignoring the need for locally defined and context-specific strategies. While some improvements may be observable in certain sectors, the lack of sustainability and contextual relevance limits the broader impact of aid. Despite the centrality of aid in South Sudan's development narrative, empirical research on its long-term impact remains scarce. Few studies have systematically analyzed how continuous foreign aid inflows have influenced the country's economic development trajectory. To address this gap, the present study seeks to investigate the impact of foreign aid dependence on economic development in South Sudan, focusing on how external funding mechanisms shape

national policy, institutional development, and local capacity building.

1.4. Broad Objective

The broad objective of this study is to find out foreign aid and socio-economic development: an analysis of international grants for promoting stability in post-independent South Sudan.

1.4.1 Specific Objectives

- i. To evaluate the effectiveness of international grants in promoting stability and socio-economic development in post-independent South Sudan.
- ii. To analyze the impact of foreign aid on poverty alleviation, education, healthcare, and infrastructure development in South Sudan.
- iii. To examine the relationship between foreign aid and socio-economic development in post-independent countries.
- iv. To increase awareness and understanding of the challenges and opportunities associated with foreign aid in South Sudan.

1.5. Research Questions

- i. What is the effectiveness of international grants in promoting stability and socio-economic development in post-independent South Sudan?
- ii. What are the impacts of foreign aid on poverty alleviation, education, healthcare, and infrastructure development in South Sudan?
- iii. To what extent is the relationship between foreign aid and socio-economic development in post-independent countries?
- iv. What are the challenges and opportunities associated with foreign aid in South Sudan?

1.6. Significance of the study

The role of foreign aid in the growth process of developing countries has been a topic of intense debate. Foreign aid is an important topic given its implication for poverty reduction in developing countries. Previous empirical studies on foreign aid and economic growth generate mixed results. As such, the significance of the study highlights the nature, impact, challenges and prospect of foreign aid as it concerns South Sudan on the program areas of international

grants in promoting stability and socio-economic development in post-independent South Sudan. These areas are education, health and sanitation, agriculture, peace building, food security and livelihood. However, South Sudan remains in a serious humanitarian and financial crisis due to the cumulative effects of years of conflict which has destroyed people's livelihoods. Insecurity, lack of basic services, and unresolved housing, land and property issues prevented people from returning home in large numbers, this have led to continuous poverty amongst the South Sudanese. Hence, this study justifies the effect of continuous foreign aid and how helpful it is to South Sudanese communities.

2. LITERATURE REVIEW

2.1. Theoretical Framework

Theoretical framework deals with the theories that have been reviewed and aligned for this study. This area highlights the different theoretical works done by researchers in area of foreign aid and socio-economic development. Several models and theories have been fronted. The independent variables have been discussed in relation to the dependent variable. The conceptual framework summarizes the dependent and independent variables relationship. Specific theories to be covered includes, big push theory, liberal theory and dependency theory.

2.1.1. Big push theory

The Big Push theory, initially introduced by Paul Rosenstein-Rodan in 1943 and later refined by Murphy, Shleifer, and Vishny in 1989, posits that poverty traps in developing countries stem from structural constraints such as low levels of productivity, insufficient savings, and rapid population growth. These constraints hinder economic progress and prevent economies from reaching a point of self-sustained development. To overcome such barriers, the theory advocates for a massive, coordinated influx of capital—typically in the form of foreign aid—that can stimulate investment across multiple sectors and generate a “take-off” into sustained economic growth. Scholars like Rostow (1960) and Sachs et al (2004) have advanced this idea, arguing that external aid is essential to initiate development in countries that are otherwise stuck in cycles of underdevelopment. Rostow emphasized that aid could catalyze self-sustaining growth, suggesting that it may be withdrawn after 10–15 years, while Sachs (2005) contended that with the right investment strategies, aid could help countries—particularly in Sub-Saharan Africa—achieve the Sustainable Development Goals (SDGs) and significantly reduce poverty by 2030. Sachs

also proposed an end to aid dependency by 2025 once economies have stabilized and grown.

The theory further gained traction with Collier's (2007) classification of four major development traps that plague low-income nations: poor governance, internal conflict, a dependence on natural resources, and geographical disadvantages such as being landlocked with poorly performing neighbors. These challenges disproportionately affect what Collier terms the “bottom billion,” many of whom reside in Sub-Saharan Africa. Despite these theoretical assertions, empirical research has revealed mixed results. Easterly (2006) critically assessed the Big Push theory and found limited empirical evidence to support the notion that foreign aid spurs long-term economic growth. Easterly noted that no conclusive data validated the existence of poverty traps or aid-driven economic take-offs. Countries like India, China, and Botswana have made considerable developmental strides with minimal reliance on foreign aid. Conversely, nations such as Chad, the Democratic Republic of Congo, and South Sudan, despite receiving substantial aid inflows, have shown negligible economic improvement.

Further scrutiny of aid effectiveness in Sub-Saharan Africa adds to this skepticism. According to Farah (2009), although the continent has received an estimated \$1 trillion in aid over the past five decades—averaging around \$80 billion annually, with projections hitting \$125 billion by 2010—this massive financial support has not translated into significant improvements in GDP per capita (Farah, 2009). For example, World Bank (1998) estimates suggested that Zambia's long-standing aid programs should have propelled its per capita income to over \$20,000, yet in reality, the figure has hovered around \$600, indicating a profound discrepancy between expectations and outcomes. These inconsistencies have led many scholars to argue that high aid intensity—measured as the ratio of Official Development Assistance (ODA) to GDP—may actually weaken governance structures rather than enhance them. Aid dependence, they argue, can erode institutional accountability and foster inefficiency or corruption, ultimately hindering sustainable development.

Nonetheless, the foundational assumptions of the Big Push theory remain compelling in certain contexts. For instance, in South Sudan, where poverty is widespread and infrastructural capacity remains low, the strategic application of the Big Push approach could offer a temporary but vital capital injection to stimulate investments in key sectors. This would ideally pave the way for a take-off into self-reliant economic development, consistent with the theory's core principles.

2.1.2. Liberalism Theory

Liberalism envisions an ideal society where a wide range of individual liberties are respected and upheld. These liberties include personal dignity, freedom of expression, religious tolerance, the right to own property, freedom of association, government transparency, limitations on governmental power, rule of law, equality, free market economy, and free trade (Harrison-Barbet, 2001). In this framework, it is incumbent upon the state to protect these freedoms in order to promote peace, stability, and democratic development. Liberalism also promotes representative democratic governance, where elected officials operate under the rule of law and constitutional constraints. The constitution, in liberal thought, enshrines the fundamental rights and freedoms of individuals, which the government is obligated to safeguard. However, while liberalism supports the expansion of individual freedoms, it acknowledges that these freedoms may sometimes conflict. For example, the right to accumulate and own property can lead to social stratification and economic inequality. Additionally, liberalism often enhances capitalism, which, while promoting economic efficiency and innovation, may deepen wealth disparities.

Local communities, within the liberal framework, are viewed as having the economic freedom to determine their own development paths. They can decide whom to partner with, which economic sectors to focus on, and how to manage their resources. Self-reliance is seen as an extension of economic freedom and a pathway to improving living standards (Hinzen & Hundsdofer, 1979). The relevance of liberal theory to this study lies in its emphasis on transparency, rule of law, and individual freedoms—principles that are essential for attracting foreign direct investment (FDI). In the context of South Sudan, applying liberal principles to its foreign policy could enhance governance, promote economic openness, and thereby attract FDI necessary for sustainable development.

2.1.3. Dependency Theory

Dependency theory originated from Latin American intellectual discourse in the 1960s, primarily in response to the region's chronic economic stagnation, political repression, and growing inequality. It emerged as a critique of mainstream development theories such as the Economic Commission for Latin America (ECLA) model and modernization theory, which failed to explain the persistent underdevelopment in many parts of the Global South (So, 1990). The theory argues that global inequality stems from a structural relationship in which wealthy countries exploit and dominate poorer ones. Historically, this has taken the form of colonialism, but in the post-colonial era, the

dependency continues through economic mechanisms. The dependency relationship is characterized by a flow of resources from the "periphery" (developing countries) to the "core" (developed nations), which reinforces the economic dominance of the core and the underdevelopment of the periphery. Dependency theory identifies three historical stages of dependency: colonial, peripheral, and core. Post-World War II industrial expansion and technological advancement in the Global North further entrenched dependency, as developing countries became reliant on importing manufactured goods and capital equipment. International monopolies drove down the prices of primary commodities exported by these nation-states, thereby undermining their terms of trade and suppressing industrial growth.

