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GREAT POWERS COMPETITION AND ITS INFLUENCE ON THE IMPACT OF DEVELOPMENT ASSISTANCE ON INCOME INEQUALITY IN THE INTERGOVERNMENTAL AUTHORITY ON DEVELOPMENT (IGAD) MEMBER STATES

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# Abstract

*In today's interdependent world, foreign aid plays an important role in fostering cooperation between states in international relations (IR). In particular, development assistance has often been used for altruistic purposes such as reducing poverty and inequality. However, its application extends beyond altruist purposes since it is also used as a benevolent foreign policy instrument by donor states to protect and promote high-priority national interest by exerting influence on development assistance recipient countries. The current era of growing polarization, galvanized by competition for global influence between great powers (the United States of America and China), casts a shadow on the effectiveness of development assistance in curbing income inequality. Therefore, Primarily, the paper aims to investigate the conditional effect of the United States of America (US)-China power competition over global influence measured by Formal Bilateral Influence Capacity (FBIC) on the impact of Official Development Assistance (ODA) on Income inequality in IGAD member states. In addition, it investigates the direct impact of US and Chinese development assistance on income inequality in IGAD member states. The paper employed a Moderated multiple regression (MMR) and Random effect model on unbalanced panel data of eight IGAD (Intergovernmental Authority on Development) member states over secondary data gathered for a 20-year period of time. The results depict that the US-China global power competition affects ODA and has a widening impact on IIQ in IGAD member states. However, the direct effect of the Chinese development assistance resulted in the reduction of IIQ, while the US development assistance had the opposite effect. The study provides insight to policymakers on how great power competition affected the performance of ODA in reducing IIQ. Thus, it helps policymakers and stakeholders to design a regional response mechanism and collective policies that can reduce the challenge. Moreover, it may ignite the interest of other researchers to investigate various socioeconomic aspects and relationships in the context of current global power dynamics.*

**Keywords:** *US-China power competition, official development assistance, income inequality, international relations, Intergovernmental Authority on Development-IGAD*