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Question 5

Foreign aid : Road to stability
or recipe for
disaster

1. Introduction

Thesis statement

Foreign aid is a
path to stability

2. Irrational criticisms on foreign aid:

A. Dependency Syndrome
for developing countries

B. Strings attached with
foreign aid

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c. Delays structural changes

▷. Living beyonds means mentality encouraged

3. Why foreign aid is a road to stability:

A. Foreign aid does not have to be paid back

B. Relief in the event of natural disaster

C. Reduces poverty levels in developing countries

▷. Financial aid helps in upliftment of marginalized minorities

E. Gender inequality is reduced through foreign aid

F. Developing countries upgrade their infrastructure with foreign aid.

G. Education provided in backward areas through these funds

H. Digitalisation of communities by giving them digital services as aid

I. Child-stunting is reduced through staples and edible items given as foreign aid.

J. Climate adaptation is improving by giving people foreign aid

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K. Rehabilitation of
= refugees

L. Reconstruction of
= war struck areas

M. Renewable energy push
= through foreign aid
- environmental sustainability

4. Conclusion

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Foreign aid is the financial and non-financial help given by rich countries to poor countries. This has created a debate whether foreign aid does more harm than good. Those who support this claim argue that foreign aid is a trap. The poor - developing - countries become addicted to it and seek foreign aid to solve domestic issues. This claim is irrational as developing countries lack the early resources to push start their growth. They are marred with socio-economic issues and the foreign aid given helps them deal with these. Foreign aid, therefore, is a path to stability.

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Given the socio-economic benefits it creates and not a recipe for disaster.

There are some critics who are highly opposed to foreign aid. Their argument is that foreign aid delays the onset of a disaster. Countries rather than ensuring self-dependency and pursuing the needed changes - privatisation, de-regulation of markets, tax reforms - rely on foreign aid. These countries continue to live beyond their means and create perpetual fiscal deficits. Those developed countries that give loans do so to fulfill their strategic objectives, and these goals come with strings attached.

These arguments are based on myopic views and fail to see the vast benefits that are

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Created by foreign aid first and foremost, foreign aid does not have to be paid back and reduces the need to take additional debt. In the absence of foreign aid most of these developing countries that lack the financial resources to manage most of their affairs go to financial institutions such as IMF and World Bank. These global financial institutions create a debt trap. John Perkins in his book 'The Economic Hitman' highlighted that as director of IMF he knowingly gave loans to country who could not give them back to start a debt cycle. In comparison, foreign aid does not have to be paid back as given in the form of gift.

Another benefit is foreign aid gives relief is the event of

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a natural disaster. When countries are struck with a natural calamity the entire system comes at a halt. In this scenario, the foreign countries that give aid, such as tents, food and medical kits, helps in giving some temporary relief to the victims. In Turkey's recent earthquakes President Erdogan admitted that foreign aid helped the country cope with the disaster. The loss of life is prevented when timely help arrives in the form of foreign aid. In its absence the disaster struck people would be left under the night sky.

Further, foreign aid helps reduce poverty. The aid given to countries, at times, is used to provide in-kind transfer, such as edible items.

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This makes a significant portion of the household expenditure in developing countries.

The easing of this food expenditure gives them space to spend money on other essential items - health, Education and leisure. In Pakistan, 40% of people live below poverty line World Bank 2024 report. In these countries where people earn less than \$2 a day, foreign aid gives much needed relief.

Social objective of helping marginalised minorities is also done with foreign aid. There are some groups in society that are discriminated against based on ethnic background. In developing countries, foreign aid is given by developed countries to address their needs. This helps in building spaces for them.

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For instance, **USAID** around the globe helps provide relief to minorities.

This can be by giving the clothes, houses and solar panels. Many minorities lifestyle is significantly improved as a result.

Another social group that is helped with foreign aid is women. In developing countries, the gender inequality is more stark compared to developed countries. Women are denied the basic everyday needs. They have to walk for miles to get water for their households.

