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Setback of Foreign Aid in Sub-Saharan Africa

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RESEARCH QUESTION

Is foreign aid effectiveness in Sub-Saharan African nations influenced by variables such as government stability and corruption?

THEORY AND HYPOTHESES

Hypothesis

My hypothesis consists that the effectiveness of foreign aid depends on variables such as the corruption index of a government. Specifically, the bigger the corruption index of a nation, the more aid lost. The country overgoes larger dependency for the aid (Easterly 2014 and Moyo 2010).

Theory

When taking in the effectiveness of foreign aid, the first component to find is the net ODA received, or percentage of a nation's GNI, which can be found in data from the World Bank. The notion is that the higher the net ODA correlates to a higher corruption index and a lower GDP per capita, plus other indicators of economic strength such as HDI.

H_1 : The higher the net ODA in a nation's GNI, the lower the HDI, lower the GDP per capita, lower the Global Freedom Index, lower the Political Stability Index, and lower the Corruption Perceptions Index.

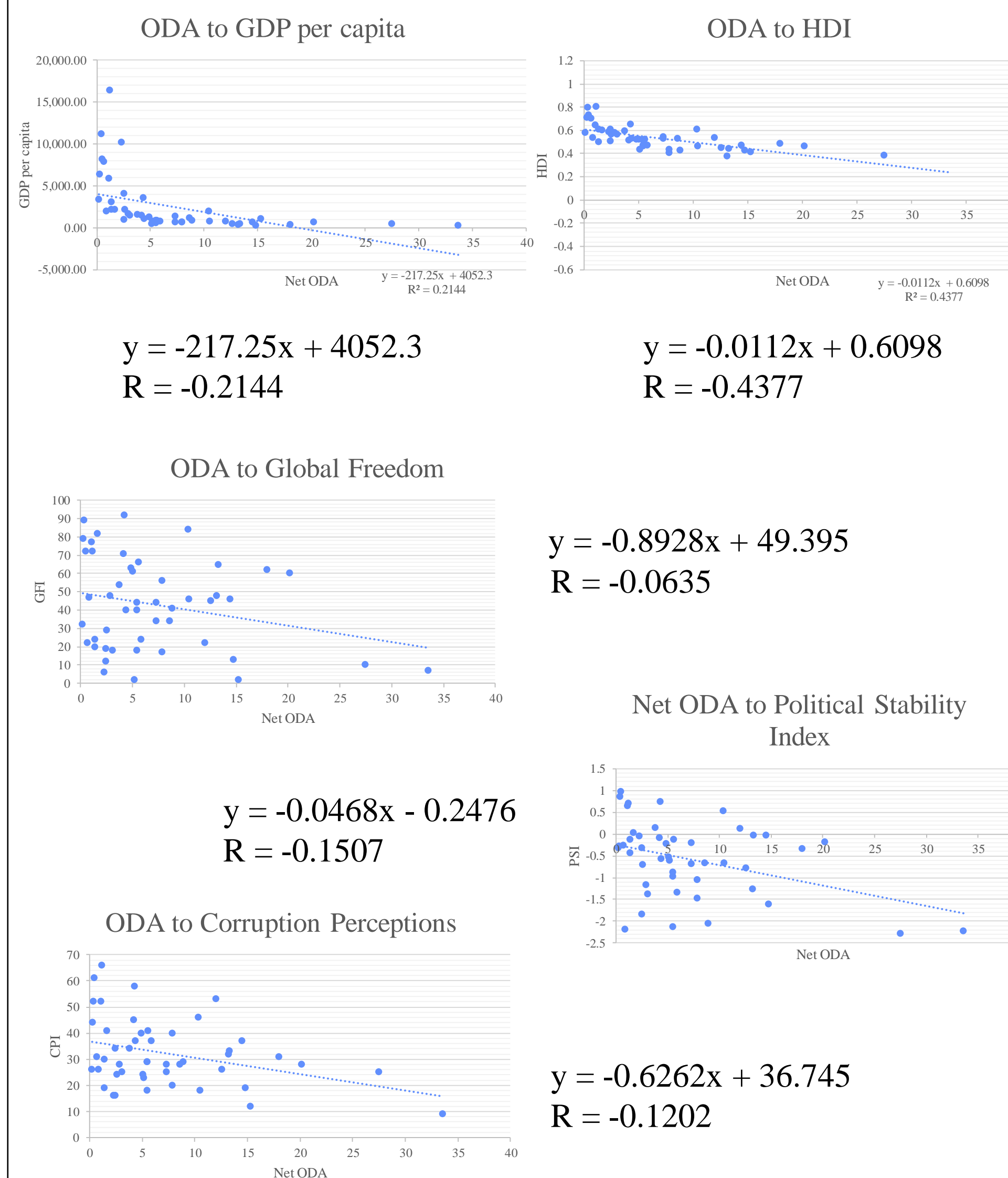
H_0 : There is no correlation with the net ODA and HDI, GDP per capita, GFI, PSI, and CPI.

METHODOLOGY AND DATA

PROPOSED METHOD: I propose carrying out empirical analyses between the Net ODA received of every listed Sub-Saharan African nation ($n = 49$) listed in the World Bank database to the economic/development indicators (HDI and GDP PC) and governance indicators

INITIAL DATA: The independent variable is the Net ODA while the dependent variables are HDI, GDP per capita, GFI, PSI, and CPI.

PRELIMINARY FINDINGS



ANTICIPATED FINDINGS & LIMITATIONS

From the data I studied, the relationships of net ODA to all dependent variables were not strongly correlated. Only ODA and HDI culminate a moderate negative relationship. This leads to not support my theory of a correlation with foreign aid and economic development and strength of governance. There is no strong evidence in favor of a negative relationship within any of the data sets.

The largest limitation of this preliminary study is to consider indexes like corruption are mainly based on perceptions and sources, as such by Transparency International, state of "no indicator which measures objective national levels", at least of corruption. Plus, these indexes could not capture 'all' aspects of corruption (ex. enablers of it), stability, and civil liberties.

SELECTED REFERENCES

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