Furthermore, technological dependency became a significant issue, with industrial nations exporting advanced machinery and demanding royalties, thereby maintaining control over technological progress in developing countries. National products in the Global South became increasingly shaped by foreign capital interests rather than domestic development agendas. This entrenched dependency is often perpetuated by local elites who control access to foreign aid and investment. Rather than using these resources for inclusive national development—such as education, infrastructure, or healthcare—such elites may divert them toward personal enrichment, luxury imports, or foreign consumption. This misuse exacerbates dependency and delays genuine economic transformation.

Dependency theory asserts that the economic success of developed nations continues to depend on the exploitation of underdeveloped ones. These dominant economies extract raw materials from the Global South, refine them, and resell them at high prices, maintaining a cycle of dependency and underdevelopment. To break this cycle, the theory advocates for structural changes that include reducing reliance on imports, investing in local production, and promoting equitable wealth distribution. In nutshell, while liberalism emphasizes freedom, open markets, and individual rights, dependency theory provides a critical lens through which to examine the historical and structural inequalities that have hindered development in the Global South. For countries like South Sudan, integrating insights from both theories—enhancing institutional transparency (liberalism) while addressing structural inequalities (dependency)—could provide a more comprehensive development pathway.

2.2. The Effectiveness of International Grants

Aid agencies have consistently sought new strategies to

improve the effectiveness of foreign aid, including the introduction of conditionality, capacity building, and support for good governance (Aid Effectiveness and Governance, 2009). In response to the shortcomings of past aid interventions, the Paris Declaration on Aid Effectiveness was introduced. This declaration established a broad global consensus on the core principles necessary to achieve better development outcomes (Working Party on Aid Effectiveness, 2010). The Paris Declaration outlined key principles which can be interpreted as the major objectives of effective aid: promoting recipient country ownership of development policies and strategies; maximizing donor coordination and harmonization; and enhancing aid transparency and mutual accountability between donors and recipients (OECD, 2005). These principles were further reinforced by the Accra Agenda for Action, which underscored transparency and accountability as essential components of development effectiveness (OECD, 2008).

Transparency ensures that stakeholders can track the flow and utilization of aid. According to Kharas (2011), transparency is achieved by addressing the "three Ws"—Who is providing aid, What projects are being funded and for What purpose, and Where the aid is being directed. This framework enables both donors and recipients to be held accountable, thereby enhancing the overall efficiency and legitimacy of aid programs. Despite these reforms, the actual impact of aid effectiveness remains contested. A review by the International Monetary Fund (IMF) found no consistent evidence that aid performs better in countries with good policies, challenging the assumption that conditional aid always leads to better outcomes. Moreover, in some cases, aid has been directed toward military and defense spending rather than sustainable economic development.

2.2.1. Health

The health sector serves as a fundamental indicator of national development and population well-being. In many developing countries, health systems are heavily dependent on foreign aid to sustain service delivery and infrastructure. The famous COVID-19 pandemic further underscored the urgent need for resilient health systems and sustainable investments in public health services. Dambisa Moyo (2009), a Zambian economist, argues that foreign humanitarian aid has often proven counterproductive, fostering dependency, institutional corruption, and stunted growth. In her influential book *Dead Aid*, Moyo contends that prolonged reliance on aid has entrenched cycles of underdevelopment in many African nations. Although she aspired to contribute to Zambia's progress, she asserts that the aid-dependent environment limited opportunities for

educated citizens to drive systemic change.

Moyo also highlights the diverse contexts of African countries in terms of health challenges, resources, and cultural dynamics. For instance, Eswatini (formerly Swaziland) has significantly higher HIV/AIDS prevalence rates compared to Ghana, while countries like Kenya depend on tea exports, and the Republic of Congo possesses abundant mineral resources. Such diversity necessitates localized, context-specific development strategies—especially in the health sector. Academic debates continue on the true impact of foreign aid on health outcomes. Gutema and Halemariam (2016), in a study covering 43 African countries from 1990 to 2010, employed fixed and random effects models alongside the generalized method of moments (GMM). Their findings revealed a robust positive correlation between health-related Official Development Assistance (ODA) and improved health indicators.

Conversely, Nwude et al (2020) analyzed data from Sub-Saharan African countries between 1999 and 2017 using the GMM framework. Their study contradicted earlier findings by concluding that ODA had no statistically significant impact on health outcomes, a result which was also consistent across non-Sub-Saharan African countries. These conflicting findings suggest that while foreign aid can play a role, its effectiveness may hinge on governance quality, allocation efficiency, and the absorptive capacity of health institutions.

2.2.2. Education

Education is widely recognized as a cornerstone of democracy, freedom, and sustainable development. According to Kofi Annan (1997), education is a vital tool through which nation-states can promote democratic values and economic empowerment. UNESCO (2015) echoes this perspective, emphasizing the strong link between education and poverty reduction. Better-educated populations tend to earn higher incomes, access improved social benefits, and demonstrate lower fertility and infant mortality rates, thereby reinforcing overall socio-economic stability.

Despite its centrality to development, the impact of foreign aid on education remains contested. The international community has long supported educational initiatives in developing nations, yet the outcomes of such assistance vary significantly. Riddell (2009) and World Vision (2006) note that, although aid has helped expand access, issues of quality, accountability, and effective implementation persist. Easterly (2015) further criticizes the global push for universal education for failing to resolve core structural challenges within recipient nation-states (Easterly, 2015). Several empirical studies have attempted to measure the

impact of ODA on education. Suphian and Kim (2016) analyzed educational outcomes in East African countries from 1980 to 2014 using the Autoregressive Distributed Lag (ARDL) model. Their findings indicate a positive long-term relationship between ODA and educational development, underscoring education's role in fostering economic growth.

In contrast, Ogieva and Okungbowa (2018) applied a two-gap model to data from 14 African countries (1974–2014), concluding that ODA had a significant but negative impact on education. They attribute this to misallocation or ineffective utilization of funds. These divergent results reveal the complexity of assessing aid effectiveness in the education sector and highlight the importance of appropriate policy frameworks, monitoring systems, and local capacity. Globally, approximately 58 million children remain out of school, and over 100 million fail to complete primary education (UNESCO, 2015). As early as the 1960s, both bilateral and multilateral donors recognized education as a critical element of development assistance, with early investments focusing on vocational and engineering training to maintain emerging infrastructure (Heyneman & Lee, 2016). Today, educational aid takes various forms, including teacher training, curriculum development, infrastructure improvement, and support to NGOs working in the sector.

Donor countries have increasingly emphasized the integration of aid into national education budgets, supported by robust public financial management systems. According to Sen (1999) and Michaelowa and Weber (2007), many governments now regard education as a transformative tool for economic growth and social equity. As such, the strategic application of educational aid remains essential for achieving sustainable development outcomes.

2.2. Infrastructure development

The effectiveness of aid on basic economic infrastructures is very key. Dand et al (2020) dealt with the impact of ODA in constructing road traffic infrastructure on Vietnam's economic growth, and suggested a positive correlation. Moreover, Japanese Bankers for International Cooperation (2008) in their report related aid effectiveness with infrastructure. Through a comparative study of East Asia and Sub-Saharan Africa, they suggested the existence of a positive effect of aid in infrastructure in East Asia but a negative effect of aid in Sub Saharan Africa. They studied data from 8 countries and applied a quantitative study using institutional analysis of project cases as well as comparative analysis of project cases. Community based organizations and cooperatives can acquire, subdivide and develop land, construct housing, provide infrastructure and operate and

maintain infrastructure such as wells or public toilets and solid waste collection services. They can also develop building material supply centers and other community-based economic enterprises. In many cases, they will need technical assistance or advice from governmental agencies or higher-level NGOs.

Indeed, after reviewing the possible link between aid and basic living conditions, it can be reinforced that effectiveness principally depends on good governance, good policy, a good macroeconomic environment and quality of institutions. Infrastructure development can also help address the most pressing challenge of South Sudan for the urgent need for peace and state building. Aid play an important role in the implementation of the Plan. Indeed, development assistance to South Sudan was the equivalent of 15% of 2017 national budget.

2.3. Impacts of foreign aid on poverty alleviation.

2.3.1. Poverty alleviation

There are a lot of explanations on the relationship between the foreign aid and poverty reduction or the importance of foreign aid toward the eradication of poverty in the world. It should be noted that some of these explanations practically have been used in estimation of the total amount of the foreign aid needed and how effective should the foreign aid be allocated to ensure the poverty is reduced (Mahembe & Odhiambo, 2017). Aid can and does contribute to poverty reduction, by contributing to growth, by providing direct benefits to the poor, and by supporting and financing increased social sector spending. For the case of South Sudan, the foreign aid contributed effectiveness to the socio-economic development of South Sudan by providing food aid to the vulnerable especially the world food program (WFP).

