

FOREIGN AID: ROAD TO STABILITY OR RECIPE FOR DISASTER?

Outline

I: INTRODUCTION

II: MANIFESTATION OF FOREIGN AID AS ROAD TO STABILITY:

- ① Improved infrastructures strengthening connectivity & public services
↳ BRI: CPEC Project
- ② Surge in exports due to financial support of foreign investors
↳ Non-Textile Trade 2022-23: 11 US billion dollars to 14.6 US billion dollars
- ③ Strengthening logistics, IT parks and installation of foreign machineries
↳ Hutchison Port 1 billion US dollars

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④ Boosting IT and Technological sectors and increasing capacity from external tools
↳ Special Technological Economic Zones

⑤ Increasing defence capacity and equipping forces with modern instruments of war
↳ US Aid to Ukraine against Russia

⑥ Integration in global market and enhancing global competition
↳ Pakistan trade with US & China;
Ministry of Commerce

III CHALLENGES POSED TO COUNTRIES DUE TO EXTERNAL AIDS:

① IMF - SurchARGE Policy decoupling economic growth
↳ Syndicate Project

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② External aid hampers long-term progress and growth of a country
↳ Malaysia Meat Crises: Case Study

③ Compromised diplomacy and external pressure weakens states' autonomy
↳ War on Terror: US-Pak: With Us or Against Us

④ Marginalization of local industries and lack of competition in adopting global standards
↳ SMEDA: Marginalized SMEs in Pakistan; 7-8% of GDP funding

⑤ Soaring inflation rate due to reliance on foreign markets
↳ Supply-Chain disruption in 2022-23 due to global market disturbance.

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- ⑥ Increased elite capture and class gap in societies due to concentrated distribution
- ↳ World Economic Forum: 40% gap increased in 9 years between upper and middle classes of Palestine.

IV: REMEDIES FOR FOREIGN AID-INDUCED DISASTERS TO ENSURE SUSTAINABLE ~~AND ECONOMIC GROWTH~~ AND LONG-TERM GROWTH:

- ① Empowering local industries and SMEs by subsidization
- ② Installation of modern tools and integration with AI & Technology
- ③ Encouraging entrepreneurs and venture investment
- ④ Leveraging exports over imports to reduce fissure of fiscal deficit

- (5) Creation of renewable energy ensuring everlasting progress
- (6) Promotion of gender parity to integrate ^{the} growth with more competition

V: CONCLUSION

$$2 + 2 = 5$$

Two plus two equals to five, equation still remains relevant in modern era. Countries around the world interact and build relationship based on their interests. Similarly, every country looks forward to build more and more diplomatic ties with other countries to achieve their

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goals. Moreover, they invest in other countries and in return, they avail their goals. Subsequently, undeveloped countries encourage such foreign investments by incentivizing them with multiple options to align with their interests. External aids help countries in various ways, yet they include multifaceted challenges. These challenges can be addressed and solved by taking timely and calculated measures.