

Does foreign aid helps pakistan economics essay



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Economic, technical, or military aid given by one nation to other nation for the purpose of its progress is called foreign aid. It basically means the aid given by a country for the sake of its prosperity. Foreign aid may be given with no conditions or a country may place some conditions. It all depends on the mutual understanding between the countries. Why countries need foreign Aid? It depends on the financial condition of the countries. Most under developed countries depend on foreign Aid. Unfortunately Pakistan also depends on foreign Aid especially from America and IMF (International Monetary fund).

Pakistan in nowadays is facing extreme financial conditions due to many reasons most important of which is the WAR ON TERROR. The war not only caused serious damage to the economy, but also affects social fabrics of Pakistan and it bleeds the economy and society of Pakistan.

“ At the start of the war the cost of it to Pakistan was estimated at \$ 2. 669 billion in fiscal year 2001-02”[1].

This has infact demolished the basis of Pakistan economy. so it remains with no other option then to sole rely on the foreign aid granted to it with many conditions.

Every time Pakistan has to see to the world powers for the development of its mega projects. Sometime it is offered unconditionally, discussing the unconditional aid it although led to some benefits to the Pakistani nation. Such as us aid having many ongoing projects for the betterment of Pakistani nation not only this is the end there are many international NGOs (Non-governmental organizations) working for the benefit of humankind. But they

altogether are tied to the one main root that is to cooperate and to fulfill the demands of those countries which many times have been hazardous for the moral of the nation.

Now there are some types of foreign aid. Funds given to a country when it's in need of funds is called economic foreign aid. Money is given to the country to increase its development and economic stability. Sometimes funds are given to a country so that it can increase its education system and provide adequate system to its people, this money is also used to open technical centers and train the country youth to meet up against common challenges they will face in the world. Sometimes a country is provided with weapons to defend its borders against enemies, this type of foreign aid is called military foreign aid. In all of these aids economic foreign aid is most important. If a country Government is able to provide basic necessities of human life to its citizens, people of country will try to work hard for it and the country will prosper. Malaysia is prime example of this.

Pakistan depends too much on foreign aid at the moment; it's unfortunate but a bitter truth. But a question arises in a person mind. Is this foreign aid being used adequately? Is it helping in development of Pakistan? Yes there is development going in Pakistan but its speed is not enough to stay with the rest of the world. If this foreign aid isn't being used in development the where is it going. so this is also the main scenario that many of the foreign aid supplied with either conditions or un-conditional that is also been ruined by the establishment or the ruling body. This issue is the fundamental of why the foreign aid demand has raised to its ultimate.

Education is central to the development strategy of an economy; it plays a very important role in human capital formation. But unfortunately Government of Pakistan has not been able to structure the basic foundation of education system since last 65 years due to its less importance in budget.

“ According to the latest Pakistan Labour Force Survey 2009-10, the overall literacy rate (age 10years and above) is 57. 7 percent (69. 5 percent for male and 45. 2 percent for female) compared to 57. 4 percent (69. 3 percent for male and 44. 7 percent for female) for 2008-09. The data shows that literacy remains higher in urban areas (73. 2 percent) than in rural areas (49. 2 percent), and is more prevalent for men (80. 2 percent) compared to women (65. 5 percent) in rural areas. However, it is evident from the data that rural-urban and male-female disparity seems to be closing a bit. When analyzed provincially, literacy rate in Punjab stood at (59. 6 %), Sindh (58. 2%), Khyber Pakhtunkhwa (50. 9%) and Baluchistan at (51. 5%). The literacy rate of Punjab and Khyber Pakhtunkhwa has improved considerably during 2008-09 and 2009-10” [2].

Education sector is also going through a crises situation in Pakistan, due to which there has been a huge increase in the amount of foreign aid given by developed countries and other international financial organizations to education sector of Pakistan to improve its education system. But inspite of large of amount of foreign aid given to Pakistan for education sector, major educational outcomes have always been low in Pakistan. But question arises in every person mind why education sector is not improving? The things which put hurdles in improving education sectors are deficiency of resource generation capacity, gap between policy formulation and its implication, lack

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of political commitment, poor monitoring and evaluation procedures are major reasons for poor performance of this sector in Pakistan.