2.3.2. Improve standard of living

The concept of “livelihood” though relatively new, has been extensively discussed among academicians and development practitioners. According to Franken Berger and McCaston (1998), the concept has developed through the evolution of ideas and constructs related to household food and nutritional security. However, the initial idea behind this owes much to the work of Robert Chambers who described livelihood as comprising of the capabilities, assets and activities required for a means of living as well as the interaction between assets and transforming processes and structures in the context that individuals find themselves in (Corney, 1998). Building on the work of chambers and others from the institute of development study, Scoones (1998) came up with a definition of

livelihood that tied it more explicitly to the notion of sustainability (Scoones, 1998). Following a review of prevailing definitions of the concept, Ellis (2000) proposed the following definition of livelihood:

“A livelihood comprises the assets (natural, physical human, financial and social capital), the activities, and access to these (mediated by institutions and social relations) that together determine the living gained by the individual or household” (Ellis, 2000).

From these and other definitions, there is a harmony that livelihood is about the ways and means of “making a living” and that, essentially, livelihoods revolve around resources, institutions that influence access to resources, activities, and the way the resources are used. The researchers agreed with Mosley (2004) and Addison (2005) that improving living standards requires boosting public spending that benefits the poor and which has favorable effect on the economy. Since poverty would increase without aid, aid generally helps to improve standard of living.

2.3.3. Responding to disaster

Many natural disasters such as earthquakes, floods, volcanic eruptions, and droughts abruptly happen and many countries are unable to recover from the aftermath damage as such humanitarian aid is provided such that countries are relieved from the damages. Many people end up victims of such disasters. Hence, humanitarian aid is one way of eradicating poverty in developing countries by supplying basic needs to those affected by disasters. This has been for a long time been carried out by various relief agencies (mostly non-government organizations) and this aid is less controversial compared to others (Lancaster, 2007).

Many scholars argued that aid is not only dedicated to the above two purpose (economic and humanitarian) and to disasters, there is always a hidden agenda behind action of aid. For example, the United States provide almost 30% of the World's bilateral aid, however, the real reason of providing such aid is more vital than the figure and main donor countries want to remain world super powers (Riddell, 2007) and this has attributed to aid allocation decisions by powerful countries. For example, in 1998, Alesina and Dollar studied the aid allocation of some donor countries such as Japan, Germany and Australia and they concluded that their foreign aid is driven by strategic and political deliberation, but neither the recipient's economic status nor its performance of policy (Alesina and Dollar, 1998).

During natural disasters like floods, foreign aid responding to disaster in several ways; in financial aid. especially South

Sudan during flood in Jonglei and unity states the humanitarians aid provided financial assistance to affected areas to help them with relief and recovery efforts. This can include providing funds for emergency supplies, infrastructure repair and rebuilding efforts.

2.4. The relationship between foreign aid and socio-economic development

2.4.1 Foreign aid and socio-economic development

The relationship between foreign aid and socio-economic development has been widely debated in development economics. Numerous studies have examined the effects of aid on growth, yielding varying conclusions. Some studies suggest that aid has a positive effect (Sachs et al., 2004; Sachs, 2005a, 2005b), others claim the effect is conditional (Burnside & Dollar, 2000), while some argue that aid has no significant impact or is even detrimental (Easterly, 2007a, 2007b). The ongoing debate, reinvigorated by Burnside and Dollar (2000), asserts that foreign aid is effective only when applied in a conducive policy environment. Proponents of aid, such as Sachs, argue that it is a necessary tool for escaping poverty traps in developing countries and has the potential to accelerate development. This position has spurred global efforts to increase aid allocations, such as the creation of the International Financing Facility. However, critics like Easterly (2007a, 2007b) contend that aid has historically failed to promote sustainable economic growth, questioning the wisdom of expanding aid volumes without addressing structural inefficiencies.

The empirical literature offers mixed results. Studies such as Hudson (2004) and McGillivray et al. (2006) provide comprehensive reviews, yet their findings underscore the lack of consensus. Morrissey (2001) outlines several mechanisms through which aid may contribute to development: increasing physical and human capital investment, enhancing the ability to import technology, and facilitating productivity through technology transfer. McGillivray et al (2006) further present four perspectives on aid effectiveness: (a) diminishing returns to aid, (b) influence of external or climatic conditions, (c) political conditions, and (d) the importance of institutional quality. Empirical studies have yielded contrasting results. For example, McGillivray (2005) found that aid significantly reduced poverty and promoted growth in African countries. Ouattara (2006), examining Senegal from 1970–2000, observed that 41% of aid was used for debt repayment, with 20% of government resources allocated to servicing debt. His findings indicated that while debt servicing had a significant negative impact on domestic spending, aid had no notable effect on it, suggesting that debt relief could be more effective than additional aid.

Addison, Mavrotas, and McGillivray (2005) emphasized a sharp decline in aid to Africa in the 1990s, warning that this shortfall could hinder efforts to meet the Millennium Development Goals (MDGs). Karras (2006), using data from 71 aid-receiving countries (1960–1997), found a statistically significant positive relationship between foreign aid and per capita GDP growth. Burnside and Dollar (1997) similarly observed that aid had a strong positive effect when accompanied by sound macroeconomic policies. Collier and Dollar (2001) introduced the concept of conditional aid effectiveness, pointing to governance, policy environment, and corruption levels as key determinants. Nonetheless, some studies (e.g., Ram, 2004) challenge the view that aid works better in well-governed countries, arguing that evidence supporting such claims is limited. Further skepticism comes from studies by Boone (1996), Jensen and Paldam (2003), and Doucouliagos and Paldam (2009), who all found little to no impact of aid on growth.

Doucouliagos and Paldam (2009), through a meta-analysis of 68 studies comprising 543 estimates, concluded that the overall effect of aid on growth is small and statistically insignificant. They note considerable variation in findings and emphasize the inconsistency of results across different contexts. The theoretical debate is equally divided. Rostow (1990) posits that foreign assistance is a precondition for economic take-off, while Hayter (1971) views it as a form of neo-imperialism, arguing that any benefits from aid are incidental rather than strategic. Easterly (2003) critiques the "aid buys growth" narrative as a foundational myth of donor agencies. Gibson et al (2005) describe the "Samaritan's Dilemma," where aid reduces incentives for domestic investment by creating expectations of continuous external support. Similarly, Rajan and Subramanian (2005) link foreign aid to a potential "Dutch Disease" effect, whereby aid inflows undermine competitiveness in the tradable sectors.

Moreover, Alesina and Dollar (2000) argue that aid is weakly correlated with poverty alleviation, democracy, and sound policy. While Sachs (2005) maintains that increased aid can help eradicate extreme poverty by 2025, critics note that aid often fails to improve income distribution and may even exacerbate inequality. Doucouliagos and Paldam (2009) highlight that, after decades of development aid, there is little evidence to support its effectiveness, and it may even harm the most vulnerable populations. In nutshell, while foreign aid can play a role in promoting socio-economic development under certain conditions, its effectiveness remains heavily contested. The success of aid appears to depend on a combination of factors including macroeconomic policy, governance, institutional quality, and external conditions. In countries such as South Sudan,

where local production is minimal and foreign aid constitutes a significant share of national income, dependency on aid can become entrenched, potentially compromising national autonomy and long-term development prospects.

2.4.2 Foreign relation and diplomacy

The involvement of foreign donors—whether international agencies or sovereign governments—in the political processes of recipient nations has been shown to erode governance quality (Knack, 2001). When governments become heavily reliant on donor funding, the line of accountability often shifts from the citizens to external donors. As Hayman (2008) asserts, governments in such contexts are "playing to two audiences simultaneously"—donors and the public—resulting in divided loyalties and diluted accountability. This undermines democratic legitimacy, as donor preferences can supersede the will of the people, stalling political reforms and sustainable development (Bräutigam, 2000). This phenomenon is particularly detrimental in fragile or post-conflict states such as the Democratic Republic of Congo and Zimbabwe, where long-standing donor dependency is entrenched (Moss et al., 2006). In these settings, aid can unintentionally reinforce weak institutions and enable political elites to circumvent necessary governance reforms. Moreover, donor leverage through financial assistance can distort national decision-making, turning development planning into an externally driven agenda that often ignores local priorities, values, or long-term sustainability.

A common mechanism used by donors is 'earmarking'—allocating funds directly to sectors or programs rather than general budget support to mitigate corruption risks (Foster & Leavy, 2001). While well-intentioned, this shifts the agenda-setting power to the donors, resulting in uneven development where some sectors thrive and others lag. Despite the high need for aid, most humanitarian agencies strive to uphold the four basic humanitarian principles—humanity, impartiality, neutrality, and independence—as originally outlined by Henry Dunant and institutionalized by the International Committee of the Red Cross (Pictet, 1979). Top-down policy approaches by donors often face logistical challenges in low-capacity environments. A notable example is Mozambique's enforced adoption of syndrome management for sexually transmitted infections—despite the lack of sufficient infrastructure and trained personnel to implement it effectively (Cliff et al., 2004). Such mismatches perpetuate the cycle of aid dependency, as donors become disillusioned with the unsatisfactory results and reduce funding without addressing root causes, thus sustaining the poverty cycle.

