

AID AND GROWTH: EMPIRICAL EVIDENCE FROM PACIFIC ISLAND COUNTRIES

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Abstract

The Pacific island countries (PICs) have been among the world's top ten recipients of official development assistance (ODA) on a per capita basis. This paper seeks to examine the effectiveness of external aid by undertaking a panel data study covering five countries in the South Pacific, namely Fiji, Samoa, Solomon Islands, Tonga and Vanuatu utilizing the annual data over a twenty-five year period.

Keywords: Pacific Islands, foreign aid, growth, panel cointegration, Pedroni tests

JEL classification codes: O11, CS3, F35