


Spring 2016

Natural Disasters, Foreign aid and Economic Development

Valeriu Tomescu

University of New Hampshire - Main Campus, vuj2@wildcats.unh.edu

Follow this and additional works at: <http://scholars.unh.edu/honors>

 Part of the [Econometrics Commons](#), [Environmental Studies Commons](#), [Growth and Development Commons](#), and the [International Economics Commons](#)

Recommended Citation

Tomescu, Valeriu, "Natural Disasters, Foreign aid and Economic Development" (2016). *Honors Theses and Capstones*. Paper 283.

This Senior Honors Thesis is brought to you for free and open access by the Student Scholarship at University of New Hampshire Scholars' Repository. It has been accepted for inclusion in Honors Theses and Capstones by an authorized administrator of University of New Hampshire Scholars' Repository. For more information, please contact scholarly.communication@unh.edu.

Natural Disasters, Foreign aid and Economic Development¹

By

Valeriu Tomescu

Undergraduate Honors Thesis

University of New Hampshire

Abstract

Foreign aid is one of the foremost policy tools that high-income countries use for supporting low-income countries to increase economic growth and improve the well-being of the population. However, the empirical evidence for positive outcomes has been very mixed. Using a sample of 85 countries this paper investigates whether the timing of foreign aid allocations is an important factor in determining aid's effectiveness. The results indicate that foreign aid is 2 to 3 times more effective if awarded during times of natural disasters. The paper also shows that aid allocated during such times increases by about 1% of a given country's GDP. No evidence was found that aid has a more positive impact on growth in countries with good policy environments.

JEL Classification: C10, F35, O47, Q54

Key Words: Foreign aid, growth, natural disasters, economic policies, econometrics.

¹ I would like to express my sincere gratitude to my advisor, Prof. Mihail Miletkov, for his continuous support and guidance in completing this Honors Thesis. His motivation, knowledge and enthusiasm continually helped me in researching and writing this thesis.