Eyben (2006), employing complexity theory, argues that aid is as much about relationships as it is about financial flows. She suggests that effective aid requires relational skills and long-term engagement. However, the donor's desire to remain an "uninvolved catalyst" may reduce their effectiveness, as they remain external actors who often avoid confronting recipient governments when they deviate from agreed paths. A particularly striking case is Somalia, where corruption, mismanagement, and lack of transparency plagued aid efforts. Maren (1997), a former USAID official, observed that up to two-thirds of food aid was stolen at the port or refugee camps. Relief agencies were more concerned with maintaining funding flows than ensuring aid reached the intended beneficiaries.

Calderisi (2006) argues that the overlapping and sometimes conflicting mandates of key multilateral agencies like the World Bank, IMF, and UNDP create confusion in policy delivery. He recommends a merger of these institutions to enhance aid effectiveness, though practical challenges—particularly the differing development criteria among them—complicate this proposal. Browne (2006) further argues that aid often fails to align with actual development needs because it is dictated by the interests of donor institutions, influenced more by strategic, commercial, or geopolitical motives than by genuine development concerns. He maintains that development is fundamentally a domestic responsibility, although donors must also commit to global public goods.

The importance of local ownership in aid effectiveness is demonstrated in the case of Botswana. Shortly after independence in 1966, Botswana began receiving donor aid but retained control over how it was utilized, ensuring alignment with national priorities and long-term sustainability (Bräutigam & Botchwey, 1999). Conversely, Taiwan's aid success in the 1960s was donor-led, with the U.S. funding infrastructure to boost trade and stimulate economic growth. The World Food Programme (WFP, 2003) notes that during prolonged conflicts, such as those in Somalia and Sudan, the risk factors facing affected populations evolve, complicating aid efforts. In these contexts, fears of creating dependency have prompted a shift from emergency relief to developmental approaches. However, such shifts often fail to acknowledge the deep-rooted political and social marginalization that hinders self-sufficiency among displaced populations.

Humanitarian access in failed states often becomes entangled in political dynamics. Menkhaus (2007) outlines three reasons for this: (1) when transitional governments resume hostilities, aid agencies risk losing neutrality; (2) donor pressure on aid agencies to work through weak state institutions undermines operational effectiveness; and (3)

corrupt transitional governments may divert aid for personal or political gain, compromising humanitarian objectives. Recent trends in aid strategies reveal a shift toward stabilization, peacebuilding, and state-building. Security-related expenditures have increasingly displaced humanitarian assistance. This shift, often justified by fears of dependency, leads to reduced aid coverage and timelines even when civilian needs remain high (Karim, 2006). In Somalia, for instance, aid deliveries are compromised not only by logistical difficulties but also by the way aid shapes conflict dynamics. Leader (2000) argues that the mere presence of aid in conflict zones can influence power struggles and affect the political status quo (Leader, 2000).

Foreign policy in nascent states like South Sudan is heavily geared toward securing foreign aid in various forms, including financial grants, concessional loans, and technical assistance. The most common channel for this is Official Development Assistance (ODA), which supports development and poverty alleviation. Bilateral and multilateral donors use aid not only to stabilize regions and gain diplomatic influence, but also to secure trade relations and strategic military partnerships. Aid also serves cultural, religious, and ideological exportation, often masking broader geopolitical interests. Foreign aid, while indispensable in disaster and post-conflict scenarios, must be deployed with consideration for long-term governance, institutional integrity, and the socio-political contexts of recipient nations. A nuanced, relationship-driven, and locally aligned approach remains essential to ensuring that aid does not become a permanent crutch but rather a catalyst for sustainable self-reliance.

2.4.3. Employment

Foreign Direct Investment (FDI) and foreign aid have been key areas of research in relation to their impact on employment and economic development. Pohwani, Khoso, and Ahmed (2019) examined the relevance of FDI to sustainable development and revealed that while FDI positively impacts economic growth in the short run, its effect is statistically insignificant in the long run. Shah et al (2020), exploring the relationship between electricity consumption and FDI, found that electricity usage increases with industrial activity, which in turn promotes economic growth and employment. Salman and Feng (2010) analyzed three decades of foreign aid in Pakistan (1987–2007), finding a positive relationship between aid and GDP, which also reflected in employment levels. Malik, Chaudhry, and Javed (2011) further argued that while FDI, remittances, and economic size can create employment in the short run, globalization may negatively affect employment due to political imbalances between internal and external interests.

Siddiqui (2006) observed that East Asia benefitted more from aid than South Asia, attributing this to better governance and government spending. Similarly, Anwar (2004) noted that foreign aid, capital inflows, and remittances significantly supported Pakistan's economy from 1960–1987. However, aid effectiveness has not been uniform. Aarsour, Naser, and Atallah (2011) reported that foreign aid in Palestine was largely consumed rather than invested, undermining sustainable development. In Sub-Saharan Africa, Bakare (2011) found that aid failed to promote investment and growth due to corruption, which diverted resources from productive uses. Hye, Shahbaz, and Hye (2010) confirmed the positive role of FDI in stimulating developing economies. Mullick (2004), analyzing the economic impact of U.S. aid during the war on terror, concluded that the economic cost of Pakistan's involvement outweighed the benefits, though continued U.S. aid was seen as essential to supporting Pakistan's financial stability.

Ali and Ahmad (2013) found that while FDI positively impacts employment, foreign aid contributes to income inequality. Shirazi, Mannap, and Ali (2009) used variables like life expectancy, education, and the Human Development Index (HDI) to assess the impact of aid, concluding that foreign aid supported human capital development. Other studies have linked aid to employment outcomes. Faridi, Chaudhry, and Ansari (2012) found that fiscal decentralization increased employment opportunities, although revenue-based decentralization was less effective. Poverty and inequality were cited as key constraints to employment in Pakistan, underlining the need for fiscal autonomy.

Rashid, Anwar, and Torre (2014) evaluated the effect of foreign aid on fertility, finding that aid and literacy were negatively associated with fertility rates, indirectly influencing workforce demographics. Nowak-Lehmann et al. (2013) showed that remittances had stabilizing effects on Pakistan's economy, including employment. Similarly, Khan and Ahmed (2007) and Mallik (2008) established that foreign aid and investment enhanced economic activity and employment in the long run. However, in the context of Sub-Saharan Africa and particularly South Sudan, foreign aid has had a mixed impact. While aid has the potential to generate employment when implemented in good faith, poor implementation often leads to job displacement. For instance, in South Sudan, foreign experts often occupy basic roles such as stewards, receptionists, and drivers, positions that could have been filled by locals. This displacement discourages local initiative and stifles grassroots economic growth. In nutshell, while FDI and foreign aid have shown positive effects on employment in some contexts, their success is contingent on local

governance, policy alignment, and the effective utilization of resources. In countries like South Sudan, aid has arguably discouraged self-reliance and limited employment growth, raising concerns about long-term sustainability.

2.4.4. Intercultural issues

The effectiveness of foreign aid has long been a subject of debate among policymakers and scholars (Easterly, 2006; 2014; Moyo, 2009; Sachs, 2005). However, this discourse has primarily focused on the socioeconomic impacts of aid, often neglecting its cultural dimensions. One reason for this oversight is the prevailing rational choice assumption that recipients' cultural preferences only differ based on their structural positions within society. In contrast, a growing body of empirical social science literature has emphasized the significant role of ideational factors—such as beliefs, values, and norms—in shaping human behavior, independent of structural differences (Fishbein & Ajzen, 2009).

Recent scholarly calls, notably by Thornton (2001) and Bachrach (2013) in their addresses to the Population Association of America, have advocated for a deeper exploration of the ideational influences on demographic behaviors (see also Johnson-Hanks et al., 2011). From this perspective, the cultural effects of foreign aid are crucial to understanding its full impact, yet they remain underexplored due to data limitations. Specifically, most foreign aid data are collected at the national level, while cultural preference data are typically gathered at the individual level. Though multilevel modeling can combine these datasets, historically, cross-national and longitudinal cultural datasets have been limited in scope and frequency, hampering comprehensive analyses.