When the house is struck with a financial calamity the education of the women is compromised. The list can go on and on.

In these countries, foreign aid given by organisations such as **UNIFEM** helps

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in reducing gender inequality. As all of the above problems are catered by these organisations with the help of aid from developed countries.

Moreover, developing countries upgrade their infrastructure with the help of foreign aid. In developing countries the infrastructure is out-dated as most of these countries lack financial resources. When developed countries provide them with aid, these countries use it to build roads in rural areas and electrification of villages. For instance, in Nigeria French aid allowed them to build roads in 200 villages. These funds help in upgrading the lifestyle of communities around the world.

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Additionally, foreign aid is used to provide education in developing countries. The literacy rates in most of the undeveloped parts of the world are exceedingly low. In these places reading and writing are a rare quality. Many of these people cannot understand the daily news on various digital channels. For instance, in Balochistan province of Pakistan the literacy rate is 52% - Digital census 2023. This means almost half of the people cannot read or write. In these communities foreign aid provides the funds to build schools and universities. USAID has been used to provide education to many students of Balochistan. In other communities

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foreign aid is used similarly.

Furthermore, foreign aid helps in digitalisation of communities around the globe as well.

Many countries in the global South lack the means to connect with people in this wireless age. The aid given in these communities helps in providing them with digital devices, such as

laptops, smartphones and tablets. As an

example, Bill Gates and Melinda Foundation has provided digital devices to children in various parts of Africa to cater to their digital needs. Foreign aid

creates much needed prosperity in these region and fills the digital gaps.

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In many developing countries foreign aid is helping in reducing child-stunting. The developing countries, usually, have a high population growth rate. There are a lot of family members to feed. In these households the children do not get enough to grow fully in their early years and children growth is stunted. Most children never fully develop their brain. 60% of the children in Pakistan fail to develop their brain to full potential due to malnourishment according to a study by Food and Agriculture Organization. In these communities foreign aid is used to provide everyday staple items. The figures would be much worse if

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foreign aid was
absent in such
communities.

The climate adaptation
is improved through
foreign aid. In
most of these
countries of global
South there is
inability to adapt to
the global challenges
of climate change.
The aid is used
to bring them at
a level where
climate impact is
minimized. In maldives,
the foreign aid has
helped in providing
up-to-date technologies
that help them assess
the weather condition
and become more
adaptable to climate
change.

To add, foreign
aid helps in
relocation of refugees.
In the current
geo-political environment

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where conflicts around the world are increasing the foreign aid is used to relocate people. The European and USAID were used to relocate a lot of refugees from Syria and Afghanistan after war had imposed disastrous consequences on the people.

Rehabilit Reconstruction of a lot of areas done through the help of foreign aid that are war torn. In many areas around the world where war takes away the homes of the people and their is mass destruction the foreign aid is used to reconstruct these areas. For example, the palestinian reconstruction of the Gaza is

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already speculated to be
done with the help
of foreign aid from
wealthy middle-eastern
countries.

Environmental
Sustainability is improving
through foreign aid
as well. The
renewable energy
rush has increased
in most of the
developing parts of
the world due to
solar panels given.
This has had the
effect of reducing
reliance on coals and
natural gas for
electrification. For
example, solar panels given
in rural communities
reduce long term emissions
by 22% as noted
by UN Sustainability Development
Coals report. Foreign
aid is increasingly
used to give
sustainable solutions to
communities that have
positive environmental impact.

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In conclusion, foreign aid is a pathway to stability. It has positive socio-economic benefits for the communities that are failing to sustain themselves. In the absence of foreign aid, all indicators in these communities either it is of education, health, poverty among others will deteriorate. The developed countries should not decrease but increase foreign aid to create more prosperity in the disadvantaged parts of the globe. As Robert Baden-Powell said, "We should leave the world a better place than we found it." Developed countries should have a similar approach when it comes to helping developing countries.