

ABSTRACT

This paper examines the impact of external aid for road infrastructural development and analyses the mechanism of the effects on the economic development of the country by examining the behavioural process of the main actors including the donor and recipients. Zanzibar road Project is used for the case stud.

The study uses Zanzibar the data on external aid and road infrastructure project from 1994-2014 The question was that, to what extent does the external financial aid contribute to road infrastructure development in Zanzibar and how the road infrastructure development influence the economic development of Zanzibar.

Over the years, two competing views have emerged in the foreign aid literature about the effectiveness of foreign aid programs. A number of empirical literatures have recently shown that road infrastructure is one factor contributing to economic growth and poverty reduction in developing countries, the results contribute to the idea that emphasis on road investments should be given to locations where non farming activities could be developed, investments, trading and other factors which generate the income to a country..

The role of foreign aid in boosting economic growth and improving the social welfare of people has been the subject of much debate among development specialists, researchers, aid donors and recipients in general and Zanzibar in particular . That is why Parliament of Zanzibar every year parliamentarians rise the questions on the justification and viability of foreign aid in developing the economy of Zanzibar.

A number of researchers come with the argument, some comes with telling that foreign or external aid has positive impact while others with negative impact to developing country. The increases in foreign aid do not tell the whole truth about the rich countries generosity, or the lack of it. Measured aid is primarily designed to serve the strategic and economic interests of the donors' countries instead of the needs of recipients' make development assistance inefficient.

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