Additionally, ideational shifts within populations tend to occur slowly and over extended periods. Consequently, any immediate effects of foreign aid on cultural indicators may appear small or inconsistent, though they could manifest more clearly over time. Recent advancements in data collection and measurement methodologies now allow researchers to better investigate these cultural effects. This study posits that individuals hold diverse cultural beliefs, which are often shaped by exposure to global cultural campaigns promoted through foreign aid. A prominent example is the international push for gender equality, largely operationalized through foreign aid initiatives that aim to change gender norms, empower women, and expand their socioeconomic opportunities. Therefore, this research assesses the impact of such aid-driven campaigns on individuals' gender-related beliefs.

Furthermore, culture and foreign aid are foundational

elements in international relations, influencing how states and societies interact. Cultural exchange fosters stronger bilateral ties and promotes mutual understanding, tolerance, and cooperation between nations. By encouraging cross-cultural communication and respect for cultural diversity, aid can help prevent conflicts arising from cultural misunderstandings. Programs that promote intercultural dialogue, including educational and professional exchanges, play a pivotal role in this endeavor. However, cross-cultural communication involves complexities beyond language. Differences in non-verbal cues, phrases, values, and social norms can lead to misinterpretation and strained relations. Cultural misunderstandings may cause frustration, negative perceptions, and damaged interpersonal or diplomatic relationships. For instance, in cultures that value individual achievement and accountability, aid may accelerate development and prosperity. Conversely, in environments where corruption or misuse of aid is prevalent, such support may foster dependency or exacerbate existing socio-economic challenges.

Indeed, recognizing and addressing the intercultural implications of foreign aid is essential for maximizing its positive impact. Efforts to integrate cultural sensitivity and mutual respect into aid programs can significantly enhance their effectiveness, foster social cohesion, and support sustainable development in recipient nations.

2.5. The challenges and opportunities associated with foreign aid

2.5.1. Corruption

Tavares (2003), evaluated the role of aid on corruption by employing the variables of geographical distance and culture of donor countries and he concluded that aid reduces corruption. In a similar way, Okada and Samreth (2012) investigated the impact of foreign aid on corruption and they concluded that countries with low levels of corruption efficiently utilize foreign aid, more still, they found out that multilateral aid compared to bilateral aid reduces corruption.

Despite the positive roles that aid play in recipient countries, there is an emerging and compelling argument about the failure of foreign aid in achieving its objective of facilitating the development of developing countries (Alesina and Dollar, 2000, Moyo, 2009, Easterly, 2006). Easterly, 2006), for example regards this wastage as bordering on tragic. According to him, the West has wasted over \$2.3 trillion over the last five decades and this hefty sum has been unable to prevent even the malaria deaths that cost only twelve cents per malaria tablet, in addition,

despite the aid for education, many children cannot access quality education.

In addition, it is worth noting that foreign aid is costly to the poor countries as Moyo (2009) argues that instead of benefiting recipient countries, foreign aid benefit donor countries because of aid conditionality. In most cases, recipient countries are obliged to purchase expensive goods and services from their donor countries even though they are cheaper somewhere else because it is part of the condition that is attached to aid.

Since 1986, several institutions, whose specific goal was to improve governance in Uganda, were established. At the highest level, there was the establishment of the Inspector General of Government (IGG now called Inspectorate of Government (IG)) and the Human Rights Commission (UNHCR), and at the local level was the Resistance Committees and Councils (RCs). Subsequently, South Sudan showed signs of readiness to undertake reform in the same way. It was from this aspect that certain donor countries became eager to fund the above anti-corruption efforts and, in doing so, played an important role in having them fully established and maintained (Flanary and Watt, 1999).

However, despite all these attempts, the vice of corruption flourished until today, moreover at a massive and intolerable scale. The various corruption scandals that have occurred since then involving the theft of colossal sums of public money by different personalities, some of whom close to those in power (Overview of Corruption in Uganda, 2018), range from the Global Alliance for Vaccine and Immunization (GAVI) and Global Fund embezzlement, to the Commonwealth Heads of Government Meeting (CHOGM) swindle, the Junk helicopter scandal, ghost soldiers, National Identity cards, National Social Security Fund (NSSF) and Pension scandal, Uganda Primary Education (UPE) scandal and most recently, the Office of the Prime Minister (OPM) scandal to mention but a few. All these grand thefts involve top government officials, many of whom still occupy public offices. In 2012, about 12 million pounds of donor aid from the Scandinavian and Ireland had been swindled that year alone (Poverty and Development, 2012).

Sometimes the goals of donors seem unclear to the recipient governments in that they fund projects but also second expensive staff that spend the money. They sometimes continue to fund projects that are non-accountable. This begs the question: is aid for development or for control of recipients? Donor states provide foreign aid to alleviate poverty and foster development in the neediest underdeveloped countries. However, the European Union

countries do not wish to optimize their foreign aid because they have economic and political purposes other than poverty reduction when they allocate aid (Apodaca, 2017).

Donors need to satisfy the interests, values and incentives of the home country, whilst also providing them with expected results in order to maintain the cash flow. This has resulted in donors either bypassing and therefore destabilizing government service provision processes to establish donor projects, a strategy often favored by United States Agency for International Development and the World Bank (Brautigam and Knack, 2004), or intervening directly in policy-making and implementation (Brautigam, 2000). The involvement of donors, either foreign governments or international agencies, in recipient country political processes has been shown to reduce the quality of governance (Knack, 2001). It reduces leader accountability; the government is “playing to two audiences simultaneously” the donors and the public (Hayman, 2008). This means the direction of accountability is between government and donor rather than the public, risking government legitimacy and delaying the progress of political reform and development. (Brautigam, 2000). This is particularly damaging in countries where the need for aid stems from political upheaval or civil unrest such as the Democratic Republic of Congo or Zimbabwe, which have a lengthy history of aid dependence (Moss et al., 2006).

The risk here is that donors have political leverage, thus decisions and planning become reliant on donor involvement whose motivation and values may not necessarily align with those of the public or government. A corruption is nevertheless a complex behavioral trait of individuals who are endowed with power or authority. When the phenomenon becomes part of institutions, it causes them to underperform and limits their capacity to implement beneficial policies. Being widely spread in unstable, conflict-ridden environments and weaker democracies, corruption has an effect on the aid programs that are implemented in these nations. From instigating moral hazard to hampering long-term development, corruption can become a serious obstacle to development.

However, despite corruption being a serious obstacle, development aid is not always ineffective in corrupt environments. Even in nations where corruption is a problem, programs can still have positive effects. This is mainly due to creating aid initiatives that reduce the window of opportunity for corruption, increase openness, and support good governance in combination with increased pressure by donors for better transparency with regard to state agencies. At this juncture, researchers agreed on the point that corruption is one of the challenges of foreign aid toward socio-economic development. In context

of South Sudan, corruption has a lot of effect on development since there is clear rule of law to develop policy of deterrence to those of who are practice it. To be certain, foreign aid is an opportunity for corruption, increase openness, and support good governance in combination with increased pressure by donors for better transparency with regard to state agencies.

2.5.2. Aid dependency syndrome

In development discourse, aid dependency is often critically linked to earlier left-wing critiques, particularly the Marxist-oriented dependency theory of the 1960s and 1970s. This theory posited that underdevelopment stems from structurally unequal power relationships between the Global North and South, wherein capitalist, industrialized nations exploit the economic vulnerabilities of poorer countries (Gore, 2003). While traditional dependency theory declined with the fall of communism, its underlying concerns—especially regarding the role of global relationships in perpetuating poverty—persist in contemporary debates on globalization and aid (Gore, 2003).

Modern critiques argue that reliance on external relief assistance can discourage local economic initiative and foster a culture of dependency. For instance, food aid is increasingly viewed not merely as humanitarian relief, but as a component of global trade politics—linked to surplus disposal, market expansion strategies by donor nations, and the influence of vested interests (Oxfam, 2005). It is therefore argued that food aid should be included in World Trade Organization (WTO) negotiations to ensure fair practices (Oxfam, 2005). Aid dependency also manifests in the form of unsustainable debt burdens that hinder long-term development, prompting calls for comprehensive debt relief to achieve the Sustainable Development Goals (SDGs) (ActionAid et al., 2004). At the individual and community levels, excessive dependence on aid has been shown to erode local self-reliance and long-term resilience. Bush (2004) warns that habitual aid recipients may become disincentivized to contribute to development projects. Similarly, UNEP (2000) notes that long-term reliance on relief food can undermine indigenous livelihoods, potentially leading to economic stagnation and social deterioration. Moreover, as Little (2004) points out, the unreliability of food aid delivery—both in quantity and timing—can expose populations to renewed risks of starvation.

Karikari (2002) goes further to assert that development assistance can foster a “lazy, slavish, dependent mentality,” weakening societal motivation and self-belief. Prah (2002) suggests that meaningful development must be rooted in

indigenous knowledge systems rather than externally imposed models of modernity, which often alienate local cultures and obstruct sustainable progress.