Pakistan got foreign aid for its health sector and some other NGOs also work in Pakistan for providing basic health facilities to peoples, which plays a very effective role in health sector. After July 2010 flood in Pakistan, all hospitals are drowned and people have not any health facility, and lots of national and international NGOs works for Pakistan in health sector, two main international NGOs which works for providing basic health facilities are “Merlin”[3] and “ Save the children”[4]. The teams of doctors come from different countries to help out the people who are suffering from fatal diseases, these teams played very important role in helping out the government of Pakistan when there was flood in Pakistan. When some areas of Pakistan were suffering from dengue fever and so many people died due to dengue at that hard time the foreign countries also helped by sending their expert doctors team so that humanity can be saved. There are many international organization such as UNO and it has sub organization such as WHO (World Health Organization) which always remain ready to help the countries which are suffering from the different epidemic and fatal diseases. WHO has very important role it has helped Pakistan so many times in the critical situations . It not only help the one country but help all the countries which are victim of such problems But after Abbottabad operation many people criticize the NGOs and demanded they shall have to leave Pakistan as these NGOs are agents and want to deteriorate Pakistan. Due to which Pakistan has faced lots of problem in health sector, as these NGOs play a very important role in Pakistan health sector.

“ Pakistan has given foreigners working for Save the Children a week to leave the country after becoming convinced that the aid organization was used as cover by US spies hunting Osama bin Laden”[5].

Nowadays is Pakistan's currency is devalued and in the history timeline it is going through it's rough period and in that kind of situation where the nation is not paying taxes and country is step into third world country of the world you are left with no other hope then just on relaying on the foreign aid.

Foreign aid infact itself has destroyed Pakistan's economic structure and corruption cancer has maddened its roots firm in the country's present running structure. Every new born baby of Pakistan is under the loan taken by the government. This situation is getting worse on its behalf as the markup on the loan namely called the aid is increasing day by day. However Pakistan has to take two steps in this situation. Firstly, it should make efficient use of aid or loan. It is only possible if Pakistan government invests the money at better places without corruption and earns profit. In this way Government will be able enough to return loan as soon as possible.

If we have a look at over all scenarios, we come to know the fact that no country is so generous to provide loans to others. The donor has its own perspectives too. If any country grants money to other, in return the donor demands some favours also. The state to be provided with financial assistance has to look after for the benefits of donor. Sometimes it has to bear loss in favour of the donor.

On the other side of picture, we see that no nation wants to take loans in normal conditions. It bears such disrespect only when there is no other way

but to receive assistance. In most of such cases, any nation has to pass through these circumstances when the main stream of society does not abide by the states rules and regulations. People hesitate from paying taxes. In such cases government is responsible too. People don't consider government enough fare that it would use the taxes for the welfare of its people. This distrustfulness also grows when the main industrialists and higher business societies consider themselves as the governing factors of state. In these circumstances it is necessary for government to look forward to incoming offers for aid. and government has to accept not only the financial assistance but the unacceptable conditions also . these conditions are sometimes contradictory to the foreign policy and even the constitution of the state. The solidarity of the country is also in danger. But the charm of butter is at its peak when the cat is hungry too.

We take loans for different projects and that loan /aid is not properly utilized so its desired outcomes are not fulfilled.

The simple answer for this whether foreign aid helps our country. A lay man can answer it . He will give the example of old proverb " Cut your coat according to your cloth".[6] This tells that one should be resourceful. One should utilize one's own resources and may not be dependent on others. Those people who are dependent on others they are called parasites and are not considered good in the society.

A parasite is always parasite, it addicts to spoon-feeding, and so foreign aid makes us addiction to spoon feeding. The other harms of foreign aid that the donors donate or give us aid conditionally. We will have to follow their plans

and sometimes their plans do not suit our local environment . So these aids are not properly utilized. Many Governments come with slogans which were opposing foreign aid. So I am not in favour of foreign aid, we should be creative and depend on indigenous things. This will help us a lot.