

# **Role Of Foreign Aid In Developing Countries: A Case Study Of Kenya (1990-2010)**

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## **ABSTRACT**

study presents an assessment of the role of foreign aid in developing countries, having This Kenya as the case study for the period between 1990-2010. Towards this assessment of the role of foreign aid, the study outlines three main objectives. The first objective is on finding out the role of foreign aid in Kenya's economic development. Secondly, is on examining the contribution of foreign aid towards good governance, and thirdly, to find out the influence of foreign aid on foreign policy. In order to achieve this, the study is sub-divided into five chapters. Chapter one begins with giving an insight into foreign aid, giving a background on foreign aid operations in Africa. The chapter also, defines the research study and puts it into context through the introduction and background of study. This chapter also presents the Research Questions, the dependent variables, thesis, and hypothesis and the methodology and the literature review sections. The literature review was done with a wealth of extractions from well-known authors and rich sources of publications to re-emphasize the fact that their ideologies were in line with the study objectives. This strengthened the study. The literature review focused a lot on the research questions and objectives. Thus, the areas largely explored in the literature review were foreign aid and economic development, good governance and foreign policy. Chapter two examines foreign aid in Africa, highlighting the major donors in Africa's foreign aid and tracing back the history of foreign aid. In addition, this chapter examines the impacts of foreign aid on Africa's economic development, governance and foreign policy. Chapter three focuses on Kenya. It therefore examines foreign aid in Kenya, its impacts on Kenya's economic growth and governance. In addition, this chapter examines evolution and trend of foreign aid in Kenya, throughout the period under study that is between 1990-2010. This chapter also gives an in-depth discussion of foreign aid in different sectors of the Kenyan economy, such as Education, Agriculture and Infrastructure. In chapters four and five the researcher presents data analysis, presentation of data and interpretation of the collected data. This is done in form of graphs, tables and charts that clearly show correlation between the variables in chapters four and five. These are accompanied by brief notes to explain each figure and chart, to further enhance the understanding of the data. Finally, the study gives the recommendation and conclusion. The study findings indicated the impact of foreign aid on the economic growth of developing countries. These impacts were analyzed using time series data for foreign aid which shows that there is a positive impact on the economic growth of Kenya. Thus, this study found out that there is a positive relationship between foreign aid and economic growth and thus the impact of Foreign aid on the country's economy cannot be ignored.