The concept of dependency has also been used to critique humanitarian interventions that foster a long-term need for aid, undermining community-level initiative (Fireman, 2001). Chambers (2003) contends that relief efforts can distort local markets, induce chronic dependency, and create cycles of shame and disempowerment among recipients. This belief in the "idle poor" is deeply rooted in colonial-era ideologies that portrayed native populations as indolent and irrational. At the macroeconomic level, scholars like Lensink and White (1999) propose a neutral definition of aid dependence—as the requirement of aid to meet legitimate development goals in the foreseeable future. However, others, such as De Waal (1997), caution that persistent inflows of relief can erode the social contract between governments and citizens by diverting accountability from domestic institutions to international donors.

In many African nations, aid constitutes a substantial proportion of public budgets and GNP. For example, in 1992, aid accounted for 12.4% of Sub-Saharan Africa's GNP and over 50% of its imports (Ampaw, 2000). This has led to what some describe as an "aid dependency trap," where temporary grants become permanent entitlements, reducing the incentive for reform or innovation. Ultimately, the dependency debate often blurs the line between "bad aid" and necessary relief. While critics argue that aid fosters dependency and undermines governance, proponents stress the need for structured transitions from relief to sustainable development. However, as Dean (2004) notes in welfare debates in the West, discussions about aid often carry deep-seated ideological biases that stigmatize recipients rather than address structural causes of poverty.

2.5.3. Profit repatriation

The theory of profit repatriation explores the socio-economic impacts arising from the transfer of capital income earned by expatriates or multinational corporations from host countries to their countries of origin. Glytsos (2002) links income repatriation to changes in economic well-being, consumption patterns, and the availability of resources for growth through alterations in trade and investment flows. In countries with large expatriate populations or significant foreign direct investment (FDI), repatriated earnings can significantly alter domestic economic structures. On the positive side, repatriation may boost productivity and living standards, particularly when accompanied by investments in key sectors or remittances that support household consumption (Looney, 1990). For

instance, Katseli and Glytsos (1989) argue that remittances can raise household income and promote leisure, though this may inadvertently reduce labor supply and thus impact economic productivity.

However, excessive outflows through profit repatriation can drain resources from developing economies, exacerbating income inequality and reducing funds available for domestic reinvestment. In this context, structural transformation can be hindered as profits earned within the local economy are not retained for further development. This is particularly problematic in economies where multinational corporations dominate key industries, and the benefits of investment are not equitably distributed. Moreover, induced demand arising from remittance income may outpace supply responses, thereby contributing to inflationary pressures (Looney, 1990). Consequently, while remittances and profit inflows can serve as developmental tools, the persistent outflow of profits - if not balanced with sufficient reinvestment - may undermine the very development objectives they are presumed to support.

In nutshell, the phenomenon of profit repatriation requires a nuanced understanding. While it may yield sectoral improvements and income redistribution in the short term, unchecked or poorly managed repatriation flows can impair long-term economic resilience, worsen balance of payments deficits, and inhibit structural transformation in developing countries. According to Papademetriou and Martin (1991) the migration of labor and subsequent increase in the income of remaining ones prompts capital for labor replacement which is somehow dependent on migrant transfer's fast-tracking the progression sectoral capitalization. Further, Glytsos (2002) suggests that growth can be spurred by this process of capital for labor substitution. For developing countries, it is necessary to make an assumption for rationality of income repatriation receivers such that during investment, they will channel it to most productive investment activity. Seabra and Flach (2005) explored the nature of causal relationship between foreign aid and profit repatriation in Brazil using the Granger causality test technique developed by Tado and Yamamoto (1995) for the period 1979Q1 to 2003Q1 and the variables used in the study included; profit repatriation and FDI. The study found that FDI causes profit repatriation and stressed a significant adverse long run effect of foreign aid attraction policies to Brazilian economy.

Ramirez (2015) conducted a study to examine the impact of foreign direct investment on economic growth in Cote D' Ivoire for the period 1975 to 2011. The study used unit root and cointegration analysis, and the results of the error correction model (ECM) showed that foreign aid had a

negative effect on economic growth. The negative error correction term showed that the deviation from the long run economic growth in the current year are corrected relatively much faster in the second year. The study inferred that the unexpected negative effect of foreign aid on economic development was made due to high repatriation of profit and dividend that the country experienced. Ahmad and Hamdani (2003) conducted research on the effect of foreign direct investment, Government spending, private domestic investment and labor on economic growth on 32 selected developing countries.

The study applied time series data for the period 1965 to 1992. It used neoclassical growth framework, and the empirical analysis on the relationship was done using three models namely; common intercept and common random error model, fixed model and random effect 19 model. The study found out that private domestic investment to economic growth is more reliable and consistent than foreign aid, and thus inferred that foreign aid and socio-economic development as an engine of growth is questionable if the adverse effect of balance of payments arising from profit repatriation are put into consideration. Repatriation of profit is the ability of a firm to send foreign-earned profits or financial assets back to the firm's home country in hard currency such as USD, EUR and others, after meeting the host nation's tax obligations. Proponents of profit repatriation argue that it encourages foreign direct investments (FDIs). Opponents argue that profit repatriation boosts another country's economy. Accordingly, different countries impose different restrictions for profit repatriation. Profit repatriation is the process of a company transferring its profits earned in one country back to its home country. This can affect the strength of the local currency in a number of ways.

2.5.4. Impact of profit repatriation on currency value

Profit repatriation has significant implications for the macroeconomic stability of developing economies, particularly through its influence on money supply, currency demand, and exchange rates. When foreign investors repatriate profits, these funds must first be converted into the local currency. This conversion process increases the supply of local currency in circulation, potentially placing downward pressure on its value. An oversupply of currency, if not matched by productive economic activity, can lead to inflationary tendencies and a depreciation of the local currency. In parallel, profit repatriation can reduce the demand for the local currency. Since the earnings are transferred out of the country rather than reinvested locally, the volume of money available for domestic consumption and investment declines.

This reduced demand diminishes the currency's purchasing power and further weakens its value in the foreign exchange market. The cumulative effect of increased currency supply and decreased demand often results in a depreciation of the exchange rate. A depreciated currency implies that more local currency is needed to purchase foreign goods or services, thereby increasing the cost of imports and exacerbating trade imbalances. In the case of South Sudan, continued repatriation of profits without mechanisms to encourage reinvestment may undermine economic stability by weakening the local currency, increasing inflation, and hindering long-term development. Therefore, to mitigate the adverse effects of profit repatriation, South Sudan must consider strategies that balance the inflow of foreign investment with policies that incentivize local reinvestment, enhance capital retention, and stabilize currency exchange dynamics.

3. Research Methodology

3.1 Research design.

According to Paton (2002), a research design provides the framework that binds all elements of a research project into a coherent whole. This study adopted a mixed-method research design, incorporating both quantitative and qualitative approaches. The use of a mixed design was considered appropriate as it allows for the collection of rich and comprehensive data through both surveys and interviews.

The qualitative component employed semi-structured interviews, guided by a flexible discussion framework to ensure that all relevant topics were covered. This approach allowed participants to freely express their thoughts, enabling the researchers to explore the underlying reasons behind their responses and gain deeper insights into the problem under investigation. The open-ended nature of the interviews encouraged the emergence of new ideas, trends, and hypotheses for further exploration.

On the other hand, the quantitative aspect of the study utilized surveyed structured questionnaires comprising primarily closed-ended questions. These questions enabled respondents to choose their answers from predetermined options. A variety of question formats—such as rating scales (to measure intensity of opinions like importance or satisfaction) and ranking questions (to identify preferences)—were used to capture measurable data.

Qualitative methods were particularly useful for understanding the underlying context, exploring thought patterns through interviews in answering research questions. The use of an interview guide further ensured

consistency in qualitative data collection, enabling the researchers to obtain narrative information in the open-ended questions. In contrast, the quantitative approach allowed the researchers to quantify data and generalize the findings to a broader population. It facilitated the measurement of the prevalence of specific views and provided a statistical foundation for analyzing trends.

3.2. Research site

The study was carried out at the offices of International Monetary Fund and World Bank in Juba, South Sudan.

3.3. Target population

This study targeted 60 respondents as population of the study. This population comprises of International monetary fund (IMF) staff and world bank staff.

Table 1: Target Population

Target Sample	Size of Sample
IMF	30
World Bank	30
Total	60

Source: Fieldwork, 2024

3.4. Determination of sample size

The sample size for the study is an appropriate portion of target population meant for generalization of the study. Indeed, according to Kerlinger (1973), sampling was a procedure of selecting a part of the population on which research can be conducted which ensures that conclusions could be generalized to the population. The sampling size included: international monetary fund and World Bank staff. This formed the target population from which research sample drawn which is drawn. The total sample size for the study was obtained according to Yamane’s (1967) formula stated below.

$$\frac{60}{1+60(0.05)^2}$$

N = 50

The sample size is 50 respondents.

3.5. Sampling design

A sampling method is a procedure for selecting sample members from a population (Kothari, 2004). The study deployed simple random sampling. Simple random sampling was selected for this study because it provides equal opportunity of selection for each element of the population. It was a procedure in which all the individuals in the defined population have an equal and independent chance of being selected as a member of the sample (Mugenda and Mugenda, 2003). The sampling technique to

select management staff was used in the research and random sampling was used to obtain a good representative sample of the IMF and World Bank staff in Juba, South Sudan.

3.6 Methods of data collection

Data sources include both primary and secondary sources (Aluko,J. 2008). The researcher used both primary and secondary data sources. This was particularly so because the researchers diversified data collection techniques to include questionnaires, extensive oral interviews.

3.6.1 Primary data

Primary data used in this study was obtained through interview guides and questionnaires answered by the various respondents who were selected from the International Monetary Fund and World bank staff in Juba, South Sudan. According to Mugenda and Mugenda (2008), primary data refers to data that the researcher collects from respondents. The primary data is considered more reliable and up to date.

3.6.2 Secondary data

The secondary data was used to support the empirical findings of the study. This data was obtained from documentary archives. The other secondary data was obtained from published text books, annual reports,

journals, periodicals and magazines.

3.7 Measurement of the validity and reliability of researcher's instruments

3.7.1 Validity

Creswell, J. (2002) stated that validity in data collection means that your findings truly represent the phenomenon you are claiming to measure, and is the accuracy and meaningfulness of inferences, which are based on the research results (Creswell, 2002). Validity is measured using Content Validity Index (CVI). The study instruments' scored was 0.8 which is considered valid according to CVI.

3.7.2 Reliability

Reliability is an agreement between two efforts to measure the same thing with the same methods (Berg and Gall (1989). According to Mugenda and Mugenda, (1999), reliability is a measure of degree to which research instrument yields consistent results or data after repeated trials. Reliability in research is influenced by random error. The reliability of research instruments is measured using Cronbach Alpha Coefficient (CAC). A Cronbach's alpha coefficient of 0.70 or higher is often considered acceptable. The study instruments scored 0.85 which is considered to be a good reliable measurement.

3.8. Piloting of research instruments

This is sometimes referred to as the pilot testing or pilot experiment. It was a small-scale preliminary study conducted in order to evaluate feasibility, time, cost, adverse events, and affect size (statistical variability) in an attempt to predict an appropriate sample size and improve upon the study design prior to performance of a full-scale research. The researchers took some 5 questionnaires (10% of sample size) to academics at the University of Juba who answered the questions including recommendations for correction of some questions. Indeed, piloting of research instruments helped to save time, energy and resources in enhancing quality study.

4.2 The effectiveness of foreign aid in promoting stability

Table 2: Show the effectiveness of international grants.

Categories	Strongly agree		Agree		Strongly disagree		Disagree		Neutral		Total	
	F	%	F	%	F	%	F	%	F	%	F	%
Health	21	42	13	26	7	14	5	10	4	8	50	100
Education	28	56	7	14	3	6	5	10	7	14	50	100
Infrastructural development	4	8	12	24	23	46	6	12	5	10	50	100

3.9. Data analysis procedures

According to Kothari (2011), data analysis is defined as procedures for analyzing data, techniques for interpreting the results. Analysis of data is a process of inspecting, cleansing, transforming, and modeling data with the goal of discovering useful information, suggesting conclusions, and supporting decision-making. Raw data was collected from the questionnaires then it went through specific data analysis, tallying, coding before computer base analysis. The data was first arranged in accordance with the descriptive analysis of the research that was carried. Data from open-ended questions were grouped and tallied and represented under different themes, analyzed as topics. These raw data were analyzed using Microsoft excel in interpreting the data collected into meaningful information. Data was presented in tables, charts and graphs with emphasis to frequencies and percentages.

3.10. Ethical consideration.

The researchers adhered to laid down research ethics policies and regulations of the Ethics Committee of the University of Juba, ensuring quality and credible research for human consumption. Respondents were freely allowed to response to the research questions without any coercion. The Artificial Intelligent (AI) and ChatGPT were not used to write this study.

4. Results and Discussions

4.1 Response rate of questionnaires

The response rate of questionnaire below shows the rate of returned questionnaires in which the sample size for this research was at a frequency of 50, (100%), and the returned questionnaires were at a frequency of 50, (100%), and the missing was at a total frequency of 00, (0.00%). Hence, the researcher analyzed the returned questionnaires which are at the total frequency of 50 about (100%) only.

Source: field data 2024

On the health as an effectiveness tool of international grants in promoting stability and socio-economic development in post-independent South Sudan, 42% of respondents strongly agreed that grants have assisted in in development of health sector of South Sudan,. On the other hand, 26% respondents agreed that grants are necessary in health sector transformation of South Sudan. However, 14% of the respondents strongly disagreed that grants have made citizens and government lazy in discharging their constitutional mandate of health sector services in South Sudan. 8% of the respondents appeared neutral.

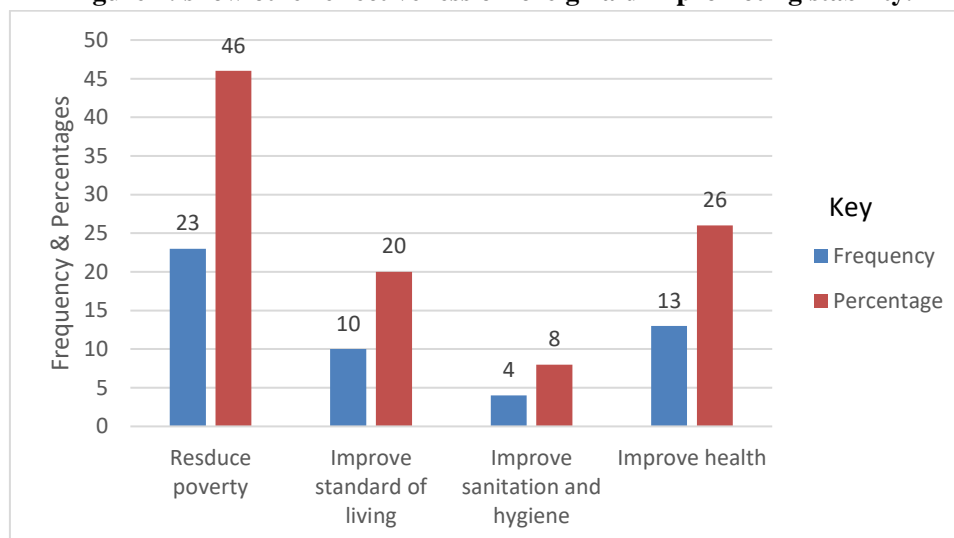
The response on the statement that education is the effectiveness of international grants in promoting stability and socio-economic development in post-independent South Sudan, 56% strongly agreed that education is a basic and grants have been quite helpful in realizing basic education across South Sudan. Besides, 14%, strongly disagreed, 6%, disagreed 10% and stay neutral 14%.

On infrastructural development, the effectiveness of international grants in promoting stability and socio-economic development in post-independent South Sudan was tested. Respondents then provided interesting answers. 42% strongly agreed that international grants have assisted in building of roads, bridges and dams in the developing world, particularly, South Sudan. On the other hand, 26% agreed, 14% strongly disagreed, 10% disagreed and and 8% remained neutral.

4.2.1. other the effectiveness of foreign aid in promoting stability.

The response on the other the effectiveness of foreign aid in promoting stability and socio-economic development in post-independent South Sudan were as follows; modernizing agriculture 54%, infrastructural development 20%, sanitation and hygiene promotion 8% and health facilities 18%.

Figure 1: show other effectiveness of foreign aid in promoting stability.



Source: field data 2024

4.3. The negative impact of foreign aid on poverty

When asked about the negative impact of foreign aid on poverty in South Sudan, 50% of the respondents strongly agreed that foreign aid induces poverty making the citizens of the developing countries paupers. Besides, 18% of the respondents agreed that foreign aid make people lazy, thus making them nonproductive and thus poverty. On the other hand, 14% of respondents strongly disagreed that foreign aid has no bearing on the poverty levels in South Sudan citing that poverty is caused by poor policies toward

development in the country. Moreover, 10% of respondents disagreed foreign aid doesn't cause poverty. Finally, 8% of respondents remain neutral.

On improvement of standard of living in South Sudan, the respondents indicated interesting responses. 58% agreed that the negative impact of foreign aid on the standard of living on South Sudan has been quite severe. These respondents gave examples such as prevalent diseases and lack of innovation. 12% of respondents strongly agreed, 6%

strongly disagreed with 10% disagreeing and 14% neutral.

Table 3: Show the impact of foreign aid on poverty.

Categories	Strongly agree		Agree		Strongly disagree		Disagree		Neutral		Total	
	F	%	F	%	F	%	F	%	F	%	F	%
Poverty alleviation	25	50	9	18	7	14	5	10	4	8	50	100
Improve standard of living	29	58	6	12	3	6	5	10	7	14	50	100
Responding to disaster	24	48	12	24	3	6	6	12	5	10	50	100

Source: field data 2024

4.4 The relationship between foreign aid and socio-economic development.

When asked about the relationship between foreign aid and socio-economic development in post-independent South Sudan, 42% of the respondents strongly agreed that there exist a relationships between foreign aid and economic development on the sense that foreign enhance economic development. In addition, 26% of the respondents agreed that there is a relationship between foreign aid and socio-economic development on that foreign aid has spurred

development in South Sudan. However, 14% of respondents strongly disagreed that there is no relationship between foreign aid and socio-economic development as foreign aid has remained the “lord of poverty” for the development world. Besides, 10% of respondents disagreed citing the use of foreign aid as an exploitative tool of Africa and particularly, post-independent South Sudan. Finally, 8% of respondents were neutral. On foreign relation and diplomacy, employment and introduction of foreign culture, the relationship between foreign aid and socio-economic development is provided below

Table 4: Show the relationship between foreign aid

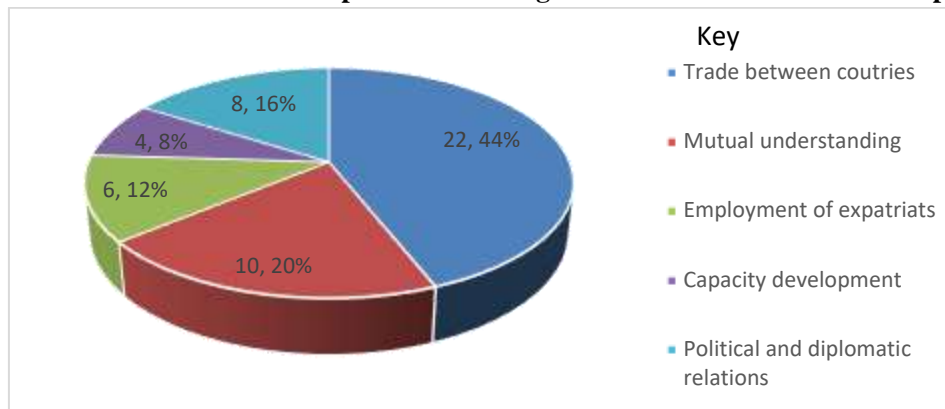
Categories	Strongly agree		Agree		Strongly disagree		Disagree		Neutral		Total	
	F	%	F	%	F	%	F	%	F	%	F	%
Foreign aid and socio-economic development.	21	42	13	26	7	14	5	10	4	8	50	100
Foreign relation and diplomacy	28	56	7	14	3	6	5	10	7	14	50	100
Employment	23	46	12	24	4	8	6	12	5	10	50	100
Introduction of foreign culture	24	48	11	22	5	10	7	14	3	6	50	100

Source: field data 2024

4.5. Other relationships between foreign aid and socio-economic development.

The respondents mentioned that, the other relationships between foreign aid and socio-economic development in post-independent countries were as follows; trade between countries 44%, mutual understanding 20%, employment of expatriates 12%, capacity development 8 % and political and diplomatic relations as 16% respondents.

Figure 2: Show other relationships between foreign aid and socio-economic development.



Source: field data 2024

4.5. The challenges associated with foreign aid in South Sudan.

Asked about challenges associated with foreign aid in South Sudan, corruption, aid dependency syndrome and profit repatriation were discussed by respondents and presented on table 5 as below:

Table 5: Show the challenges associated with foreign aid in South Sudan.

Categories	Strongly agree		Agree		Strongly disagree		Disagree		Neutral		Total	
	F	%	F	%	F	%	F	%	F	%	F	%
Corruption	24	48	11	22	6	12	5	10	4	8	50	100
Aid dependency syndrome	27	54	10	20	7	14	3	6	3	6	50	100
Profit repatriation	30	60	8	16	6	12	4	8	2	4	50	100

Source: field data 2024.

These challenges also include fund mismanagement and are presented in figure 3 as below:

Figure 3: Show the other challenges associated with foreign aid.



Source: field data 2024

4.6. Challenges the government of South Sudan faced in implementing foreign aid.

The challenges the government of South Sudan faced in implementing foreign aid is responded by respondents as follows: corruption 50%, imposition of western cultures 16%, profit repatriation in form of expatriates 10%, over dependence on donations 16% and political inferences of the internal affairs of the receiving states, 8%.

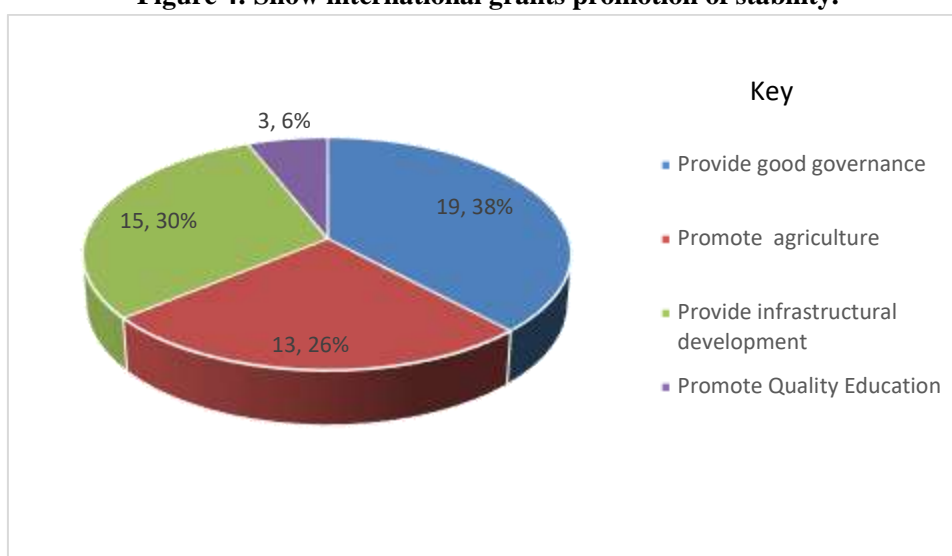
Table 6: Show challenges the government of South Sudan faced in implementing Foreign Aid.

Categories	Frequency	Percentage
Corruption	25	50
Imposition of western cultures	8	16
Profit repatriation in form of expatriates	5	10
Over-dependence on donations	8	16
Political inference of the internal affairs of the receiving nation	4	8
Total	50	100

Source: field data 2024

4.7. International grants promotion of stability.

The findings on how best international grants promote stability in post-independent South Sudan are discussed through good governance with 38%, promotion of agricultural development with 26%, providing infrastructural development with 30% and promotion of quality education with 6%.

Figure 4: Show international grants promotion of stability.

Source: field data 2024

4.8. Measures the government to resolve over dependency of foreign aid

The measures the government of South Sudan has taken to resolve over dependency of foreign aid include investing in agriculture with 10% respondents rate, infrastructure development with 20%, rule of law with 12%, capacity building with 16% and political stability with 42%.

Table 7: Show measures the government has taken to resolve over dependency of foreign aid

Categories	Frequency	Percentage
Invest in agriculture	5	10
Infrastructure development	10	20
Rule of Law	6	12
Capacity building	8	16
Political Stability	21	42
Total	50	100

Source: field data 2024

5. Conclusions

The study concludes that the effectiveness of foreign aid in

promoting stability and socio-economic development in post-independent South Sudan is on achievement of health, education, infrastructural development, modernizing agriculture, sanitation and hygiene promotion and

construction of health facilities. The impact of foreign aid on poverty alleviation, education, healthcare, and infrastructure development in South Sudan are on poverty alleviation, improvement of standard of living and responding to disaster, improve health, sanitation improve sanitation and hygiene. The challenges associated with foreign aid in South Sudan are corruption, aid dependency syndrome, over dependence and funds mismanagement. Nonetheless, the international grants have promoted stability in post-independent South Sudan through demand of good governance, promotion of agricultural development, infrastructural development and promotion of quality education. While South Sudan needs foreign aid, the nascent state should avoid the situation of over dependency, laziness and handouts syndrome.

6. Recommendations for further research

Further research is hereby recommended to South Sudan government to delink itself from aid dependency and improve domestic production.

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